

APPENDIX 4D

**This Half Year Report is provided to the
Australian Stock Exchange (ASX)
Under ASX Listing Rule 4.2A.3**

Name of entity

| |
|-------------------------------------|
| SCHAFFER CORPORATION LIMITED |
|-------------------------------------|

ACN

| |
|--------------------|
| 008 675 689 |
|--------------------|

Financial year ended ('current period')

| |
|-------------------------|
| 31 DECEMBER 2008 |
|-------------------------|

Previous corresponding period

| |
|-------------------------|
| 31 DECEMBER 2007 |
|-------------------------|

For announcement to the market

| | | | | |
|---|---------------------|-----|-----------------------------|-------------------------|
| Revenues from ordinary activities | down | 6% | to | <i>\$'000</i> 85,532 |
| Profit from ordinary activities after tax attributable to members | down | 42% | to | 3,382 |
| Net profit for the period attributable to members | down | 42% | to | 3,382 |
| DIVIDENDS | Amount per security | | Franked amount per security | |
| Final dividend | | | | |
| Interim period | 25¢ | | 25¢ | |
| Date the dividend is payable | 25 MARCH 2009 | | | |
| Record date to determine entitlements to the dividend (i.e. on the basis of security holding balances established by 5.00pm or such later time permitted by SCH Business Rules – securities are CHESS approved) | 13 MARCH 2009 | | | |

| | | |
|---|-------------|-------------|
| NET TANGIBLE ASSET BACKING | | |
| Consolidated Entity | 2008 | 2007 |
| Net tangible assets \$'000 | \$48,608 | \$46,745 |
| Fully paid ordinary shares on issue at balance date | 14,113,251 | 14,113,251 |
| Net tangible asset backing per issued ordinary share as at balance date | \$3.44 | \$3.31 |

STATUS OF AUDIT

The Half Year Report is based on accounts that have been reviewed

SCHAFFER CORPORATION LIMITED

ACN 008 675 689



CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED

31 DECEMBER 2008

FINANCIAL REPORT

For the half-year ended 31 December 2008

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SCHAFFER CORPORATION LIMITED HALF YEAR FINANCIAL STATEMENTS

DIRECTOR'S REPORT

Your directors submit their report for the half year ended 31 December 2008 made in accordance with a resolution of the directors.

DIRECTORS

Details of the Directors of the company during the financial half year and at the date of this report are:

J M SCHAFFER,
B. Com (Hons.) FCPA
Managing Director
Executive Director since 06/09/72

Mr John Schaffer joined the company in 1972. Mr Schaffer has held the position of Managing Director since 1988.

D E BLAIN, BA
Non-executive Director,
Appointed 05/06/87

Mrs Danielle Blain joined the company in 1987. Mrs Blain served as Managing Director of Gosh Leather Pty. Ltd. from 1993 to 2001.

A K MAYER
Executive Director,
Appointed 21/11/01

Mr Anton Mayer is the Managing Director of Australian Leather Holdings Limited. Mr Mayer has over 35 years of international leather experience, broad business skills and a global business perspective.

D J SCHWARTZ
Non-executive Director,
Appointed 29/06/99

Mr David Schwartz is the chairman of Loftus Capital Partners Limited. He has over 20 years experience in manufacturing and distribution businesses. During the past 3 years Mr Schwartz has served as a director of the following listed companies:

| | |
|-------------------------------------|---------------------|
| Clime Investment Management Limited | 01/10/99 - current |
| Home Leisure Limited | 26/08/04 – 07/05/08 |
| ADS Global Supply | 01/05/08 - current |

M D PERROTT AM

Non-executive Director,
Appointed 23/02/05

Mr Michael Perrott AM joined the Board as a non-executive director in February 2005. Mr Perrott AM has over 35 years experience in the construction and contracting industry. During the past 3 years Mr Perrott AM has also served as a director of the following other listed companies:

| | |
|-----------------------------|---------------------|
| Port Bouvard Ltd | 12/05/98 – current |
| GME Resources Ltd | 21/11/96 – current |
| Portman Ltd | 30/06/97 – 31/12/08 |
| Gage Roads Brewing Co. Ltd. | 20/10/06 – 24/10/07 |

Directors were in office for the entire period unless otherwise stated.

