Schaffer Corporation

Full Year Results Presentation June 2008

SFC Performance Highlights

Operations

- 2008 NPAT $10.9m (+6%)
- 2008 EBIT $22.1m (+15%)
- 2008 Operating cash flow $23.5m (+69%)
- Strong earnings growth for Leather (+49%)
- Building Materials revenue $65.6m (+19%)
- Return on average capital employed or ROACE = 18% (FY07 – 17%)

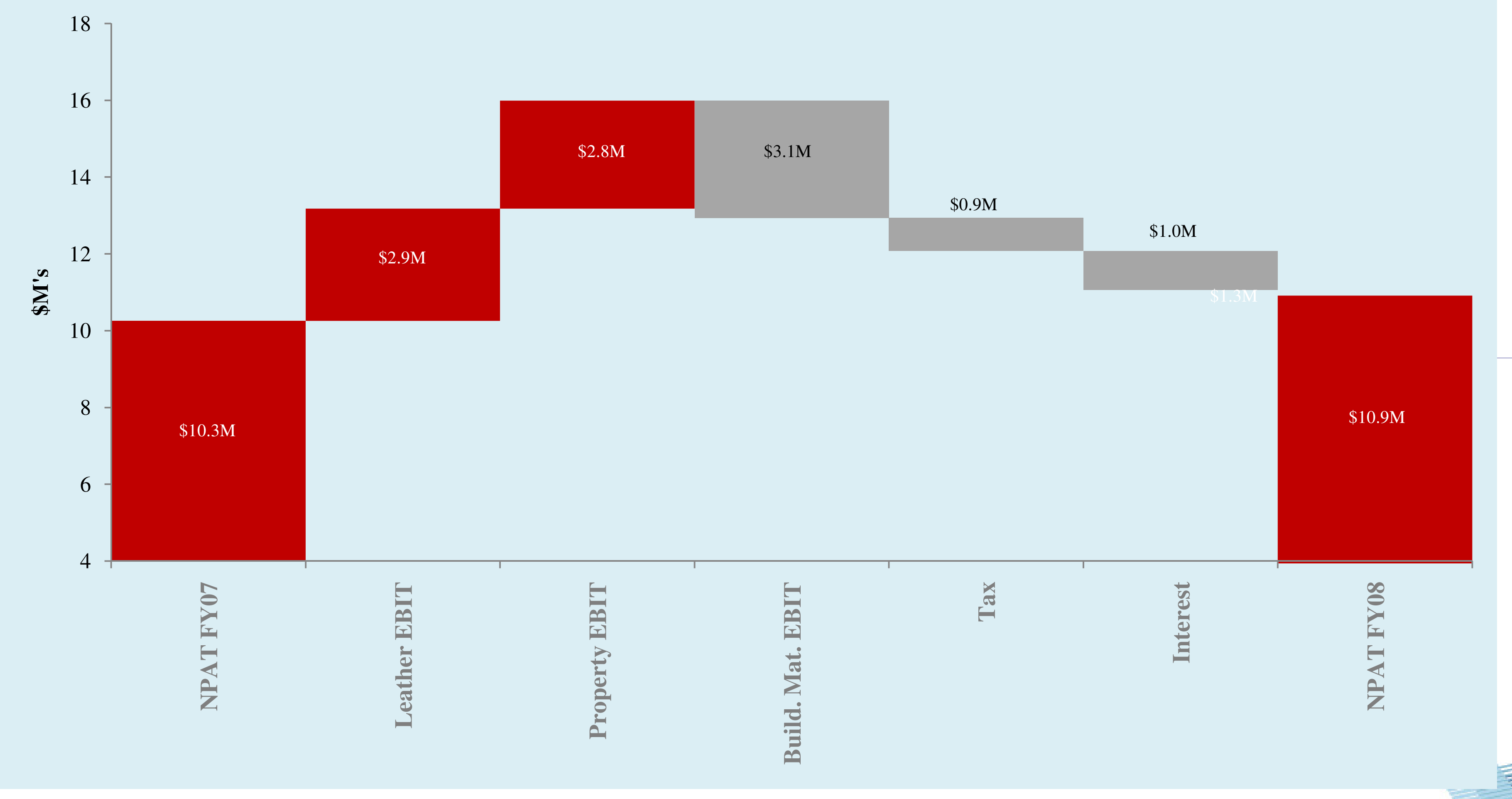
Major Investments

- Acquisition of Archistone Pty Ltd $5.8m.
- Acquisition of three retail properties & one future retail development site $8.0m.
- New capex for Building Materials $7.2m (production and storage facilities.)
- Total $21.0m

