

SCHAFFER CORPORATION LIMITED

ACN 008 675 689



FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED

31 DECEMBER 2000

SCHAFFER CORPORATION LIMITED HALF-YEAR FINANCIAL STATEMENTS**DIRECTORS' STATUTORY REPORT**

Your directors submit their report for the half-year ended 31 December 2000 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
Chairman and Managing Director
Executive Director since 6/9/72

Mr. John Schaffer joined the company in 1972. Mr. Schaffer was appointed Operations Manager in 1974, Managing Director in 1987 and had held the position of Chairman and Managing Director since 1988. Mr. Schaffer is also Chairman of both Delta Corporation Limited and Australian Leather Holdings Limited and a director of Loftus Pooled Development Limited, Loftus Small Company Fund Limited and Loftus US Technology Fund Limited.

D. E. BLAIN, BA
Director,
appointed 5/6/87

Mrs. Danielle Blain joined the company in 1987. Mrs. Blain is also a director of Delta Corporation Limited and Australian Leather Holdings Limited.

K. K. WEBSTER, FCPA
Non-executive Director,
appointed 5/6/87

Mr. Kelvin Webster joined the company in 1978 as Group Administration Manager. Mr. Webster is also a director of Delta Corporation Limited.

J. B. ABERNETHY,
B.Com (Econ) – LLB
Executive Director,
appointed 19/2/98

Mr. John Abernethy is Managing Director of Loftus Pooled Development Limited. Mr. Abernethy is also a director of Loftus Small Company Fund Limited, Jasco Holdings Limited and Senacon Limited. Mr. Abernethy has over 14 years experience in capital markets encapsulating senior investment management positions and corporate advisory roles.

D. J. SCHWARTZ

Non-executive Director,
appointed 29/6/99

Mr. David Schwartz is the chairman of Loftus Small Company Fund Limited and Loftus Pooled Development Limited. He is a joint venture partner with Schaffer Properties Pty. Ltd. In some of their properties. He has 20 years experience in property developments, manufacturing and distribution businesses.

ATTENDANCE AT BOARD MEETINGS

During the half-year 6 directors meetings were held of which all directors were eligible to attend. Mr. J. M. Schaffer and Mr. D. J. Schwartz attended all of the six directors' meetings held during the half-year. Mr. K. K. Webster attended five of the meetings and Mr. J. B. Abernethy and Mrs. D. E. Blain both attended four of the directors' meetings.

AUDIT COMMITTEE

The consolidated entity has an Audit Committee, which operates to oversee the internal and 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. K. K. Webster, Mr. J. M. Schaffer, Mr. J. B. Abernethy and Mrs. D. E. Blain was unable to attend.

REVIEW OF OPERATIONS

Consolidated sales have increased compared to last half-year's results. The consolidated entity's revenue decreased by 8% from \$22,021,000 to \$20,318,000 this half-year.

The net after-tax consolidated entity profit, after minority interests increased by 5% from \$5,147,000 to \$5,404,000.

ROUNDING

The amounts contained in this report and in the half-year financial statement have been rounded off under the option available to the company under ASIC class order 98/0100. The company is an entity to which this class order applies.

DIRECTORS' BENEFITS

During or since the end of the previous half-year no director of the company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the annual financial statements, by reason of a contract entered into by the company or an entity that the company controlled or a body corporate that was related to the company when its contract was made or when the directors received, or become entitled to receive, the benefit with:

- A director;
- A firm of which a Director is a member;
- A company in which a director has a substantial financial interest.

Signed in accordance with a resolution of the directors

John Schaffer
Chairman & Managing Director

Perth, 23 February 2001

**SCHAFFER CORPORATION LIMITED
PROFIT AND LOSS STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2000**

		CONSOLIDATED	
	Notes	2000 \$'000	1999 \$'000
SALES REVENUE		20,318	22,021
OTHER REVENUE		7,626	8,600
OPERATING REVENUE		<u>27,944</u>	<u>30,621</u>
OPERATING PROFIT BEFORE INCOME TAX	2	7,064	6,432
INCOME TAX EXPENSE ATTRIBUTABLE TO OPERATING PROFIT		1,660	1,285
OPERATING PROFIT AFTER INCOME TAX		5,404	5,147
OUTSIDE EQUITY INTERESTS IN OPERATING PROFIT AFTER INCOME TAX		-	-
OPERATING PROFIT AFTER INCOME TAX Attributable to Members of Schaffer Corporation Limited		5,404	5,147
RETAINED PROFITS at the beginning of the half-year		25,453	18,288
TOTAL AVAILABLE FOR APPROPRIATION		30,857	23,435
DIVIDENDS PROVIDED FOR OR PAID	3	2,211	719
RETAINED PROFITS at the end of the half-year		<u>28,646</u>	<u>22,716</u>

This profit and loss statement should be read in conjunction with the accompanying notes.