ATTENDANCE AT BOARD MEETINGS

During the half year five directors meetings were held. The number of meetings attended by each director is as follows:

| | Meetings Eligible To Attend | Meetings Attended |
|--------------|--------------------------------|----------------------|
| J M Schaffer | 5 | 5 |
| D E Blain | 5 | 4 |
| D J Schwartz | 5 | 4 |
| A K Mayer | 5 | 4 |
| M D Perrott | 5 | 5 |

AUDIT COMMITTEE

The consolidated entity has an Audit Committee, which operates to oversee the external audit functions of the consolidated entity. During the half year one audit committee meeting was held which all members of the audit committee were eligible to attend. The meeting was attended by Mr D J Schwartz, Mr. M D Perrott and Mrs D E Blain.

REVIEW OF OPERATIONS

The consolidated entity's revenue decreased by 6% from \$91,083,000 to \$85,532,000 this half year.

The net after tax consolidated profit, after minority interests decreased by 42% from \$5,790,000 to \$3,382,000.

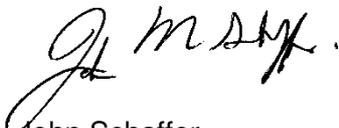
ROUNDING

The amounts contained in this report and in the half year financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which this Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Ernst & Young, as presented on page 20 of this half-year financial report.

Signed in accordance with a resolution of the directors



John Schaffer
Managing Director

Perth, 18 February 2009

**SCHAFFER CORPORATION LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

| | Note | Dec 2008 \$'000 | Dec 2007 \$'000 |
|---|------|--------------------|--------------------|
| Revenue | | | |
| Sale of goods | | 61,699 | 76,316 |
| Construction services | | 20,894 | 12,467 |
| Rental income | | 2,612 | 1,991 |
| Dividends | | - | 1 |
| Finance Income | 4(a) | 327 | 308 |
| Total revenue | | 85,532 | 91,083 |
| Cost of sales and services rendered | | (59,052) | (71,876) |
| Gross profit | | 26,480 | 19,207 |
| | | | |
| Rental property expenses | | (1,167) | (991) |
| Other income/(loss) | 4(b) | (7,084) | 2,237 |
| Marketing expenses | | (4,722) | (4,115) |
| Administrative expenses | | (5,583) | (4,807) |
| Profit from continuing operations before tax and finance costs | | 7,924 | 11,531 |
| Finance costs | 4(c) | (3,168) | (2,951) |
| Profit before income tax | | 4,756 | 8,580 |
| Income tax expense | 10 | (1,322) | (2,500) |
| Net profit for the period | | 3,434 | 6,080 |
| Attributable to: | | | |
| Minority interest | | 52 | 290 |
| Members of the parent | | 3,382 | 5,790 |
| | | | |
| Earnings per share (EPS) | | | |
| Basic EPS | | 24.0¢ | 41.0¢ |
| Diluted EPS | | 24.0¢ | 41.0¢ |
| Dividends paid per share | | 25¢ | 25¢ |

**SCHAFFER CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

| | Note | Dec 2008 \$'000 | Jun 2008 \$'000 |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 5,379 | 21,735 |
| Trade and other receivables | | 19,375 | 26,294 |
| Inventories | | 58,587 | 49,480 |
| Prepayments and deposits | | 1,444 | 1,204 |
| Derivative financial instruments | | - | 657 |
| Available-for-sale financial assets | | 31 | 51 |
| TOTAL CURRENT ASSETS | | 84,816 | 99,421 |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | 64,217 | 63,446 |
| Investment properties | | 18,060 | 17,837 |
| Deferred income tax asset | | 1,455 | 338 |
| Goodwill | | 4,995 | 4,995 |
| TOTAL NON CURRENT ASSETS | | 88,727 | 86,616 |
| TOTAL ASSETS | | 173,543 | 186,037 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 20,953 | 36,267 |
| Derivative financial instruments | | 2,493 | - |
| Interest bearing loans and borrowings | | 3,619 | 4,996 |
| Income tax payable | | 600 | 74 |
| Provisions | | 4,612 | 6,347 |
| TOTAL CURRENT LIABILITIES | | 32,277 | 47,684 |
| NON CURRENT LIABILITIES | | | |
| Interest bearing loans and borrowings | | 82,821 | 80,537 |
| Deferred income tax liabilities | | - | 451 |
| Provisions | | 412 | 415 |
| TOTAL NON CURRENT LIABILITIES | | 83,233 | 81,403 |
| TOTAL LIABILITIES | | 115,510 | 129,087 |
| NET ASSETS | | 58,033 | 56,950 |
| EQUITY | | | |
| Parent entity interest | | | |
| Issued capital | 7 | 17,034 | 17,034 |
| Reserves | | 3,277 | 2,222 |
| Retained earnings | 8 | 33,292 | 33,438 |
| Total parent entity interest in equity | | 53,603 | 52,694 |
| Minority interests | | 4,430 | 4,256 |
| TOTAL EQUITY | | 58,033 | 56,950 |