Leather & Property underpin Profit Rise

Full Year Ending 30 Jun (A$m)	to Jun-07	to Jun-08	% change
Revenue	**147.7**	**195.9**	+ *33%*
EBITDA	**23.9**	**28.5**	+ *19%*
EBIT (net interest basis)	**19.1**	**22.1**	+ *16%*
Net profit	**10.3**	**10.9**	+ *6%*
EPS	**0.73**	**0.77**	
Return on average capital employed (ROACE)	**17%**	**18%**	
Cash flow from operating activities	13.9	23.2	
Cash reserves	9.5	21.7	
Ordinary dividend (fully franked)	**$0.50**	**$0.50**	

NPAT Evolution



Cash flow

Full Year Ending 30 Jun (A$m)	Jun-07	Jun-08
EBITDA	23.9	27.9
Net interest paid	(4.4)	(5.4)
Tax paid	(4.2)	(6.5)
Howe change in trade working capital	(1.1)	12.7
Other changes in working capital	0.4	(4.8)
Other	(0.7)	-
Total operating cash generated	**13.9**	**23.9**
Net Debt reduction/(increase)	(6.5)	(18.0)
Capital expenditure	4.4	9.9
Acquisitions (incl. retail property sites)	13.9	14.6
Divestments	(0.9)	(2.4)
Dividends paid	7.1	7.6
Increase (decrease) in cash on deposit	(4.1)	12.2
Total cash applied	**13.9**	**23.9**

Jun-08 Debt Position

$M	Recourse	Non-Recourse	Total
Building Materials	22.8	0.0	**22.8**
Leather	0	36.7*	**36.7**
Property JV's	2.1	23.9	**26.0**
Total Debt	24.9	60.6	**85.5**
Cash Reserves			**21.7**
Net Debt			**63.8**
Net Interest Cover			**4.1**

- 30-Jun-08 undrawn debt facilities: $21.4m; (Increased to $26.4m post balance date)

* Commonwealth Government loan initially provided as a grant in lieu of export expansion initiatives and subsequently converted to a loan.

  - Interest only until Feb-2008;
  - $2m per annum principal payments from Feb-2008;
  - Facility Term – 2012

