

## APPENDIX 4E

### Preliminary final report

**1.** Name of entity

<b>SCHAFFER CORPORATION LIMITED</b>
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ABN <b>008 675 689</b>
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Financial year ended ('current period') <b>30 JUNE 2009</b>
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Previous corresponding period <b>30 JUNE 2008</b>
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**2. For announcement to the market**

*Results for announcement to the market:*

					<i>\$'000</i>
2.1	Revenues from ordinary activities	down	13%	to	169,491
2.2	Net profit for the period attributable to members	down	4%	to	10,464
2.3	<b>Dividends (see section 6)</b>		Amount per security		Franked amount per security
	Final – Ordinary Dividend		20¢		20¢
	Interim – Ordinary Dividend		25¢		25¢
2.4	Record date for determining entitlements to the dividend		10 SEPTEMBER 2009		

### 3. Consolidated Income Statement

	Notes	2009 \$'000	2008 \$'000
<b>Continuing Operations</b>			
<b>Revenue</b>			
Sale of goods		127,380	163,251
Construction services		36,165	27,984
Rental income	1(a)	5,554	4,057
Finance income	1(b)	392	646
Dividends		-	2
		<hr/>	<hr/>
Revenue		169,491	195,940
Cost of sales and services rendered		(117,287)	(154,094)
		<hr/>	<hr/>
Gross profit		52,204	41,846
Rental property expenses	1(a)	(2,492)	(2,318)
Other income/(losses)	1(c)	(6,996)	4,280
Marketing expenses		(8,225)	(8,937)
Administrative expenses		(12,792)	(12,159)
		<hr/>	<hr/>
<b>Profit from continuing operations before tax and finance costs</b>		21,699	22,712
Finance costs	1(b)	(5,767)	(6,008)
		<hr/>	<hr/>
<b>Profit before income tax</b>		15,932	16,704
Income tax expense		(4,520)	(4,998)
		<hr/>	<hr/>
<b>Net profit for the year</b>		11,412	11,706
		<hr/>	<hr/>
Attributable to:			
Minority interest		948	794
Members of the parent		10,464	10,912
		<hr/>	<hr/>
		11,412	11,706
		<hr/>	<hr/>
Earnings per share (cents per share)			
- basic for profit for the year attributable to ordinary equity holders of the parent		74.1	77.3
- diluted for profit for the year attributable to ordinary equity holders of the parent		74.1	77.3
Dividends per share (cents per share)		45.0	50.0

The income statement should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Income Statement

NOTE 1	2009	2008
REVENUES AND EXPENSES	\$'000	\$'000
Revenue and expenses from continuing operations		
<b>(a) Net rental income</b>		
Rental property income	5,554	4,057
	<u>5,554</u>	<u>4,057</u>
Rental property expenses	(2,492)	(2,318)
Net rental income	<u>3,062</u>	<u>1,739</u>
<b>(b) Finance (costs)/income</b>		
Bank and other loans and overdrafts – interest	(5,621)	(5,842)
Finance charges payable under finance leases and hire purchase	(146)	(166)
Total finance costs	<u>(5,767)</u>	<u>(6,008)</u>
Bank interest received	392	646
Total finance income	<u>392</u>	<u>646</u>
<b>(c) Other income/(losses)</b>		
Gain/(loss) on sale of property, plant and equipment	30	(2)
Gain on sale of available-for-sale financial assets	-	15
Net (loss)/gain on derivatives	(3,026)	1,353
Net foreign currency (loss)/gain	(4,243)	1,465
Profit on disposal of investment property	-	1,334
Other	243	115
	<u>(6,996)</u>	<u>4,280</u>
<b>(d) Depreciation, amortisation and impairment included in income statement</b>		
Depreciation and amortisation included in:		
Cost of sales	4,622	4,586
Rental property expenses	514	421
Marketing and administrative expenses	466	812
Impairment of assets	573	-
	<u>6,175</u>	<u>5,819</u>
<b>(e) Lease payments included in income statement</b>		
Included in cost of sales:		
Minimum lease payments – operating lease	1,174	1,159
Included in marketing and administrative expenses:		
Minimum lease payments – operating lease	911	797
	<u>2,085</u>	<u>1,956</u>