**SCHAFFER CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

| | Attributable to Equity Holders of the Parent | | | Minority Interest | Total Equity | |
|---|--|-----------------------------|--------------------------|-------------------|--------------|-----------------|
| | Issued Capital \$'000 | Retained Earnings \$'000 | Other Reserves \$'000 | | | Total \$'000 |
| At 1 July 2007 | 17,034 | 29,583 | 2,476 | 49,093 | 4,027 | 53,120 |
| Unrealised loss on available for sale investments | - | - | (15) | (15) | - | (15) |
| Foreign currency translation reserve | - | - | 302 | 302 | - | 302 |
| Total profit recognised directly in equity | - | - | 287 | 287 | - | 287 |
| Profit for the half-year | - | 5,790 | - | 5,790 | 290 | 6,080 |
| Total income for the half-year | - | 5,790 | 287 | 6,077 | 290 | 6,367 |
| Cost of share-based payments | - | - | 27 | 27 | - | 27 |
| Equity dividends | - | (3,528) | - | (3,528) | - | (3,528) |
| At 31 December 2007 | 17,034 | 31,845 | 2,790 | 51,669 | 4,317 | 55,986 |
| At 1 July 2008 | 17,034 | 33,438 | 2,222 | 52,694 | 4,256 | 56,950 |
| Unrealised loss on available for sale investments | - | - | (14) | (14) | - | (14) |
| Foreign currency translation reserve | - | - | 1,025 | 1,025 | 122 | 1,147 |
| Total profit recognised directly in equity | - | - | 1,011 | 1,011 | 122 | 1,133 |
| Profit for the half-year | - | 3,382 | - | 3,382 | 52 | 3,434 |
| Total income for the half-year | - | 3,382 | 1,011 | 4,393 | 174 | 4,567 |
| Cost of share-based payments | - | - | 44 | 44 | - | 44 |
| Equity dividends | - | (3,528) | - | (3,528) | - | (3,528) |
| At 31 December 2008 | 17,034 | 33,292 | 3,277 | 53,603 | 4,430 | 58,033 |

SCHAFFER CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

| | Note | Dec 2008 \$'000 | Dec 2007 \$'000 |
|---|-----------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 95,884 | 90,421 |
| Payments to suppliers and employees | | (100,953) | (66,365) |
| Other revenue | | 5 | 56 |
| Borrowing costs paid | | (3,168) | (2,951) |
| Income taxes paid | | (1,135) | (3,268) |
| Goods and services tax paid | | (770) | (826) |
| Research & development expenditure | | (99) | (1,400) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | (10,236) | 15,667 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | | 327 | 308 |
| Acquisition of property, plant and equipment | | (3,461) | (6,772) |
| Acquisition of investment properties | | (452) | (1,222) |
| Proceeds on sale of investment properties | | - | 2,363 |
| Acquisition of controlled entity | | - | (5,791) |
| Proceeds on sale of plant and equipment | | 87 | 8 |
| Dividends received | | - | 1 |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (3,499) | (11,105) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | 3 | (3,528) | (3,528) |
| Proceeds from borrowings | | 2,500 | 10,470 |
| Repayment of borrowings | | (1,592) | (1,175) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | (2,620) | 5,767 |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS | | (16,355) | 10,329 |
| Cash and cash equivalents at the beginning of the period | | 21,734 | 9,537 |
| CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD | 11 | 5,379 | 19,866 |

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

1. CORPORATE INFORMATION

The financial report of Schaffer Corporation Limited (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 18 February 2009. Schaffer Corporation Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Schaffer Corporation Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and method of computation are the same as those adopted in the most recent annual financial report.

(b) Changes in accounting policy

From 1 July 2008 the Group has adopted the following Standards and interpretations, mandatory for annual periods beginning on or after 1 July 2008.

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*
- Interpretation 12 and AASB 2007-2 *Service Concession Arrangements* and consequential amendments to other Australian Accounting Standards
- Interpretation 129 *Service Concession Arrangements: Disclosures*
- Interpretation 4 (revised) *Determining whether an arrangement contains a lease*
- Interpretation 13 *Customer Loyalty Programmes*

- Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

3. DIVIDENDS PAID OR PROPOSED

| | CONSOLIDATED | |
|--|--------------------|--------------------|
| | Dec 2008 \$'000 | Dec 2007 \$'000 |
| (a) Dividends declared and paid during the half year on ordinary shares. Final franked dividend for the financial year 30 June 2008: 25¢ (2007 – 25¢) | 3,528 | 3,528 |
| (b) Dividends proposed and not yet recognised as a liability Interim franked dividend for the half year 31 December 2008 – 25¢ (2007 – 25¢) | 3,528 | 3,528 |
| | 7,056 | 7,056 |

