

APPENDIX 4E

Preliminary final report

1. Name of entity

SCHAFFER CORPORATION LIMITED

ABN 008 675 689

Financial year ended ('current period') 30 JUNE 2015
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Previous corresponding period 30 JUNE 2014
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2. For announcement to the market

Results for announcement to the market:

					\$'000
2.1	Revenues from ordinary activities	down	4%	to	157,327
2.2	Net profit for the period attributable to members	down	43%	to	3,531
2.3	Dividends (see section 6)				
	Final – Ordinary Dividend	up	0%	to	13¢
	Interim – Ordinary Dividend	up	0%	to	12¢
	Total	up	0%	to	25¢
				Amount per security	Franked amount per security
				13¢	13¢
				12¢	12¢
				25¢	25¢
2.4	Record date for determining entitlements to the dividend				4 September 2015

3. Consolidated Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue			
Sale of goods		130,071	134,367
Construction services		21,109	23,648
Rental income	1(a)	6,043	5,479
Finance income	1(b)	102	202
Dividends		2	1
Revenue		<u>157,327</u>	163,697
Cost of sales and services rendered		<u>(129,951)</u>	(124,361)
Gross profit		<u>27,376</u>	39,336
Impairment of goodwill		-	(3,696)
Other income/(losses)	1(c)	(262)	1,239
Marketing expenses		(6,631)	(7,688)
Administrative expenses		(11,668)	(13,411)
Profit before tax and finance costs		<u>8,815</u>	15,780
Finance costs	1(b)	<u>(3,602)</u>	(3,632)
Profit before income tax		<u>5,213</u>	12,148
Income tax expense		<u>(1,049)</u>	(4,172)
Profit after income tax		<u>4,164</u>	7,976
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gains/(losses) on available-for-sale financial assets		(13)	31
Income tax on items of other comprehensive income		(7)	(10)
		<u>(20)</u>	21
Foreign currency translation gain/(loss)		<u>935</u>	(51)
		<u>915</u>	(30)
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Net fair value gains on available-for-sale financial assets attributable to non-controlling interest		2	2
Foreign currency translation gain/(loss)		190	(10)
Other comprehensive income for the period, net of tax		<u>1,107</u>	(38)
Total comprehensive income for the period		<u>5,271</u>	7,938
Profit for the period is attributable to:			
Non-controlling interest		633	1,788
Owners of the parent		<u>3,531</u>	6,188
		<u>4,164</u>	7,976
Total comprehensive income for the period is attributable to:			
Non-controlling interest		825	1,780
Owners of the parent		<u>4,446</u>	6,158
		<u>5,271</u>	7,938
Earnings per share (EPS)			
Basic EPS attributable to owners of the parent	13.1	25.2¢	44.1¢
Diluted EPS attributable to owners of the parent	13.1	25.2¢	44.1¢
Dividends paid and payable per share		25.0¢	25.0¢

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Notes to the Consolidated Statement of Comprehensive Income

Note 1	2015	2014
Revenues and Expenses	\$'000	\$'000
Revenue and expenses from continuing operations		
(a) Net rental income		
Rental property income	6,043	5,479
	<u>6,043</u>	<u>5,479</u>
Rental property expenses	(3,361)	(2,978)
Net rental income	<u>2,682</u>	<u>2,501</u>
(b) Finance (costs)/income		
Bank and other loans and overdrafts – interest	(3,527)	(3,557)
Finance charges payable under finance leases and hire purchase	(75)	(75)
Total finance costs	<u>(3,602)</u>	<u>(3,632)</u>
Bank interest received	102	202
Total finance income	<u>102</u>	<u>202</u>
(c) Other income/(losses)		
Insurance proceeds on loss of property	-	1,157
Profit/(loss) on disposal of property, plant and equipment	24	(494)
Net gain/(loss) on derivatives	1,636	(62)
Net foreign currency (loss)/gain	(2,412)	524
Realised gains on available-for-sale investments	35	-
Other	455	114
	<u>(262)</u>	<u>1,239</u>
(d) Depreciation, amortisation and impairment included in Statement of Comprehensive Income		
Depreciation and amortisation included in:		
Cost of sales	4,281	4,141
Rental property expenses	640	590
Marketing and administrative expenses	293	326
	<u>5,214</u>	<u>5,057</u>
(e) Lease payments included in Statement of Comprehensive Income		
Included in cost of sales:		
Minimum lease payments – operating lease	1,632	1,540
Included in marketing and administrative expenses:		
Minimum lease payments – operating lease	1,530	1,733
	<u>3,162</u>	<u>3,273</u>
(f) Employee benefit expense		
Wages and salaries	39,944	38,401
Post employment benefit provision	-	25
Long service leave provisions	284	204
Worker's compensation costs	699	667
Superannuation costs	2,153	2,145
Expense of share-based payments	63	33
	<u>43,143</u>	<u>41,475</u>
(g) Other expenses loss/(gain)		
Additional allowance for doubtful debts	173	57
	<u>173</u>	<u>57</u>