<b>NOTE 1</b>	<b>2009</b>	<b>2008</b>
<b>REVENUES AND EXPENSES (continued)</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(f) Employee benefit expense</b>		
Wages and salaries	<b>33,724</b>	37,323
Long service leave provisions	<b>404</b>	560
Worker's compensation costs	<b>1,310</b>	1,114
Superannuation costs	<b>2,923</b>	3,197
Expense of share-based payments	<b>125</b>	84
	<b>38,486</b>	42,278
<b>(g) Other expenses included in cost of sales</b>		
Research and development	<b>400</b>	1,531

#### 4. Consolidated Balance Sheet

	Note	2009 \$'000	2008 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		14,404	21,735
Trade and other receivables		20,894	26,294
Inventories		49,246	49,480
Prepayments		630	1,204
Derivative financial instruments		401	657
Available-for-sale financial assets		39	51
		<b>85,614</b>	99,421
Non current assets classified as held for sale		<b>2,658</b>	-
<b>TOTAL CURRENT ASSETS</b>		<b>88,272</b>	99,421
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		60,129	63,446
Investment properties		17,951	17,837
Deferred income tax asset		1,224	338
Goodwill		4,995	4,995
<b>TOTAL NON CURRENT ASSETS</b>		<b>84,299</b>	86,616
<b>TOTAL ASSETS</b>		<b>172,571</b>	186,037
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		17,404	36,267
Interest bearing loans and borrowings		10,078	4,996
Income tax payable		3,312	74
Provisions		6,334	6,347
<b>TOTAL CURRENT LIABILITIES</b>		<b>37,128</b>	47,684
<b>NON CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings		73,948	80,537
Deferred income tax liabilities		-	451
Provisions		383	415
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>74,331</b>	81,403
<b>TOTAL LIABILITIES</b>		<b>111,459</b>	129,087
<b>NET ASSETS</b>		<b>61,112</b>	56,950
<b>EQUITY</b>			
Equity attributable to equity holders of the parent			
Issued Capital		17,034	17,034
Reserves		2,146	2,222
Retained earnings	8	36,845	33,438
Total parent entity interest in equity		<b>56,025</b>	52,694
Minority interests		5,087	4,256
<b>TOTAL EQUITY</b>		<b>61,112</b>	56,950

The balance sheet should be read in conjunction with the accompanying notes.

## 5.1 Consolidated Cash Flow Statement

	Notes	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		180,812	206,840
Payments to suppliers and employees		(165,155)	(170,179)
Other revenue		243	115
Interest paid		(5,767)	(6,008)
Income taxes paid		(1,392)	(6,550)
Goods and services tax paid		(2,026)	(736)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	5.3	<b>6,715</b>	<b>23,482</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		392	646
Acquisition of property, plant and equipment		(5,370)	(17,051)
Proceeds on sale of investment property		-	2,363
Proceeds on sale of plant and equipment		127	68
Acquisition of controlled entity		-	(5,791)
Improvements to investment properties		(556)	(1,121)
Acquisition of investment properties		-	(818)
Proceeds on disposal of available-for-sale investments		-	15
Dividends received		-	2
<b>NET CASH FLOWS FROM/(USED) IN INVESTING ACTIVITIES</b>		<b>(5,407)</b>	<b>(21,687)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease principal payments		(621)	(481)
Dividends paid		(7,057)	(7,562)
Proceeds from borrowings		(12,086)	22,495
Repayment of borrowings		(13,046)	(4,050)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(8,638)</b>	<b>10,402</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the year		<b>21,734</b>	<b>9,537</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5.4	<b>14,404</b>	<b>21,734</b>

