Schaffer Corporation Limited
ABN 73 008 675 689

SCHAFFER REPORTS $5.8 MILLION INTERIM NET PROFIT; DECLARES 25¢ FULLY FRANKED DIVIDEND

Schaffer Corporation Limited (ASX: SFC) today announced a headline net profit after tax (NPAT) of $5.8 million for the first half of the 2008 financial year (previous corresponding period (pcp) $5.2 million) and confirmed its directors have declared an interim ordinary dividend of $0.25 per share (fully franked).

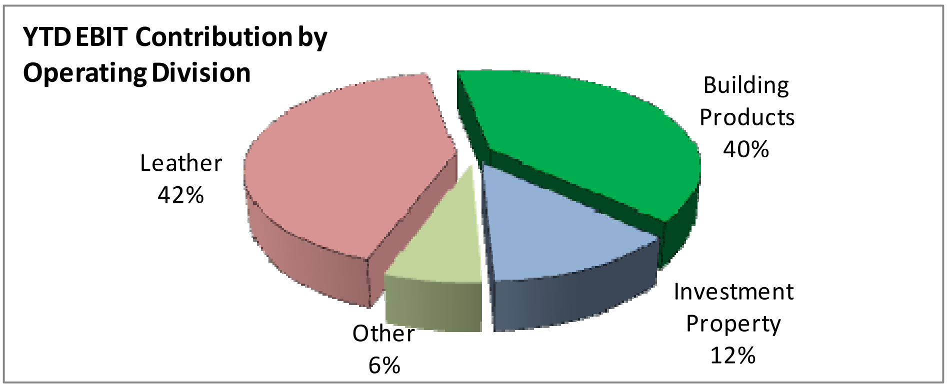
SFC also announced that, following the recent completion of independent valuations of the Group's property assets (including both its Joint Venture Investment Property portfolio and SFC-owned operating premises), the Group has approximately $71 million (pre-tax) in unrealised capital gains in respect of those property assets.

FINANCIAL PERFORMANCE SUMMARY

	31-Dec-06	31-Dec-07	Change
Revenue ($M)	73.9	**91.1**	+ 23%
NPAT ($M)	5.2	**5.8**	+ 11%
Earnings per Share ($)	37.0	**41.0**	+ 11%
EBITDA ($M)	12.2	**13.8**	+ 12%
EBIT (net interest) ($M)	9.8	**11.2**	+ 15%
Ordinary Dividend per Share ($)	0.25	**0.25**	
Cash Reserves ($M)	9.5	**19.9**	
Return on Capital Employed	14%	**17%**	

Group revenue improved significantly to $91.1 million, up 23% over the pcp ($73.9 million). Building Materials achieved higher revenue and a strong result, despite costs associated with the launch of UrbanStone Central, delays caused by a wetter-than-normal September quarter and subdued demand in the New South Wales market. Automotive Leather achieved significant growth in sales to Howe's Asian customers but, as foreshadowed in the Chairman's AGM address, Automotive Leather earnings were lower than the pcp, as a result of the sharp appreciation of the Australian dollar. SFC's Joint Venture Investment Property portfolio made a solid contribution. SFC's headline NPAT includes a $1.0 million contribution from the August 2007 sale of 71 Queens Road, Melbourne from the portfolio.

OPERATIONS SUMMARY



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BUILDING MATERIALS

Building Materials reported revenue of $33.0 million (pcp: $27.0 million) and earnings before interest and taxes (EBIT) of $3.7 million (pcp: $3.9 million). The result was driven, in particular, by Delta, which continues to benefit from the strong Western Australian economy.

The increase in revenue also reflected the contribution from Archistone Pty Ltd (**Archistone**, acquired at 1 August 2007). But earnings were marginally lower than the pcp as a result of:

- additional advertising associated with the launch of UrbanStone Central;
- display upgrade, rebadging and integration expenses;
- the blending into the division of the lower margin Archistone and Limestone Resources businesses;
- subdued demand in the New South Wales market; and
- delays caused by a wetter-than-normal September quarter in WA and NSW.

In its first half as part of SFC, Archistone performed in line with our expectations. Archistone is the Western Australian market leader in the reconstituted limestone block walling market. It also supplies a range of natural premium stone products. Archistone complements the UrbanStone and Limestone Resources product ranges and allows the Building Materials division to offer a broader range of paving and walling products through SFC's 15 retail stores and national distribution network.

