



8 October 2012

NOTICE OF 2012 ANNUAL GENERAL MEETING

Notice is given that the 2012 Annual General Meeting of Schaffer Corporation Limited ("**SFC**" or the "**Company**") will be held at **Esplanade River Suites** (formerly Broadwater Pagoda), **112 Melville Parade, Como, Western Australia** at **11:30am (WST)** on **Thursday 15 November 2012**.

BUSINESS

- 1. Annual Financial Report**
To receive and consider the annual financial statements and reports of the directors and the auditors for the period ended 30 June 2012.
- 2. Resolution 1: Re-election of Mrs Danielle Blain**
To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:
"That Mrs Danielle Blain who retires in accordance with the Company's constitution and, being eligible for re-election, be re-elected as a Director."
- 3. Resolution 2: Re-election of Mr Anton Mayer**
To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:
"That Mr Anton Mayer who retires in accordance with the Company's constitution and, being eligible for re-election, be re-elected as a Director."
- 4. Resolution 3: Adopt Remuneration Report**
To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:
"That the Remuneration Report for the period ended 30 June 2012 be adopted."
- 5. Questions and Comments by Shareholders at the Meeting**

By order of the Board

Jason M Cantwell
Group Financial Controller & Company Secretary

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the information of shareholders of the Company in connection with the business to be conducted at the forthcoming Annual General Meeting (AGM) of shareholders.

Annual Financial Report

The first item on the Notice of Annual General Meeting deals with the presentation of the Financial Report and Reports of the Directors and Auditor of the Company for the year ended 30 June 2012. No resolution is required to be moved in respect of this item of business.

Resolution 1 – Re-election of Director

Mrs Danielle Blain – Non-Executive Director

Mrs Danielle Blain, who was elected to the Board of Schaffer Corporation Limited on 5 June 1987 and is a member of the Board's Audit Committee and the Nomination and Remuneration Committee, is required to retire from office pursuant to the 'Director Rotation' provisions of Article 3.6 of the Company's constitution. Mrs Blain, being eligible, has offered herself for re-election as a Director.

Mrs Danielle Blain joined the company in 1987. Mrs Blain served as Managing Director of Gosh Leather Pty Ltd from 1993 to 2001, and as a director of Howe Automotive Limited from 1993 to 2005.

Recommendation: The Board supports the re-election of Mrs Danielle Blain

Resolution 2 – Re-election of Director

Mr Anton Mayer – Executive Director

Mr Anton Mayer, who was elected to the Board of Schaffer Corporation Limited on 21 November 2001 and is a member of the Board's Audit Committee and the Nomination and Remuneration Committee, is required to retire from office pursuant to the 'Director Rotation' provisions of Article 3.6 of the Company's constitution. Mr Mayer, being eligible, has offered himself for re-election as a Director.

Mr Anton Mayer is the Executive Chairman of Howe Automotive Limited. Mr Mayer has over 45 years of international leather experience, broad business skills and a global business perspective.

Recommendation: The Board supports the re-election of Mr Anton Mayer

Resolution 3 – Remuneration Report

The Corporations Act requires that a resolution in relation to the Remuneration Report, included in the Director's Report, be included in the Notice of Meeting so that shareholders have an opportunity to comment and ask questions on the content of the Remuneration Report and exercise a vote for its adoption. This resolution is advisory only and does not bind the Company or the Directors.

The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must stand for re-election.



The Company's Remuneration Report commences on Page 53 of the 2012 Annual Report, a copy of which is available from SFC's website at www.schaffer.com.au.

Recommendation: Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and that each Director (or any closely related party of a Director) is excluded from voting their shares on this resolution, the directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Questions and Comments by Shareholders at the Meeting

As has been previous company practice, reasonable opportunity will be given to shareholders at the meeting to ask questions about, or make comments on, the management of the company and the business set out in this Notice of Meeting. Similarly a reasonable opportunity will be given to shareholders at the meeting to ask the auditor, or their representative, questions relevant to the conduct of the audit and the preparation and content of the Auditor's Report.

Eligibility to Vote

The Directors have determined in accordance with section 1109N of the Corporations Act 2001 (Cth) (Corporations Act) that, for the purpose of voting at the meeting, shares will be taken to be held by the registered holders at 5pm WST on 13 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend and vote at the Annual General Meeting.

Voting Exclusions

The Corporations Act requires that certain persons must not vote, and the Company must disregard any votes cast by such persons, on Item 4 (Resolution 3) to be considered at the AGM. These voting exclusions are described below:

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in Item 4 (Resolution 3):

- A member of the key management personnel (KMP) for the SFC consolidated group whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP), unless:
 - that person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 3; and
 - the vote is not cast on behalf of a KMP whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP).
- A KMP whose remuneration details are not included in the Remuneration Report (or a closely related party of any such KMP) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 3, unless:
 - the proxy is the Chair of the AGM; and
 - the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 3 is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

The 'key management personnel for the SFC consolidated group' (or KMPs) are those persons having authority and responsibility for planning, directing and controlling the activities of the SFC consolidated group either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 30 June 2012 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2012.



A 'closely related party' of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the AGM under a power of attorney.

Proxies

A member who is entitled to vote at the meeting has a right to appoint a proxy and should use the proxy form with this notice. The proxy need not be a member of the Company.

A member who is entitled to cast two or more votes may appoint two proxies and may specify the percentage of the member's votes that each proxy is appointed to exercise.

A proxy's authority to speak and vote for a member at the meeting is suspended if the member is present at the meeting.

The proxy form must be signed and dated by the member or the member's attorney. Joint members must each sign. Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing.

If signed by an executor/executrix of a deceased member, please forward probate or letters of administration for noting.

Proxies given by companies must be executed in accordance with section 127 of the Corporations Act, signed by either two directors or a director and a secretary or signed by the appointor's attorney duly authorised in writing.

Direction to Chair for Remuneration Report

If the Chair of the AGM is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chair of the AGM to vote for or against, or to abstain from voting on, the resolution on Item 4 (Resolution 3: Adopt Remuneration Report) by marking the appropriate box opposite Resolution 3 in the proxy appointment form. However, if the Chair of the AGM is a proxy and the relevant shareholder does not mark any of the boxes opposite Resolution 3, the relevant shareholder will be directing the Chair of the AGM to vote in favour of the resolution on that item.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received at least 48 hours before the meeting:

- by hand to 1305 Hay Street, West Perth or by mail to PO Box 770, West Perth WA 6872; in the enclosed envelope; or
- on fax number +61 8 9481 0439; or
- Email to amanda@schaffer.com.au

Corporate Representative

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.