

APPENDIX 4E

Preliminary final report

1. Name of entity

SCHAFFER CORPORATION LIMITED

ABN 008 675 689

Financial year ended ('current period') 30 JUNE 2013
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Previous corresponding period 30 JUNE 2012
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2. For announcement to the market

Results for announcement to the market:

					\$'000
2.1	Revenues from ordinary activities	down	9%	to	138,444
2.2	Net profit for the period attributable to members	up	1%	to	7,588
2.3	Dividends (see section 6)				
	Final – Ordinary Dividend	Amount per security		Franked amount per security	
	Interim – Ordinary Dividend	12¢		12¢	
		11¢		11¢	
2.4	Record date for determining entitlements to the dividend	6 September 2013			

3. Consolidated Statement of Comprehensive Income

	Notes	2013 \$'000	2012 \$'000
Continuing Operations			
Revenue			
Sale of goods		103,518	121,648
Construction services		29,160	25,564
Rental income	1(a)	5,389	5,178
Finance income	1(b)	374	176
Dividends		3	1
Revenue		<u>138,444</u>	152,567
Cost of sales and services rendered		<u>(107,356)</u>	(118,389)
Gross profit		<u>31,088</u>	34,178
Other income/(losses)	1(c)	3,570	1,916
Marketing expenses		(9,002)	(9,575)
Administrative expenses		<u>(10,519)</u>	(11,453)
Profit before tax and finance costs		<u>15,137</u>	15,066
Finance costs	1(b)	<u>(3,615)</u>	(3,830)
Profit before income tax		<u>11,522</u>	11,236
Income tax expense		<u>(2,952)</u>	(2,809)
Profit after income tax		<u>8,570</u>	8,427
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		19	2
Income tax on items of other comprehensive income		<u>(6)</u>	-
		13	2
Foreign currency translation gain/(loss)		<u>947</u>	29
		960	31
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Foreign currency translation gain/(loss)		192	5
Other comprehensive income for the period, net of tax		<u>1,152</u>	36
Total comprehensive income for the period		<u>9,722</u>	8,463
Profit for the period is attributable to:			
Non-controlling interest		982	910
Owners of the parent		<u>7,588</u>	7,517
		<u>8,570</u>	8,427
Total comprehensive income for the period is attributable to:			
Non-controlling interest		1,174	915
Owners of the parent		<u>8,548</u>	7,548
		<u>9,722</u>	8,463
Earnings per share (EPS)			
Basic EPS attributable to owners of the parent		54.0¢	53.4¢
Diluted EPS attributable to owners of the parent		54.0¢	53.4¢
Dividends paid and payable per share		23.0¢	21.0¢

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	2013	2012
Revenues and Expenses	\$'000	\$'000
Revenue and expenses from continuing operations		
(a) Net rental income		
Rental property income	5,389	5,178
	<u>5,389</u>	<u>5,178</u>
Rental property expenses	(2,872)	(2,818)
Net rental income	<u>2,517</u>	<u>2,360</u>
(b) Finance (costs)/income		
Bank and other loans and overdrafts – interest	(3,514)	(3,691)
Finance charges payable under finance leases and hire purchase	(101)	(139)
Total finance costs	<u>(3,615)</u>	<u>(3,830)</u>
Bank interest received	374	176
Total finance income	<u>374</u>	<u>176</u>
(c) Other income/(losses)		
Insurance proceeds on loss of property	4,000	1,500
(Loss)/profit on disposal of property, plant and equipment	(58)	(10)
Net gain on derivatives	73	369
Net foreign currency (loss)/gain	(545)	(530)
Profit on disposal of investment property	-	431
Other	100	156
	<u>3,570</u>	<u>1,916</u>
(d) Depreciation, amortisation and impairment included in Statement of Comprehensive Income		
Depreciation and amortisation included in:		
Cost of sales	4,216	3,918
Rental property expenses	508	535
Marketing and administrative expenses	533	571
	<u>5,257</u>	<u>5,024</u>
(e) Lease payments included in Statement of Comprehensive Income		
Included in cost of sales:		
Minimum lease payments – operating lease	1,080	667
Included in marketing and administrative expenses:		
Minimum lease payments – operating lease	1,835	1,843
	<u>2,915</u>	<u>2,510</u>
(f) Employee benefit expense		
Wages and salaries	34,307	34,491
Post employment benefit provision	840	-
Long service leave provisions	308	334
Worker's compensation costs	661	832
Superannuation costs	2,075	2,083
Expense of share-based payments	71	83
	<u>38,262</u>	<u>37,823</u>
(g) Other expenses loss/(gain)		
Additional/(write-back of) allowance for doubtful debts	(52)	33
	<u>(52)</u>	<u>33</u>