As SFC has noted in previous announcements, the Group's strategy for Building Materials is to build value through:

- expansion of the division's product range to cover walling, as well as paving;
- development of its retail offering through the launch of UrbanStone Central concept stores; and
- acquisition of the retail properties from which the division operates.

In line with that strategy, an SFC subsidiary, UrbanStone Central Properties, exercised its option to acquire the Archistone Yangebup retail store and purchased a 2,300m^2 vacant site zoned showroom/warehouse in the Ocean Keys business estate for future development as an UrbanStone Central concept store. Both transactions were settled in December 2007. Since then, UrbanStone Central Properties has exercised options to purchase Archistone's Mandurah and Wangara properties. The purchase of those two properties was settled last week and they have been rebranded as UrbanStone Central stores.

Over the last 18 months, SFC has made a number of acquisitions and capital investments within Building Materials totaling in excess of $30 million, as set out below:

	Timing	$ million
Limestone Resources business	Jul-06	$7.5
UbanStone Central store - Osborne Park	Aug-06	$4.0
Archistone business	Aug-07	$7.7
UrbanStone Central store- Yangebup	Dec-07	$1.8
UrbanStone Central site - Ocean Keys	Dec-07	$0.9
UrbanStone Central store - Wangara	Feb-08	$4.4
UrbanStone Central store - Mandurah	Feb-08	$0.9
Delta site storage and handling upgrade	H1 2008	$1.9
Additional production machinery	H1 2008	$1.0
Total Expenditure		$30.1

SFC has made those acquisitions and invested that capital in order to build scale within Building Materials and place it on a strong footing to deliver further improvements in revenue and earnings in coming years. That expenditure has also increased SFC's leverage to the Western Australian economy, which SFC anticipates will grow strongly for the foreseeable future.

The division continues to review opportunities to grow its product range. SFC believes there is scope for further expansion of the product lines sold through UrbanStone's established distribution network.

AUTOMOTIVE LEATHER

For the first half of the 2008 financial year, Howe's revenue increased significantly to $54 million (pcp: $44 million). The increase was driven by a doubling of sales into the Asian market, to $25.9 million from $12.7 million in the pcp. The European market was again an important contributor to Howe revenue and, following a steady downward trend in recent years, Howe's North American sales appear to have stabilised.

Howe's improved revenue is a direct result of its strengthened sales team and the local sales presence provided by Howe's cutting operations in the Asian, European and North American automotive markets. SFC anticipates the upward sales trend will continue and that Howe's full year revenue will be significantly higher than last financial year's.

The Australian dollar's (AUD) appreciation, particularly against the US dollar (USD), resulted in Howe's EBIT decreasing to $3.8 million (pcp: $4.0 million). In the half under review, the average USD/AUD exchange rate was 86.9¢ compared with 76.4¢ in the pcp. The average Euro/AUD (EUR) exchange rate was 61.6¢ (pcp 59.6¢).

At present, approximately 63% of Howe's revenue is generated in USD and 30% in EUR. A substantial proportion of that revenue receives a natural hedge from associated costs incurred in those currencies. The remaining unhedged exposure to movements in the USD and EUR relative to the AUD causes Howe's EBIT to rise and fall by approximately AUD 400,000 for each Eurocent and AUD 250,000 for each US cent that the AUD weakens or strengthens against those currencies.

PROPERTY

SFC has built a valuable portfolio of property assets both within its operating divisions and in its Joint Venture portfolio.

Those properties are recorded in SFC's Balance Sheet at "depreciated cost" (ie, book value). Over the course of the last 12 months, SFC has commissioned independent valuations of all its property assets to verify their market value. The following table compares the assets' book values with their market values:

Property Class		Book Value ($m)	Market Value ($m)	Balance Sheet Debt ($m)	LVR (%)
8 SFC Owned/Operating Premises		18.6	54.5	6.0	11%
2 Subdivision JV's		2.9	8.0	1.5	19%
7 Commercial/Retail JV's		15.7	45.9	20.2	44%
Total		37.2	108.4	27.8	26%

At the current valuations, unrealised capital gains on the Group's property assets amount to $71 million (pre-tax).

SFC's Board believes it is appropriate to continue to record the property assets in the Group's financial statements at their depreciated cost as:

- revaluations can distort operational earnings when increased value flows through the Profit and Loss Statement; and
- applying the market value accounting standard would require (at least) annual revaluations, which would represent a significant ongoing cost.