The cash flow statement should be read in conjunction with the accompanying notes

## 5.2 Statement of Changes in Equity for the year ended 30 June 2009

	Attributable to Equity Holders of the Parent			Total \$'000	Minority Interest \$'000	Total Equity \$'000
	Issued Capital \$'000	Retained Earnings \$'000	Other reserves \$'000			
<b>At 1 July 2007</b>	17,034	29,583	2,476	49,093	4,027	53,120
Unrealised loss on available-for-sale investments net of tax	-	-	(36)	(36)	-	(36)
Foreign currency translation reserve	-	-	(302)	(302)	(60)	(362)
Total expense recognised directly in equity	-	-	(338)	(338)	(60)	(398)
Profit for the year	-	10,912	-	10,912	794	11,706
Total income for the year	-	10,912	-	10,912	794	11,706
Cost of share-based payments	-	-	84	84	-	84
Equity dividends	-	(7,057)	-	(7,057)	(505)	(7,562)
<b>At 30 June 2008</b>	17,034	33,438	2,222	52,694	4,256	56,950
1 July 2008						
Unrealised loss on available-for-sale investments net of tax	-	-	(8)	(8)	-	(8)
Foreign currency translation reserve	-	-	(157)	(157)	(117)	(274)
Total expense recognised directly in equity	-	-	(165)	(165)	(117)	(282)
Profit for the year	-	10,464	-	10,464	948	11,412
Total income for the year	-	10,464	-	10,464	948	11,412
Cost of share-based payments	-	-	89	89	-	89
Equity dividends	-	(7,057)	-	(7,057)	-	(7,057)
<b>At 30 June 2009</b>	17,034	36,845	2,146	56,025	5,087	61,112

The 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

CASH AND CASH EQUIVALENTS	2009 \$'000	2008 \$'000
Net profit	11,412	11,706
Adjustment for -		
Depreciation, amortisation and impairment	6,175	5,819
Interest received	(392)	(646)
Dividends received	-	(2)
Share-based payments expense	89	84
Profit on sale of investment properties	-	(1,334)
(Profit)/loss on sale of property, plant & equipment	(30)	2
Realised gain on available-for-sale investments	-	15
Unrealised loss/(gain) on derivatives	(31)	(657)
Unrealised foreign currency translation loss	1,635	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	2,573	2,683
Decrease/(increase) in inventories	234	(9,025)
Decrease/(increase) in trade and other payables	(18,863)	15,278
(Decrease)/increase in employee entitlement provisions	(45)	885
(Decrease)/increase in income tax payable	4,461	(1,403)
(Decrease)/increase in deferred income tax liabilities	(451)	(283)
(Increase)/decrease in deferred income tax asset	(882)	337
(Increase)/decrease in prepayments	574	(585)
(Increase)/decrease in derivatives	256	608
Net cash flows from operating activities	<b>6,715</b>	<b>23,482</b>

## 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	14,404	21,735
Bank overdraft	-	(1)
<b>Total cash at end of period</b>	<b>14,404</b>	<b>21,734</b>

## 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.

\$75,000 (2008 - \$214,000) for plant acquired under finance lease

## 5.6 Financing facilities available

The consolidated entity has bank facilities available to the extent of \$103,639,000 (2008 - \$109,696,000). The unutilised facility for the consolidated entity at balance date was \$16,642,000 (2008 - \$21,398,000)

## 5.7 Controlled gained/lost over entities having material effect

Not applicable

## 6.1 Dividends

Date the dividend is payable

24 SEPTEMBER 2009

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)

10 SEPTEMBER 2009

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
<b>Final dividend:</b>		
Current year	20¢	20¢
Previous year	25¢	25¢
<b>Final special dividend:</b>		
Current year	-	-
Previous year	-	-
<b>Interim dividend:</b>		
Current year	25¢	25¢
Previous year	25¢	25¢
<b>Interim special dividend:</b>		
Current year	-	-
Previous year	-	-