4. Consolidated Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Current Assets			
Cash and short term deposits		4,192	14,583
Trade and other receivables		30,229	22,588
Inventories		69,838	47,425
Prepayments and deposits		1,638	1,730
Derivative financial instruments		1,636	-
Other financial assets		-	60
		<u>107,533</u>	<u>86,386</u>
Non current assets classified as held for sale	14	3,763	-
Total Current Assets		<u>111,296</u>	<u>86,386</u>
Non Current Assets			
Property, plant and equipment		41,352	40,831
Investment properties		25,140	28,685
Deferred income tax asset		778	1,063
Goodwill		1,299	1,299
Other financial assets		3,532	2,020
Total Non Current Assets		<u>72,101</u>	<u>73,898</u>
Total Assets		<u>183,397</u>	<u>160,284</u>
Liabilities			
Current Liabilities			
Trade and other payables		30,997	21,235
Interest bearing loans and borrowings		3,765	21,307
Income tax payable		16	2,995
Provisions		6,811	6,415
Derivative financial instruments		313	192
		<u>41,902</u>	<u>52,144</u>
Non-current liabilities classified as held for sale	14	4,550	-
Total Current Liabilities		<u>46,452</u>	<u>52,144</u>
Non Current Liabilities			
Interest bearing loans and borrowings		57,843	30,783
Deferred income tax liabilities		1,374	1,379
Provisions		1,352	1,425
Total Non Current Liabilities		<u>60,569</u>	<u>33,587</u>
Total Liabilities		<u>107,021</u>	<u>85,731</u>
Net Assets		<u>76,376</u>	<u>74,553</u>
Equity			
Equity attributable to equity holders of the parent			
Issued Capital		16,583	16,593
Reserves		3,133	2,155
Retained earnings	8	48,330	48,300
Total parent entity interest in equity		<u>68,046</u>	<u>67,048</u>
Minority interests		8,330	7,505
Total Equity		<u>76,376</u>	<u>74,553</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

5.1 Consolidated Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities			
Receipts from customers		155,427	173,232
Payments to suppliers and employees		(161,946)	(147,615)
Other revenue		455	114
Interest paid		(3,602)	(3,632)
Income taxes paid		(3,865)	(2,908)
Goods and services tax paid		(1,421)	(2,147)
Net Cash Flows (Used in)/From Operating Activities	5.3	(14,952)	17,044
Cash Flows from Investing Activities			
Interest income		102	202
Acquisition of property, plant and equipment		(3,968)	(4,743)
Insurance proceeds on loss of property		-	1,157
Proceeds on sale of property, plant and equipment		28	190
Acquisition and improvement of investment properties		(858)	(10,115)
Acquisition of available-for-sale investments		(1,444)	(944)
Deposits repaid		90	59
Dividends received		2	1
Net Cash Flows Used in Investing Activities		(6,048)	(14,193)
Cash Flows from Financing Activities			
Finance lease principal payments		(778)	(1,227)
Dividends paid		(3,501)	(3,572)
Proceeds from borrowings		20,014	11,650
Repayment of borrowings		(6,243)	(7,491)
Shares acquired under buy-back scheme		(10)	(231)
Net Cash Flows (Used in)/From Financing Activities		9,482	(871)
Net (Decrease)/Increase In Cash and Cash Equivalents		(11,518)	1,980
Net foreign exchange differences		1,127	(59)
Cash and cash equivalents at the beginning of the period		14,583	12,662
Cash and Cash Equivalents at the End of the Period	5.4	4,192	14,583