The Board prefers to adopt a conservative position in its accounts while keeping shareholders informed of the unrealised value in SFC's property assets. If SFC adopted the independent market values in place of depreciated cost in its financial statements, the effect on SFC's balance sheet ratios would be substantially positive. By way of example, SFC's net debt to equity ratio would decrease to 54% (from 101%) and SFC's net tangible assets per share would increase by 106% to $6.81 per share.

OUTLOOK - EARNINGS

SFC's investments in Building Materials will deliver further revenue and earnings growth in coming years. In the short term, SFC anticipates that input cost increases, labour shortages and market fluctuations will exert downward pressure on earnings growth although supplemented by increased volume.

SFC expects Automotive Leather to deliver significant revenue improvement overall for the 2008 financial year as a result of a rebound in North American revenues and continued demand in the Asian market. Howe's Slovakian, Chinese and Mexican cutting and customer service facilities are critical to its growth strategy. While the strength of the AUD will impact negatively on revenues and earnings, the anticipated revenue growth for the second half should result in full-year EBIT significantly above the $6.0 million reported last year.

SFC expects that its Investment Property leasing activities will generate solid and steadily improving returns. Mindarie Keys will continue to contribute to earnings and should deliver to SFC another $3.0 million of EBIT and $4.0 million of cash over the balance of the project.

At Group level, SFC will strive to add long-term shareholder value by growing the Building Materials division while maintaining a clear focus on return on capital employed, cash flow and dividends to shareholders.

OUTLOOK - DIVIDENDS

The Board maintains its payout ratio policy of balancing returns to shareholders with the need to fund growth in the Building Materials Division. In line with that policy, it is the Board's present intention to pay a final dividend of $0.25 per share (fully franked), which would bring dividends for the 2008 financial year to $0.50 per share (fully franked).

Key dates in relation to SFC's $0.25 per share fully franked interim dividend are as follows:

• SFC's shares commence trading ex-dividend	6 March 2008
• Record date for final dividend	13 March 2008
• Payment of dividend	18 March 2008

Resignation and Appointment of CFO

SFC's Chief Financial Officer and Company Secretary, Mr Geoff Davieson, has tendered his resignation effective from 31 March 2008. Geoff joined SFC in 1993 and has played a significant role in the development of the Company over the past 15 years.

The Board would like to thank Geoff sincerely for his contribution over that period and wishes him well in his future endeavors.

The Board is pleased to announce the appointment of Mr David Richardson to replace Geoff as Chief Financial Officer. David is currently General Manager (Finance) for WorleyParsons Limited Australia/New Zealand Region. David has over 18 years' experience in senior finance roles within Australia and internationally with WorleyParsons and with leading international oilfield service company, Schlumberger. David will commence his role with SFC on 10 March 2008.

John Schaffer
Chairman

20 February 2008

Schaffer Corporation Limited

ABN 73 008 675 689

SCHAFFER INTERIM PROFIT $5.8 MILLION; 25¢ DIVIDEND

Schaffer Corporation Limited (ASX: SFC) today announced a headline net profit after tax (NPAT) of $5.8 million for the first half of the 2008 financial year and that directors had declared an interim ordinary dividend of $0.25 per share (fully franked).

In announcing the interim result, SFC Chairman, Mr John Schaffer, said that the Group's performance was the result of relatively even contributions from the Building Materials and Leather divisions. The Property division continues to contribute strongly to both earnings and cash generation.

	31-Dec-06	31-Dec-07	Change
Revenue ($M)	73.9	**91.1**	+ 23%
NPAT ($M)	5.2	**5.8**	+ 11%
Earnings per Share ($)	37.0	**41.0**	+ 11%
EBITDA ($M)	12.2	**13.8**	+ 12%
EBIT (net interest) ($M)	9.8	**11.2**	+ 15%
Ordinary Dividend per Share ($)	0.25	**0.25**	
Cash Reserves ($M)	9.5	**19.9**	
Return on Capital Employed	14%	**17%**	

"Building Materials' revenue increased on the back of increased activity at Delta, which is leveraged to Western Australia's strong economy, and the inclusion of the Archistone business," Mr Schaffer said.

"Over the last 18 months, SFC has invested $30 million in increasing the depth and breadth of Building Materials' business and increasing its leverage to the Western Australian economy.

"That investment will deliver further improvements in revenue and earnings in coming years but, in the short term, SFC anticipates that input cost increases, labour shortages and market fluctuations will exert downward pressure on earnings in the Building Materials division although supplemented by increased volume," Mr Schaffer added.