SCHAFFER CORPORATION LIMITED
BALANCE SHEET
AT 31 DECEMBER 2000

	31/12/00	CONSOLIDATED 30/06/00	31/12/99
	\$'000	\$'000	\$'000
CURRENT ASSETS			
Cash	1,945	2,323	1,193
Receivables	8,126	6,215	8,086
Inventories	10,262	10,576	9,999
Investments	3,107	2,231	2,057
Other	433	335	322
TOTAL CURRENT ASSETS	23,873	21,680	21,657
NON-CURRENT ASSETS			
Investments	36,641	32,372	27,379
Property, Plant and Equipment	23,869	22,571	22,332
Intangibles	168	171	170
Other	995	1,624	1,007
TOTAL NON-CURRENT ASSETS	61,673	56,738	50,888
TOTAL ASSETS	85,546	78,418	72,545
CURRENT LIABILITIES			
Accounts Payable	7,144	7,705	6,012
Borrowings	1,972	1,096	1,131
Provisions	3,594	4,069	3,145
TOTAL CURRENT LIABILITIES	12,710	12,870	10,288
NON-CURRENT LIABILITIES			
Borrowings	32,168	27,854	27,513
Provisions	2,102	2,321	2,108
TOTAL NON-CURRENT LIABILITIES	34,270	30,175	29,621
TOTAL LIABILITIES	46,980	43,045	39,909
NET ASSETS	38,566	35,373	32,636
SHAREHOLDERS' EQUITY			
Issued Capital	7,335	7,335	7,335
Reserves	2,585	2,585	2,585
Retained Profits	28,646	25,453	22,716
Shareholders equity attributable to members of Schaffer Corporation Limited	38,566	35,373	32,636
Outside equity interest in controlled entities			
Issued Capital	105	105	105
Accumulated Losses	(105)	(105)	(105)
Total Outside Equity Interest	-	-	-
TOTAL SHAREHOLDERS' EQUITY	38,566	35,373	32,636

**SCHAFFER CORPORATION LIMITED
STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2000**

	CONSOLIDATED	
	2000	1999
	\$'000	\$'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Receipts from customers	19,865	22,866
Payments to suppliers and employees	(16,737)	(18,312)
Purchase of equity securities	(1,763)	(4,202)
Proceeds on sale of equity securities	804	4,073
Dividends received	69	40
Other revenue	2,867	1,851
Interest income	21	35
Borrowing costs paid	(1,199)	(962)
Income taxes paid	(2,066)	(942)
	<u>1,861</u>	<u>4,447</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,133)	(1,179)
Proceeds on sale of property, plant and equipment	152	30
(Advances to)/received from other debtors	(1,356)	(226)
Deposit (refunded/paid)	(40)	(9)
Shares acquired in associated entity		
Goodwill acquired	-	(83)
Joint venture property investments acquired	(1,797)	(3,285)
	<u>(5,174)</u>	<u>(4,752)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Finance lease principal payments	(120)	(153)
Proceeds from/(repayment of) commercial bills	1,300	(1,550)
Dividends paid	(2,057)	(1,207)
Proceeds from loans advanced	3,206	2,157
	<u>2,329</u>	<u>(753)</u>
NET DECREASE IN CASH HELD	(984)	(1,058)
Add opening cash brought forward	2,310	2,123
CLOSING CASH CARRIED FORWARD	<u><u>1,326</u></u>	<u><u>1,065</u></u>

**NOTES TO AND FORMING PART OF THE
HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2000**

1. BASIS OF PREPARATION OF THE FINANCIAL REPORT

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law, applicable Accounting Standards including AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

It is recommended that the half-year report is read in conjunction with the Annual Financial Statements of Schaffer Corporation Limited as at 30 June 2000 together with any public announcements made by Schaffer Corporation Limited and its controlled entities during the half-year ended 31 December 2000 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

2. OPERATING PROFIT

	CONSOLIDATED	
	2000	1999
	\$'000	\$'000
Included in the operating profit before tax are the following items of revenue and expense:		
(a) Interest Revenue	21	35
(b) Interest Expense	1,199	962

3. DIVIDENDS PAID OR PROVIDED FOR

Dividends paid during the half-year		
Franked Dividends	2,057	1,207
Unfranked Dividends	-	-
	<u>2,057</u>	<u>1,207</u>
Dividends Proposed		
Franked Dividends	2,211	719
Unfranked Dividends	-	-
	<u>2,211</u>	<u>719</u>

4. EARNINGS PER SHARE

(a) Basic earnings per share (cents per share)	<u>44.0</u>	<u>42.3</u>
(b) Diluted earnings per share (cents per share)	<u>43.5</u>	<u>43.5</u>

5. NON-CASH FINANCING AND INVESTING ACTIVITIES**Finance Lease Transactions**

During the half-year the consolidated entity acquired plant and equipment with an aggregate fair value of \$198,000 (1999 - \$Nil), by means of a lease transaction. This transaction is not reflected in the statement of cash flows.

6. SUBSEQUENT EVENTS

There has not arising in the interval between the end of the half-year and the date of this report any matter or circumstance 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.

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:
 - (i) Give a true and fair view of the financial position as at 31 December 2000 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Company with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and the Corporations Regulations; 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
Chairman & Managing Director

Perth, 23 February 2001

(Insert Auditor's Report)