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

5.2 Consolidated Statement of Changes in Equity for the year ended 30 June 2015

	Attributable to Equity Holders of the Parent									
	Issued Capital	Retained Earnings	Reserves				Total	Non- controlling Interest	Total Equity	
			Asset Re- valuation	Share Based Payment EPU's	Share Based Payment SFC Options	Net unrealised gains/ (losses)				Foreign Currency translation
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 1 July 2013	16,824	45,478	2,585	552	115	17	(1,117)	64,454	5,931	70,385
Profit for the year	-	6,188	-	-	-	-	-	6,188	1,788	7,976
Other comprehensive income	-	-	-	-	-	21	(51)	(30)	(8)	(38)
Total comprehensive income for the year	-	6,188	-	-	-	21	(51)	6,158	1,780	7,938
Transactions with owners in their capacity as owners:										
Shares acquired under buy-back scheme	(231)	-	-	-	-	-	-	(231)	-	(231)
Share-based payments	-	-	-	33	-	-	-	33	-	33
Equity dividends	-	(3,366)	-	-	-	-	-	(3,366)	(206)	(3,572)
At 30 June 2014	16,593	48,300	2,585	585	115	38	(1,168)	67,048	7,505	74,553
At 1 July 2014	16,593	48,300	2,585	585	115	38	(1,168)	67,048	7,505	74,553
Profit for the year	-	3,531	-	-	-	-	-	3,531	633	4,164
Other comprehensive income	-	-	-	-	-	(20)	935	915	192	1,107
Total comprehensive income for the year	-	3,531	-	-	-	(20)	935	4,446	825	5,271
Transactions with owners in their capacity as owners:										
Shares acquired under buy-back scheme	(10)	-	-	-	-	-	-	(10)	-	(10)
Share-based payments	-	-	-	63	-	-	-	63	-	63
Equity dividends	-	(3,501)	-	-	-	-	-	(3,501)	-	(3,501)
At 30 June 2015	16,583	48,330	2,585	648	115	18	(233)	68,046	8,330	76,376

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

5.3 Reconciliation of the net profit after tax to the net cash flows from operations

	2015 \$'000	2014 \$'000
Net profit	4,164	7,976
Adjustment for:		
Depreciation and amortisation	5,214	5,057
Impairment of goodwill	-	3,696
Interest received	(102)	(202)
Dividends received	(2)	(1)
Proceeds on disposal of equity securities	(35)	(6)
Share-based payments expense	63	33
Insurance proceeds on loss of property	-	(1,157)
(Profit)/Loss on disposal of property, plant & equipment	(24)	494
Net gain on foreign exchange	1,072	(152)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(7,641)	3,105
(Increase)/decrease in inventories	(22,413)	(4,515)
Increase/(decrease) in trade and other payables	8,634	491
Increase/(decrease) in employee entitlement provisions	323	812
Increase/(decrease) in income tax payable	(2,979)	1,163
Increase/(decrease) in deferred tax liability	(5)	461
(Increase)/decrease in deferred tax asset	285	(350)
(Increase)/decrease in prepayments	2	85
(Increase)/decrease in derivatives	(1,515)	62
(Increase)/decrease in available-for-sale investments	7	(8)
Net cash flows (Used in)/From operating activities	(14,952)	17,044

5.4 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

Cash on hand and at bank	4,192	14,583
Total cash at end of period	4,192	14,583

5.5 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.

\$1,076,000 (2014 - \$1,040,000) for plant acquired under finance lease.

5.6 Financing facilities available

The consolidated entity had financing facilities available at balance date to the extent of \$83,628,000 (June 2014 - \$72,169,000). The unutilised facility for the consolidated entity at balance date was \$12,236,000 (June 2014 - \$16,528,000).

5.7 Controlled gained/lost over entities having material effect

N/A

6.1 Dividends

Date the dividend is payable

18 September 2015

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 CHES approved).

4 September 2015

If it is a final dividend, has it been declared?

YES

6.2 Amount per security

	Amount per security	Franked amount per security at 30% tax
Final dividend:		
Current year	13¢	13¢
Previous year	13¢	13¢
Final special dividend:		
Current year	-	-
Previous year	-	-
Interim dividend:		
Current year	12¢	12¢
Previous year	12¢	12¢
Interim special dividend:		
Current year	-	-
Previous year	-	-

6.3 Total dividend per security (interim *plus* final and special)

	Current year	Previous year
Ordinary securities	25¢	25¢
Preference securities		-

6.4 Preliminary final report – dividend on all securities

	Current period \$'000	Previous corresponding period \$'000
Ordinary securities - Final	1,821	1,821
- Interim	1,680	1,681
Preference securities		
Other equity instruments		
Total	3,501	3,502

7. Dividend plan

The company does not have a dividend reinvestment plan.