Mr Schaffer noted that SFC expects significant improvement in Automotive Leather revenue overall for the 2008 financial year as a result of a rebound in North American revenues and continued demand in the Asian market.

SFC's Board currently anticipates declaring a final ordinary dividend of $0.25 per share (fully franked) in addition to the interim ordinary dividend of $0.25 per share (fully franked).

Following the recent completion of independent valuations of the Group's property assets (including both its Joint Venture Investment Property portfolio and SFC-owned operating premises), SFC has approximately $71 million (pre-tax) in unrealised capital gains in respect of those property assets (book value of approximately $38 million).

Mr Schaffer noted that SFC would continue to carry those assets at book value but would keep shareholders abreast of the level of unrealised gains in the Group's property portfolio.

"Finally, I note that, after 15 years with SFC, the Group's CFO, Geoff Davieson, has tendered his resignation effected from the end of March.

“On behalf of SFC’s Board, I thank Geoff for his outstanding contribution and wish him the best in his future endeavours.

“David Richardson will take over as CFO and joins SFC after more than 18 years’ senior finance experience at leading groups including Worley Parsons and Schlumberger”, Mr Schaffer concluded.

For further information, please contact:

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Schaffer Corporation Ltd
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APPENDIX 4D

Preliminary half-year report

1. Name of entity

SCHAFFER CORPORATION LIMITED

ACN

008 675 689

Financial year ended ('current period')

31 DECEMBER 2007

Previous corresponding period

31 DECEMBER 2006

2. For announcement to the market

Results for announcement to the market: .

					$'000
2.1	Revenues from ordinary activities	up	23%	to	91,083
2.2	Profit from ordinary activities after tax attributable to members	up	11%	to	5,790
2.3	Net profit for the period attributable to members	up	11%	to	5,790

2.4	**Dividends (see section 6)**	Amount per security	Franked amount per security
	Final dividend	25¢	25¢
	Interim period	25¢	25¢
2.5	Record date for determining entitlements to the dividend	13 MARCH 2008	

3. Consolidated income statement

	Note	Dec 2007 *$'000*	Dec 2006 *$'000*
Continuing operations			
Revenue			
Sale of goods		**88,783**	71,989
Rental income		**1,991**	1,838
Dividends received		**1**	1
Finance income		**308**	113
Total revenue		**91,083**	73,941
Cost of sales		**(71,876)**	(56,072)
Gross profit		**19,207**	17,869
Rental property expenses		**(991)**	(1,143)
Other income	1(a)	**2,237**	1,134
Marketing expenses		**(4,115)**	(2,655)
Administrative expenses		**(4,807)**	(5,297)
Profit from continuing operations before tax and finance costs		**11,531**	9,908
Finance costs		**(2,951)**	(2,155)
Profit before income tax		**8,580**	7,753
Income tax expense		**(2,500)**	(2,193)
Net profit for the period		**(6,080)**	5,560
Attributable to:			
Minority interest		**290**	334
Members of the parent		**5,790**	5,226
Earnings per share (EPS) (see section 14.1)			
Basic EPS		**41.0¢**	37.0¢
Diluted EPS		**41.0¢**	37.0¢
Dividends paid per share		**25¢**	25¢

Notes to the consolidated income statement

	Dec 2007 *$'000*	Dec 2006 *$'000*
1. REVENUE & EXPENSES		
Profit before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Group:		
(a) Other income/(losses)		
Gain/(loss) on sale of plant and equipment	**7**	(6)
Gain on sale of investment properties	**1,371**	-
Gain on sale of available-for-sale investments	**-**	269
Net foreign currency gain	**900**	265
Gain/(loss) on mark to market of derivatives	**(96)**	478
Other	**55**	128
	2,237	1,134
(b) Expenses		
Depreciation and amortisation of property, plant and equipment	**2,543**	2,454
Employee benefit expense	**20,191**	20,987
Expense of share based payments	**11**	71