Automotive Leather

HOWE

THE PROMISE OF AUSTRALIA'S BEST LEATHER™

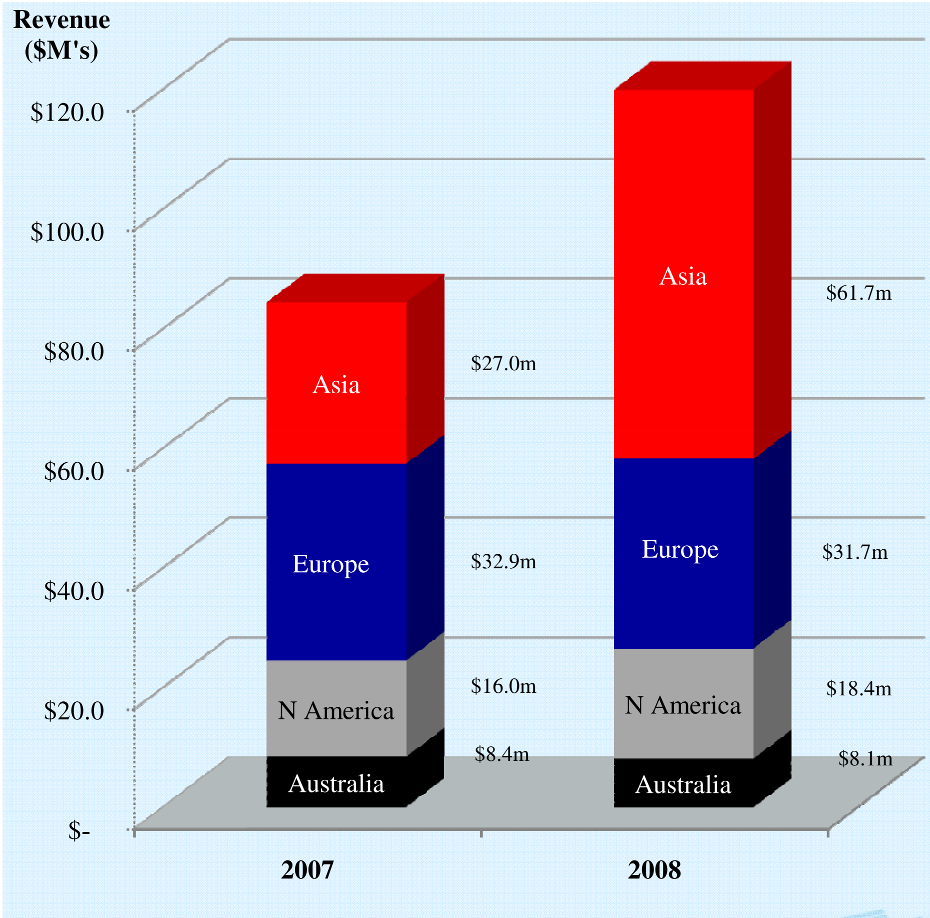
Automotive Leather Results

A$M	Jun-07	Jun-08	% change
Revenue	84.4	119.9	+42%
Segment EBIT	6.0	8.9	+49%
Margin	7%	7%	

- Strong sales growth lead by Asian customers (China).
- Substantial earnings growth despite the appreciation of the AUD.
- Each 1c movement in the AUD/USD exchange rate equates to approximately $225K in EBIT (before hedging).
- Each 1c movement in the EUR/AUD exchange rate equates to approximately $400K in EBIT (before hedging).

Howe business now repositioned to be globally competitive, strong growth in Asian market

- Sales to Asian customers up 228%.
- Labour intensive cost cutting operations all located in lower labour cost countries (China, Mexico & Slovakia).



Schaffer Building Materials

Building Products

DELTA
CORPORATION LIMITED

URBANSTONE
CENTRAL

ARCHISTONE™

- LUMEAH -
LIMESTONE
HANDCRAFTED POURED PAVING

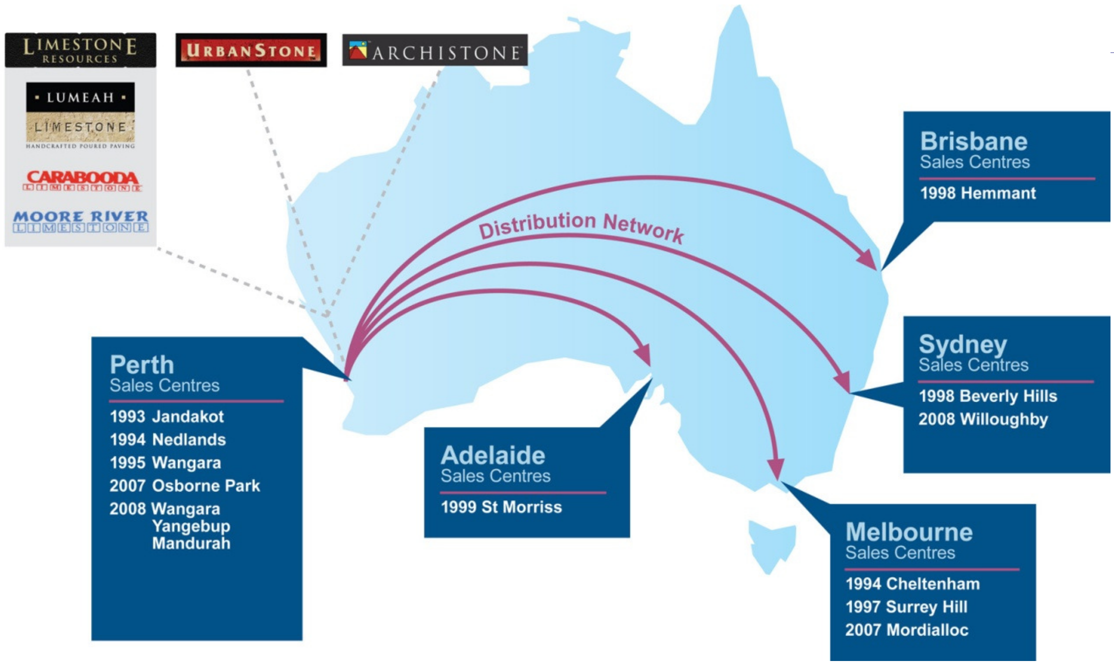
Building Materials Results

Building Materials			
A$M	Jun-07	Jun-08	% change
Revenue	55.1	65.6	+19%
Segment EBIT	10.8	8.7	-19%
Margin	20%	13%	

- Strong sales growth boosted by first-time inclusion of Archistone acquisition and record revenue for Delta Corporation.
- Earnings negatively impacted by integration costs, start-up costs for Urbanstone Central, weak NSW market and disappointing sales of reconstituted & natural limestone blocks (primarily used in land sub-divisions)
- Long term benefits will flow as acquisitions are fully integrated and retail revenue improves with UrbanStone Central roll-out

Building Products (paving, walling & imported products)

- National network of 13 Urbanstone central stores/display centres across the country.
- Additional retail development site purchased in Clarkson WA.
- Further efficiency gains to come from rationalization of manufacturing plants.
- Vast reserves of limestone available from company owned quarries.
- Plans for the introduction of new products at an advanced stage.