8. Consolidated retained profits

	Current period \$'000	Previous corresponding period \$'000
Retained profits at the beginning of the financial period	48,300	45,478
Net profit attributable to members	3,531	6,188
Dividends and other equity distributions paid or payable	(3,501)	(3,366)
Retained profits at end of financial period	48,330	48,300

9. Details of aggregate share of profits (losses) of joint operations

	Current period	Previous corresponding period
9.1 Name of joint operations	Percentage Interest	Percentage Interest
<u>Syndicate Investment Properties</u>		
The IBM Building Partnership Syndicate	22.1	22.1
"616 St. Kilda Road Joint Venture"	20.0	20.0
Hometown Cannington Property Group	25.0	25.0
Crosslands Property Syndicate	16.7	16.7
Mindarie Keys Syndicate	-	15.0
Neerabup Syndicate	20.0	20.0
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	1,072	1,744
Income tax on ordinary activities	(322)	(523)
Profit from ordinary activities after tax	750	1,221
Share of net profit of jointly controlled assets	750	1,221

10. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$4.77	\$4.69

11. Other significant information

All other significant information is disclosed in this Appendix 4E, the attached press release and letter to shareholders.

12. Foreign entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

International Financial Reporting Standards (IFRS).

13. Commentary on results

For a commentary on the results see the attached press release.

13.1 Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with AASB 133: <i>Earnings Per Share</i> are as follows.	Current year	Previous corresponding year
	\$'000	\$'000
The following reflects the income and share data used in the calculation of basic and diluted EPS:		
Basic Earnings from continuing operations	3,531	6,188
Diluted Earnings from continuing operations	3,531	6,188
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares used in the calculation of basic EPS	14,005,612	14,018,074
Weighted average number of ordinary shares used in the calculation of diluted EPS	14,005,612	14,018,074
Basic EPS	25.2c	44.1¢
Diluted EPS	25.2c	44.1¢

13.2 Segment Reporting

See attached.

14. Non current assets/liabilities held for sale

	Consolidated	
	2015	2014
	\$'000	\$'000
Assets		
Investment property	3,763	-
Liabilities		
Bank Loan	4,550	-

The syndicated property at 616 St Kilda Road has recently been put on the market, and as a result SFC currently has an offer to purchase its 20% share in the "616 St Kilda Joint Venture". The offer is not unconditional but negotiations are quite advanced, and completion of the transaction is highly probable.

15. Significant events after balance date

The company will pay a fully franked final dividend of 13¢ per share on 18 September 2015

16. Status of audit or review

This report is based on accounts to which one of the following applies.

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

17. Dispute or qualification – accounts not yet audited or subject to review

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.

N/A

18. Dispute or qualification – accounts audited or subject to review

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

N/A

Sign here:  Date: 19 AUGUST 2015
Company Secretary

Print Name: JASON MARK CANTWELL

Schedule Accompanying Appendix 4E Preliminary Final Report
Schaffer Corporation Limited
(ACN 008 675 689)
For the Year Ended 30 June 2015

	Automotive Leather		Building Materials		Investment Property		Gosh Capital		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue from external customers	101,120	103,459	49,094	51,974	6,043	7,692	1,059	542	157,316	163,667
Unallocated interest and dividend revenue									11	30
Total revenue									157,327	163,697
Earnings before goodwill impairment	6,261	15,208	1,376	1,760	2,435	3,131	577	1,407	10,649	21,506
Goodwill Impairment	-	-	-	(3,696)	-	-	-	-	-	(3,696)
Segment Earnings	6,261	15,208	1,376	(1,936)	2,435	3,131	577	1,407	10,649	17,810
Unallocated items:										
Finance income and dividends									11	29
Finance costs									(3,602)	(3,632)
Corporate overheads									(1,845)	(2,059)
Operating profit before income tax									5,213	12,148
Income tax expense									(1,049)	(4,172)
Net profit after tax									4,164	7,976
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Segment Assets	99,060	78,377	48,345	47,557	19,104	19,163	15,403	13,530	181,912	158,627
Unallocated items:										
Available-for-sale financial assets									-	60
Cash									94	257
Property, plant and equipment									769	777
Prepayments									7	13
Receivables									17	-
Deferred income tax assets									598	550
Total segment assets									183,397	160,284