4. Consolidated balance sheet

	Dec 2007 *$'000*	June 2007 *$'000*
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**19,895**	9,537
Trade and other receivables	**33,413**	28,158
Inventories	**43,967**	38,917
Available-for-sale financial assets	**82**	103
Derivative financial instruments	**-**	608
Prepayments and deposits	**1,661**	619
TOTAL CURRENT ASSETS	**99,018**	77,942
NON-CURRENT ASSETS		
Property, plant and equipment	**56,023**	48,382
Investment properties	**17,235**	17,353
Deferred income tax asset	**699**	585
Goodwill	**4,924**	1,299
TOTAL NON-CURRENT ASSETS	**78,881**	67,619
TOTAL ASSETS	**177,899**	145,561
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**36,858**	18,313
Derivative financial instruments	**96**	-
Interest-bearing loans and borrowings	**9,913**	3,686
Income tax payable	**350**	1,477
Provisions	**6,079**	5,403
TOTAL CURRENT LIABILITIES	**53,296**	28,879
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**66,765**	61,563
Deferred income tax liabilities	**560**	734
Provisions	**1,292**	1,265
TOTAL NON-CURRENT LIABILITIES	**68,617**	63,562
TOTAL LIABILITIES	**121,913**	92,441
NET ASSETS	**55,986**	53,120
EQUITY		
Parent entity interest		
Issued capital	**17,034**	17,034
Reserves	**2,790**	2,476
Retained earnings	**31,845**	29,583
Total parent entity interest in equity	**51,669**	49,093
Minority interests	**4,317**	4,027
TOTAL EQUITY	**55,986**	53,120

5.1 Consolidated statement of cash flows

	Dec 2007 *$'000*	Dec 2006 *$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**90,421**	74,628
Payments to suppliers and employees	**(66,365)**	(65,933)
Borrowing costs paid	**(2,951)**	(2,155)
Income tax paid	**(3,268)**	(2,744)
Goods and services tax paid	**(826)**	(207)
Research and development expenditure	**(1,400)**	(400)
Other	**56**	128
NET CASH FLOWS FROM OPERATING ACTIVITIES	***15,667***	*3,317*
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	**1**	1
Proceeds on sale of plant and equipment	**8**	41
Proceeds on sale of investment properties	**2,363**	-
Acquisition of property, plant and equipment	**(6,772)**	(5,887)
Acquisition of investment properties	**(1,222)**	(2,285)
Acquisition of business	**-**	(7,420)
Interest received	**308**	113
Acquisition of controlled entity	**(5,791)**	-
Proceeds on disposal of available-for-sale investments	**-**	337
NET CASH FLOWS USED IN INVESTING ACTIVITIES	***(11,105)***	*(15,100)*
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**10,470**	6,301
Repayment of borrowings	**(1,175)**	-
Dividends paid	**(3,528)**	(3,528)
NET CASH FLOWS FROM FINANCING ACTIVITIES	***5,767***	*2,773*
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	***10,329***	*(9,010)*
Cash and cash equivalents at beginning of the period	**9,537**	13,596
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	***19,866***	*4,586*

5.2 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	19,895	4,700
Bank overdraft	(29)	(114)
Closing cash balance per cash flow statement	**19,866**	4,586

5.3 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 (2006 - $50,000) by means of finance lease.

5.4 Financing facilities available

The consolidated entity has bank facilities available to the extent of $106,398,000 (June 2007 - $93,513,000). The unutilised facility for the consolidated entity at balance date was $26,887,000 (June 2007 - $26,826,000)

5.5 Acquisition of controlled entity

On 31 July 2007 Schaffer Corporation Limited acquired 100% of the share capital of Archistone Pty. Ltd. Refer half-year financial statements for more detail.

5.6 Business combinations

On 31 July 2007 Schaffer Corporation Limited acquired 100% of the share capital of Archistone Pty. Ltd. Refer half-year financial statements for more detail.

6.0 Consolidated statement of changes in equity

	Attributable to Equity Holders of the Parent				Minority Interest	Total Equity
	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000	$'000	$'000
CONSOLIDATED						
At 1 July 2006	17,034	26,388	2,976	46,398	3,708	50,106
Unrealised gain on available-for-sale investments	-	-	80	80	-	80
Net unrealised gain on sale of available-for-sale investments net of tax	-	-	(194)	(194)	-	(194)
Foreign currency translation reserve	-	-	(287)	(287)	-	(287)
Total expense recognised directly in equity	-	-	(401)	(401)	-	(401)
Profit for the half-year	-	5,226	-	5,226	334	5,560
Total income for the half-year	-	5,226	(401)	4,825	334	5,159
Cost of share-based payments	-	-	40	40	-	40
Settlement of Employee Participation Units	-	-	(119)	(119)	(68)	(187)
Equity Dividends	-	(3,528)	-	(3,528)	-	(3,528)
At 31 December 2006	17,034	28,086	2,496	47,616	3,974	51,590
At 1 July 2007	17,034	29,583	2,476	49,093	4,027	53,120
Unrealised loss on available-for-sale investments net of tax	-	-	(15)	(15)	-	(15)
Foreign currency translation reserve	-	-	302	302	-	302
Total expense 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