4. SIGNIFICANT REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the entity:

| | CONSOLIDATED | |
|--|--------------------|--------------------|
| | Dec 2008 \$'000 | Dec 2007 \$'000 |
| (a) Finance income | | |
| Bank interest received | 327 | 308 |
| (b) Other income/(losses) | | |
| Gain on sale of property, plant & equipment | 11 | 7 |
| Gain on sale of investment properties | - | 1,371 |
| Net foreign currency (loss)/gain | (2,202) | 900 |
| Net loss on derivatives | (4,898) | (96) |
| Other | 5 | 55 |
| | (7,084) | 2,237 |
| (c) Finance Costs | | |
| Bank loans and overdraft interest | 2,983 | 2,587 |
| Finance charges payable under finance leases | 61 | 90 |
| Other | 124 | 274 |
| | 3,168 | 2,951 |
| (d) Expenses | | |
| Depreciation and amortisation of property, plant and equipment | 2,843 | 2,543 |
| Employee benefits | 20,641 | 20,191 |
| Expense of share based payments | 80 | 11 |

5. SUBSEQUENT EVENTS

Subsequent to the end of the half year the company declared a dividend of 25¢ per share totalling \$3,528,000 payable on 18 March 2009.

There has not been any other matter or circumstance in the interval between the end of the half year and the date of this report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

6. COMMITMENT AND CONTINGENT LIABILITIES

There have been no material changes in commitment and contingent liabilities from that disclosed in the last annual report.

7. CONTRIBUTED EQUITY

| | CONSOLIDATED | |
|-----------------|--------------------|--------------------|
| | Dec 2008 \$'000 | Dec 2007 \$'000 |
| Ordinary Shares | 17,034 | 17,034 |

All ordinary shares are fully paid and carry one vote per share and carry the right to dividends.

| | Number of Shares | \$'000 |
|--|---------------------|--------|
| Movements in ordinary shares on issue | | |
| 1 July 2008 | 14,113,251 | 17,034 |
| Total capital issued during the period | - | - |
| At 31 December 2008 | 14,113,251 | 17,034 |

8. CONSOLIDATED RETAINED PROFITS

| | | |
|---|---------------|---------------|
| Retained profits at the beginning of the financial period | 33,438 | 29,583 |
| Net profit attributable to members | 3,382 | 5,790 |
| Dividends and other equity distributions paid or payable | (3,528) | (3,528) |
| Retained profits at end of financial period | 33,292 | 31,845 |

9. DETAILS OF AGGREGATE SHARE OF PROFITS (LOSSES) OF JOINTLY CONTROLLED ASSETS

| | Current period | Previous corresponding period |
|--|---------------------|-------------------------------|
| 9.1 Name of jointly controlled assets | Percentage Interest | Percentage Interest |
| <u>Joint Ventures</u> | | |
| IBM Centre Joint Venture | 22.10 | 22.10 |
| St. Kilda Road Joint Venture | 20.00 | 20.00 |
| Hometown Joint Venture | 25.00 | 25.00 |
| Crosslands Shopping Centre JV | 16.70 | 16.70 |
| 89 St. George's Terrace Joint Venture | 20.00 | 20.00 |
| Mindarie Keys Joint Venture | 15.00 | 15.00 |
| Vulcan Road Joint Venture | 20.00 | 20.00 |
| Neerabup Joint Venture | 20.00 | 20.00 |
| Sentiens Joint Venture | 11.00 | 11.00 |
| 1500 Albany Highway Joint Venture | 25.00 | 25.00 |
| 9.2 Group's share of income and expenses relating to its interests in jointly controlled assets | \$'000 | \$'000 |
| Profit from ordinary activities before tax | 416 | 2,388 |
| Income tax on ordinary activities | 125 | 716 |
| Profit from ordinary activities after tax | 291 | 1,672 |
| Share of net profit of jointly controlled assets | 291 | 1,672 |

10. INCOME TAX

The major components of income tax expense for the half year ended 31 December 2008 and 31 December 2007 are:

| | CONSOLIDATED | |
|--|--------------------|--------------------|
| | Dec 2008 \$'000 | Dec 2007 \$'000 |
| Consolidated Income Statement | | |
| <i>Current income tax</i> | | |
| Current income tax charge | 3,033 | 2,366 |
| Adjustments in respect of current income tax of previous years | (143) | 270 |
| <i>Deferred income tax</i> | | |
| Relating to origination and reversal of temporary differences | (1,568) | (136) |
| Income tax expense reported in the consolidated income statement | 1,322 | 2,500 |

11. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash

For the purpose of the half year cash flow statement, cash and cash equivalents are comprised of the following:

| | | |
|--------------------------|-------|--------|
| Cash at bank and in hand | 5,379 | 19,895 |
| Bank overdrafts | - | (29) |
| | 5,379 | 19,866 |

(b) Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

During the financial period the consolidated entity acquired plant and equipment with a fair value of \$Nil (2007 - \$Nil) by means of finance lease.