Delta Corporation (pre-cast & pre-stressed concrete)

- $5m capex project to expand production and storage facilities almost complete.
- Record revenue in FY08 and strong order book going into FY09.
- Current major projects include, Bishop's See and Century City CDB office buildings (Deltacore products), and pre-stressed Tee Roff beams for the new Perth-Bunbury Highway project.

Ikea Mega Store, Innaloo Perth

Pre-cast highway Tee Roff beams

Deltacore floor panels

DELTA
CORPORATION LIMITED

Property

616 St Kilda Rd, Melbourne

IBM Building, Hay St, West Perth

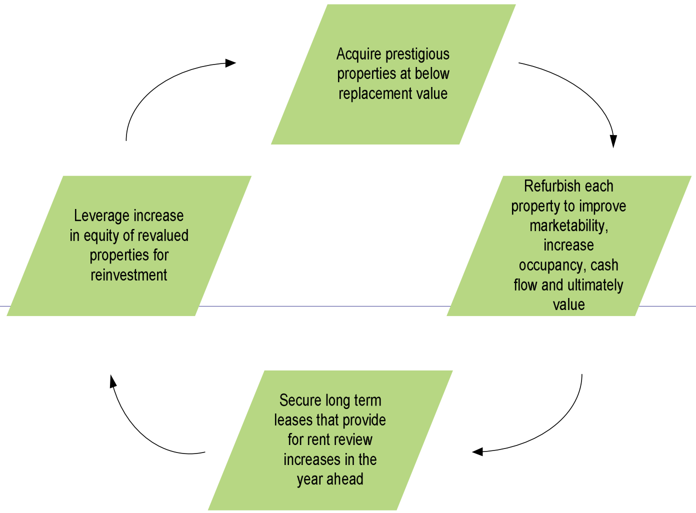
89 St Georges Tce, Perth

Property Result

A$M	Jun-07	Jun-08	% change
Revenue	8.1	10.5	+29%
Segment EBIT	3.8	6.6	+75%
Margin	46%	63%	

- Revenue and earnings positively impacted by sale of 71 Queens Rd Melbourne ($1.4m profit before tax announced during first half results), and strong sales at Mindarie Keys development ($3.0m profit before tax).
- Growth in underlying net rental income underpinned by tight commercial and office market in WA.
- Average LVR across entire portfolio is 31%

Valuable portfolio of assets with recurring income & substantial unrealized capital gains



- JV investment portfolio of 7 commercial and retail properties in WA & Victoria, plus an industrial sub-division (Neerabup WA) and a residential sub-division (Mindarie Keys, WA).
- 9 wholly owned properties, plus one 83% owned property. Primarily owner occupied by Building Materials division.
- Conservatively reflected at depreciated cost in financial statements, not valuation.
- Current book value of entire property portfolio is $42.4m, but re-valuations in the last year show value of $118.7m .

Syndicated JV investment partners are industry experts with track record of success

Perth

Property	SFC interest
IBM Centre (1995)	**22.1%**
Home Town (1998)	**25%**
89 St George's Terrace (1999)	**20%**
Crosslands Bunbury (1999)	**16.7%**
Joondalup (2006)	**11%**
Canning Vale (2006)	**20%**

Melbourne

Property	SFC interest
Oce House (1997)	**20%**

Outlook – H1 2009

- Building Materials
  - Delta set to continue to leverage off robust WA construction/infrastructure projects due to strong order book.
  - Building products earnings likely to be somewhat lower than pcp due to housing slowdown, but stronger distribution model will lessen the impact.
  - Extended new product range going into all states.
- Leather
  - AUD volatility will impact earnings. A sustained depreciation of the AUD would have a positive impact on earnings.
  - Trading conditions in the global automotive industry remain challenging, but progress with new customers and models is encouraging.
- Property
  - Net rental income from investment properties will benefit from rent reviews and a low vacancy rate in Perth.
  - Sales at Mindarie Keys will be lower as there are only a small number of unsold lots (estimated EBIT still to be realised $1.1m, and estimated future cash flow $3.4m).
  - In the absence of a property sale, earnings will be lower (sale of 71 Queens Rd, Melbourne in pcp).

Outlook - Dividends

- The Board expects to maintain ordinary dividends at 50c per share for the 2009 financial year, with a 25c per share interim dividend payable in March 2009.