4. Consolidated Statement of Financial Position

	Note	2013 \$'000	2012 \$'000
Assets			
Current Assets			
Cash and short term deposits		12,662	12,956
Trade and other receivables		25,693	22,088
Inventories		42,910	39,458
Prepayments and deposits		1,874	1,630
Other financial assets		52	1,033
Total Current Assets		83,191	77,165
Non Current Assets			
Property, plant and equipment		44,915	45,985
Investment properties		14,351	13,952
Deferred income tax asset		713	456
Goodwill		4,995	4,995
Other financial assets		1,050	-
Total Non Current Assets		66,024	65,388
Total Assets		149,215	142,553
Liabilities			
Current Liabilities			
Trade and other payables		20,804	18,491
Interest bearing loans and borrowings		10,110	10,459
Income tax payable		1,832	44
Provisions		4,785	4,859
Derivative financial instruments		130	203
Total Current Liabilities		37,661	34,056
Non Current Liabilities			
Interest bearing loans and borrowings		38,008	42,936
Deferred income tax liabilities		918	-
Provisions		2,243	1,454
Total Non Current Liabilities		41,169	44,390
Total Liabilities		78,830	78,446
Net Assets		70,385	64,107
Equity			
Equity attributable to equity holders of the parent			
Issued Capital		16,824	16,853
Reserves		2,152	1,162
Retained earnings	8	45,478	40,982
Total parent entity interest in equity		64,454	58,997
Minority interests		5,931	5,110
Total Equity		70,385	64,107

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

5.1 Consolidated Statement of Cash Flows

	Notes	2013 \$'000	2012 \$'000
Cash Flows from Operating Activities			
Receipts from customers		141,506	164,258
Payments to suppliers and employees		(127,949)	(141,045)
Other revenue		100	143
Interest paid		(3,615)	(3,830)
Income taxes paid		(509)	(3,135)
Goods and services tax paid		(2,320)	(1,827)
Net Cash Flows from Operating Activities	5.3	7,213	14,564
Cash Flows from Investing Activities			
Interest income		374	176
Acquisition of property, plant and equipment		(2,866)	(2,163)
Proceeds on sale of investment property		-	1,147
Insurance proceeds on loss of property		4,000	1,500
Proceeds on sale of property, plant and equipment		68	15
Improvements to investment properties		(846)	(249)
Withdrawal of/(investments) in term deposits		1,000	(1,000)
(Acquisition of)/proceeds on disposal of available-for-sale investments		(1,050)	1
Deposits (acquired)/repaid		(123)	100
Dividends received		3	1
Net Cash Flows from/(used in) Investing Activities		560	(472)
Cash Flows from Financing Activities			
Finance lease principal payments		(713)	(659)
Dividends paid		(3,445)	(2,852)
Proceeds from borrowings		1,750	2,700
Repayment of borrowings		(6,769)	(8,139)
Shares acquired under buy-back scheme		(29)	(181)
Net Cash Flows Used In Financing Activities		(9,206)	(9,131)
Net (Decrease)/Increase In Cash and Cash Equivalents		(1,433)	4,961
Net foreign exchange differences		1,139	34
Cash and cash equivalents at the beginning of the period		12,956	7,961
Cash and Cash Equivalents at the End of the Period	5.4	12,662	12,956

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 2013

	Attributable to Equity Holders of the Parent							Total \$'000	Non- controlling Interest \$'000	Total Equity \$'000
	Issued Capital \$'000	Retained Earnings \$'000	Asset Re- valuation \$'000	Share Based Payment EPU's \$'000	Share Based Payment SFC Options \$'000	Net unrealised gains/ (losses) \$'000	Foreign Currency translation \$'000			
At 1 July 2011	17,034	36,283	2,585	472	115	2	(2,093)	54,398	4,229	58,627
Profit for the year	-	7,517	-	-	-	-	-	7,517	910	8,427
Other comprehensive income	-	-	-	-	-	2	29	31	5	36
Total comprehensive income for the year	-	7,517	-	-	-	2	29	7,548	915	8,463
Transactions with owners in their capacity as owners:										
Shares acquired under buy-back scheme	(181)	-	-	-	-	-	-	(181)	-	(181)
Share-based payments	-	-	-	50	-	-	-	50	-	50
Equity dividends	-	(2,818)	-	-	-	-	-	(2,818)	(34)	(2,852)
At 30 June 2012	16,853	40,982	2,585	522	115	4	(2,064)	58,997	5,110	64,107
At 1 July 2012	16,853	40,982	2,585	522	115	4	(2,064)	58,997	5,110	64,107
Profit for the year	-	7,588	-	-	-	-	-	7,588	982	8,570
Other comprehensive income	-	-	-	-	-	13	947	960	192	1,152
Total comprehensive income for the year	-	7,588	-	-	-	13	947	8,548	1,174	9,722
Transactions with owners in their capacity as owners:										
Shares acquired under buy-back scheme	(29)	-	-	-	-	-	-	(29)	-	(29)
Share-based payments	-	-	-	30	-	-	-	30	-	30
Equity dividends	-	(3,092)	-	-	-	-	-	(3,092)	(353)	(3,445)
At 30 June 2013	16,824	45,478	2,585	552	115	17	(1,117)	64,454	5,931	70,385

