



SCHAFFER PROFITS UP 7%, \$0.20 FRANKED DIVIDEND

Diversified industrial group Schaffer Corporation Limited (ASX: SFC) today announced a 7% increase in first half NPAT to \$3.6 million. SFC will pay a \$0.20 per share fully franked interim dividend on 26 March 2010.

Schaffer Corporation Chairman, Mr John Schaffer, said that the increased interim profit was achieved despite difficult trading conditions and a 12% decrease in revenue for the half.

“The improved NPAT is largely a result of productivity improvements, a focus on higher margin product sales and reduced overheads within our Building Materials division,” Mr Schaffer said.

“Currency movements and the accounting treatment for inventory impacted the results at Automotive Leather, along with decreased leather sales volumes. That division continues to be affected by overcapacity in automotive manufacturing but it has recently won a new program with a major European carmaker. The benefits of that program should begin to flow into Automotive Leather’s results next financial year,” Mr Schaffer added.

Mr Schaffer noted that a number of factors, including the ongoing volatility of the Australian dollar, automotive overcapacity and softening construction activity in Australia, made forecasting financial performance for the full financial year difficult.

“These factors are out of management control but have very real impacts on our businesses. Schaffer Corporation continues to work to maximise the efficiencies and processes of its businesses to minimise the overall effect of those factors. We have built substantial flexibility into our operations to respond quickly to changing external conditions. Nonetheless, we anticipate second half performance will be materially lower than for the same period last year.

“The Board has declared a \$0.20 franked interim dividend and will provide an update on the likely full year financial performance in the coming months,” Mr Schaffer concluded.

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