(c) Financing facilities available

The consolidated entity has bank facilities available to the extent of \$114,267,000 (June 2008 - \$109,696,000). The unutilised facility for the consolidated entity at balance date was \$25,324,000 (June 2008 - \$21,398,000)

12. BUSINESS COMBINATIONS / ACQUISITION OF CONTROLLED ENTITY

No business combination occurred nor were any controlled entities acquired or disposed of during the financial period.

13. EARNINGS PER SECURITY (EPS)

Details of basic and diluted EPS reported separately in accordance with AASB 134: *Earnings Per Share* are as follows

| | Dec 2008 \$'000 | Dec 2007 \$'000 |
|--|--------------------|--------------------|
| The following reflects the income and share data used in the calculation of basic and diluted EPS: | | |
| Basic Earnings | 3,382 | 5,790 |
| Diluted Earnings | 3,382 | 5,790 |
| | <u>Number</u> | <u>Number</u> |
| Weighted average number of ordinary shares used in the calculation of basic EPS | 14,113,251 | 14,113,251 |
| Diluted effect of employee options on issue | - | - |
| Weighted average number of ordinary shares used in the calculation of diluted EPS | 14,113,251 | 14,113,251 |

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

Specifically, the construction services revenue of \$12,467,000 calculated on a percentage completion basis was included in sale of goods revenue in 2007. In 2008, this comparative amount has been separately presented in the income statement as construction services revenue for the purpose of consistent presentation of revenue.

This reinstatement has no effect on either total revenue or net profit in 2007 and 2008.

15. SEGMENT INFORMATION

The Group comprise the following segments:

The leather segment is a manufacturer and supplier of leather in the automotive industries.

The building materials segment comprises Delta Corporation Limited, Urbanstone Pty. Ltd., Archistone Pty. Ltd. and Limestone Resources Australia Pty. Ltd. which produces and sells concrete paving, pre-cast and pre-stressed concrete elements and natural and reconstituted limestone products.

The property investments segment leases offices and retail premises and represents the Group's share of jointly controlled operations. The segment also includes the Mindarie Keys and Neerabup joint venture land subdivisions.

15. SEGMENT INFORMATION continued

The following table presents revenue and profit information regarding business segments for the half year periods ended 31 December 2008 and 31 December 2007

| | LEATHER | | BUILDING MATERIALS | | PROPERTY | | CONSOLIDATED | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Dec 2008 \$'000 | Dec 2007 \$'000 |
| Total Revenue from Ordinary Activities | 44,176 | 54,337 | 37,913 | 32,951 | 3,084 | 3,461 | 85,173 | 90,749 |
| Unallocated Revenue | | | | | | | 359 | 334 |
| Total Revenue | | | | | | | 85,532 | 91,083 |
| Segment Earnings | 1,133 | 3,848 | 5,700 | 5,138 | 1,548 | 3,103 | 8,381 | 12,089 |
| Interest and Corporate Overheads | | | | | | | (3,625) | (3,509) |
| Operating Profit Before Income Tax | | | | | | | 4,756 | 8,580 |
| Income Tax Expense | | | | | | | (1,322) | (2,500) |
| Net Profit After Tax | | | | | | | 3,434 | 6,080 |

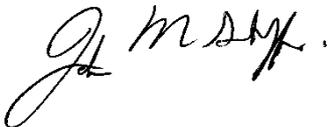
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Schaffer Corporation Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Give a true and fair view of the financial position as at 31 December 2008 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) Comply with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Schaffer
Managing Director

Perth, 18 February 2009

Auditor's independence declaration to the Directors of Schaffer Corporation Limited

In relation to our review of the financial report of Schaffer Corporation Limited for the half year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin A. Buckingham
Partner
Perth
18 February 2009

To the members of Schaffer Corporation Limited

Report on the condensed half-year financial report

We have reviewed the accompanying half year financial report of Schaffer Corporation Limited, which comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the 31 December 2008 half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Schaffer Corporation Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Schaffer Corporation Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin A Buckingham
Partner
Perth

18 February 2009