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

	2013 \$'000	2012 \$'000
Net profit	8,570	8,427
Adjustment for:		
Depreciation, amortisation and impairment	5,257	5,024
Interest received	(374)	(176)
Dividends received	(3)	(1)
Share-based payments expense	30	50
Profit on sale of investment properties	-	(431)
Insurance proceeds on loss of property	(4,000)	(1,500)
Loss/(profit) on disposal of property, plant & equipment	58	10
Net loss/(gain) on foreign exchange	(545)	530
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,605)	5,465
(Increase)/decrease in inventories	(3,452)	5,631
(Increase)/decrease in prepayments	(121)	(726)
(Increase)/decrease in available-for-sale investments	(6)	(1)
(Increase)/decrease in deferred income tax asset	(257)	1,346
Increase/(decrease) in trade and other payables	2,313	(8,040)
Increase/(decrease) in employee entitlement provisions	715	581
Increase/(decrease) in income tax payable	1,788	(1,672)
Increase/(decrease) in deferred tax liability	918	-
Increase/(decrease) in derivatives	(73)	47
Net cash flows from operating activities	7,213	14,564

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	9,097	11,456
Short term deposits	3,565	1,500
Total cash at end of period	12,662	12,956

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.

\$455,000 (2012 - \$170,000) 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 \$69,738,000 (2012 - \$71,183,000). The unutilised facility for the consolidated entity at balance date was \$18,742,000 (2012 - \$15,049,000).

5.7 Controlled gained/lost over entities having material effect

N/A

6.1 Dividends

Date the dividend is payable

20 September 2013

Record date to determine entitlements to the dividend (ie. on the basis of security holding balances established by 5:00pm or such later time permitted by SCH Business Rules - securities are CHES approved)

6 September 2013

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	12¢	12¢
Previous year	11¢	11¢
Final special dividend:		
Current year	-	-
Previous year	-	-
Interim dividend:		
Current year	11¢	11¢
Previous year	10¢	10¢
Interim special dividend:		
Current year	-	-
Previous year	-	-

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

	Current year	Previous year
Ordinary securities	23¢	21¢
Preference securities	-	-

6.4 Preliminary final report – dividend on all securities

	Current period \$'000	Previous corresponding period \$'000
Ordinary securities - Final	1,686	1,547
- Interim	1,546	1,407
Preference securities		
Other equity instruments		
Total	3,232	2,954

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	40,982	36,283
Net profit attributable to members	7,588	7,517
Dividends and other equity distributions paid or payable	(3,092)	(2,818)
Retained profits at end of financial period	45,478	40,982

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>Syndicate Investment Properties</u>		
	IBM Centre Syndicate	22.10	22.10
	St. Kilda Road Syndicate	20.00	20.00
	Hometown Syndicate	25.00	25.00
	Crosslands Shopping Centre Syndicate	16.70	16.70
	Mindarie Keys Syndicate	15.00	15.00
	Neerabup Syndicate	20.00	20.00
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	1,452	1,334
	Income tax on ordinary activities	(436)	(400)
	Profit from ordinary activities after tax	1,016	934
	Share of net profit of jointly controlled assets	1,016	934

10. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$4.23	\$3.84

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)
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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. The following reflects the income and share data used in the calculation of basic and diluted EPS: Basic Earnings from continuing operations Diluted Earnings from continuing operations	Current year \$'000 7,588 7,588 <u>Number</u> 14,054,875 14,054,875 54.0¢ 54.0¢	Previous corresponding year year \$'000 7,517 7,517 <u>Number</u> 14,085,617 14,085,617 53.4¢ 53.4¢
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13.2 Segment Reporting

See attached.

14. Significant events after balance date

The company will pay a fully franked final dividend of 12¢ per share on 20 September 2013.

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: 21 AUGUST 2013
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 2013**

Report for Industry Segments	Leather		Building Materials		Property		Unallocated		Consolidated	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue from External Customers	72,871	89,599	58,471	56,395	7,079	6,564	23	9	138,444	152,567
Segment Earnings	5,031	7,363	5,484	4,965	7,457	4,540	23	9	17,995	16,877
Finance costs and corporate overheads									(6,473)	(5,641)
Operating Profit Before Income Tax from continuing operations									11,522	11,236
Income Tax Expense									(2,952)	(2,809)
Net Profit After Tax from continuing operations									8,570	8,427
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Segment Assets	67,343	65,503	52,362	52,708	27,899	23,014	1,611	1,328	149,215	142,553