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

	Current year	Previous year
Ordinary securities	45¢	50¢
Preference securities	-	-

## 6.4 Preliminary final report – dividend on all securities

	Current period \$'000	Previous corresponding period \$'000
Ordinary securities - Final	2,823	3,529
- Interim	3,528	3,528
Preference securities		
Other equity instruments		
<b>Total</b>	<b>6,351</b>	<b>7,057</b>

## 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	33,438	29,583
Net profit attributable to members	10,464	10,912
Dividends and other equity distributions paid or payable	(7,057)	(7,057)
<b>Retained profits at end of financial period</b>	<b>36,845</b>	<b>33,438</b>

## 9. Details of aggregate share of profits (losses) of jointly controlled assets

	Current period	Previous corresponding period
<b>9.1</b> Name of jointly controlled assets	Percentage Interest	Percentage Interest
<b>Joint Ventures</b>		
IBM Centre Joint Venture	22.10	22.10
St. Kilda Road Joint Venture	20.00	20.00
Hometown Joint Venture	25.00	25.00
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	20.00
Neerabup Joint Venture	20.00	20.00
Sentiens Joint Venture	11.00	11.00
1500 Albany Highway Joint Venture	25.00	25.00
<b>9.2 Group's share of income and expenses relating to its interests in jointly controlled assets</b>	<b>\$'000</b>	<b>\$'000</b>
Profit from ordinary activities before tax	1,589	4,789
Income tax on ordinary activities	477	1,437
<b>Profit from ordinary activities after tax</b>	<b>1,112</b>	<b>3,352</b>
<b>Share of net profit of jointly controlled assets</b>	<b>1,112</b>	<b>3,352</b>

## 10. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$3.62	\$3.38

## 11. Other significant information

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

## 12. Foreign entities

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

Australian Accounting Standards
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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.	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	10,464	10,912
Diluted Earnings	10,464	10,912
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares used in the calculation of basic EPS	14,113,251	14,113,251
Weighted average number of ordinary shares used in the calculation of diluted EPS	14,113,251	14,113,251
Basic EPS	\$0.74	\$0.77
Diluted EPS	\$0.74	\$0.77

#### 13.2 Segment reporting

See attached.

#### 14. Significant events after balance date

The company will pay a fully franked final dividend of 20¢ per share on 24 September 2009. Subsequent to the end of the financial year the Group sold two retail properties for \$2,780,000.

#### 15. 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. |

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

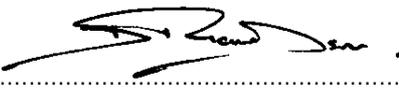
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.

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: 26 AUGUST 2009  
Company Secretary

Print Name: DAVID ANTONY RICHARDSON

SCHEDULE ACCOMPANYING APPENDIX 4E PRELIMINARY FINAL REPORT

**SCHAFFER CORPORATION LIMITED**

(ACN 008 675 689)

FOR THE YEAR ENDED 30 JUNE 2009

**REPORT FOR INDUSTRY SEGMENTS**

	LEATHER		BUILDING MATERIALS		PROPERTY		UNALLOCATED		CONSOLIDATED	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Total Revenue from Ordinary Activities</b>	96,630	119,921	65,972	65,563	6,497	9,808	392	648	169,491	195,940
Segment Earnings Before Interest & Tax	9,608	8,909	10,032	8,710	3,558	6,571	-	-	23,198	24,190
Interest and Corporate Overheads									(7,266)	(7,486)
Operating Profit Before Income Tax									15,932	16,704
Income Tax Expense									(4,520)	(4,998)
Net Profit After Tax									11,412	11,706
Segment Assets	79,251	89,894	65,320	64,779	26,203	27,868	1,797	3,496	172,571	186,037
Segment Liabilities	51,494	67,369	31,145	33,039	27,389	27,534	1,431	1,145	111,459	129,087