6.1 Dividends

Date the dividend is payable	18 MARCH 2008
Record date to determine entitlements to the dividend (ie, on the basis of security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules - securities are CHESS approved)	13 MARCH 2008
If it is a final dividend, has it been declared?	N/A

6.2 Amount per security

		Amount per security	Franked amount per security at 30% tax
Final dividend:	Current year		
	Previous year		
Special dividend:	Current year	0¢	0¢
	Previous year	0¢	0¢
Interim dividend:	Current year	25¢	25¢
	Previous year	25¢	25¢

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

	Current year	Previous year
Ordinary securities	$3,528,000	$3,528,000
Preference securities	-	-

6.4 Preliminary final report - final dividend on all securities

	Current period $'000	Previous corresponding period $'000
Ordinary securities		
Preference securities		
Other equity instruments		
Total	**N/A**	**N/A**

7. Dividend plan

The company does not have a dividend reinvestment plan.

8. Consolidated retained profits

	Current period $'000	Previous financial year $'000
Retained profits at the beginning of the financial period	29,583	26,388
Net profit attributable to members	5,790	5,226
Dividends and other equity distributions paid or payable	(3,528)	(3,528)
Retained profits at end of financial period	**31,845**	**28,086**

9. NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$3.31	$3.28

10. Control gained/lost over entities having material effect

Refer 5.5

11. Details of aggregate share of profits (losses) of joint venture assets

		Current period	Previous corresponding period
11.1	Name of joint venture assets	Percentage Interest	Percentage Interest
	Joint Ventures		
	IBM Centre Joint Venture	22.10	22.10
	St. Kilda Road Joint Venture	20.00	20.00
	Hometown Joint Venture	25.00	25.00
	Queens Road Joint Venture	-	9.00
	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	-
	Neerabup Joint Venture	20.00	-
	Sentiens Joint Venture	11.00	-
	1500 Albany Highway Joint Venture	25.00	-
11.2	**Group's share of joint venture assets**	$'000	$'000
	Profit from ordinary activities before tax	2,388	836
	Income tax on ordinary activities	716	251
	Profit (loss) from ordinary activities after tax	1,672	585
	Net profit (loss)	1,672	585
	Adjustments	-	-
	Share of net profit (loss) of joint venture assets	1,672	585

12. Other significant information

All significant information is disclosed in this Appendix 4D and the attached press release.

13. Foreign entities

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

Australian Accounting Standards

14. Commentary on results

Refer attachment

14.1 Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with *AASB 134: Earnings Per Share* are as follows.	Current year $'000	Previous corresponding year $'000
The following reflects the income and share data used in the calculation of basic and diluted EPS:		
Basic Earnings	5,790	5,226
Diluted Earnings	5,790	5,226
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	14,113,251	14,105,953
Dilutive effect of employee options on issue	-	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	14,113,251	14,105,953
Basic EPS	41.0	37.0
Diluted EPS	41.0	37.0

14.2 Segment reporting

See attached

15. Status of audit or review

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

☐	The accounts have been audited.	☑	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

16. 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

17. 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: 20 FEBRUARY 2008
Company Secretary

Print Name: GEOFFREY VICTOR DAVIESON

SCHEDULE ACCOMPANYING APPENDIX 4D PRELIMINARY HALF-YEAR REPORT

SCHAFFER CORPORATION LIMITED

(ACN 008 675 689)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

REPORT FOR INDUSTRY SEGMENTS

	LEATHER		**BUILDING MATERIALS**		**INVESTMENT PROPERTY**		**OTHER**		**CONSOLIDATED**	
	Dec 2007 $000	Dec 2006 $000	Dec 2007 $000	Dec 2006 $000	Dec 2007 $000	Dec 2006 $000	Dec 2007 $000	Dec 2006 $000	Dec 2007 $000	Dec 2006 $000
Total Revenue from Ordinary Activities	54,337	43,818	32,951	26,977	2,458	2,272	1,337	874	91,083	73,941
Unallocated Revenue										-
Total Revenue									91,083	73,941
Segment Earnings	3,848	4,023	3,676	3,913	2,523	1,010	580	737	10,627	9,683
Interest and Corporate Overheads									(2,047)	(1,930)
Operating Profit Before Income Tax									8,580	7,753
Income Tax Expense									(2,500)	(2,193)
Net Profit After Tax									6,080	5,560