

APPENDIX 4E

Preliminary final report

1. Name of entity

SCHAFFER CORPORATION LIMITED

ABN 008 675 689

Financial year ended ('current period') 30 JUNE 2016
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Previous corresponding period 30 JUNE 2015
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2. For announcement to the market

Results for announcement to the market:

					\$'000
2.1	Revenues from ordinary activities	up	36%	to	213,597
2.2	Net profit for the period attributable to members	up	61%	to	5,683
2.3	Dividends (see section 6)				
	Final – Ordinary Dividend	up	0%	to	13¢
	Interim – Ordinary Dividend	up	0%	to	12¢
	Total	up	0%	to	25¢
					Amount per security
					Franked amount per security
2.4	Record date for determining entitlements to the dividend				2 September 2016

3. Consolidated Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Revenue			
Sale of goods		185,915	130,071
Construction services		21,924	21,109
Rental income	1(a)	5,685	6,043
Finance income	1(b)	73	102
Dividends		-	2
Revenue		<u>213,597</u>	<u>157,327</u>
Cost of sales and services rendered		<u>(186,926)</u>	<u>(129,951)</u>
Gross profit		<u>26,671</u>	<u>27,376</u>
Other income/(losses)	1(c)	3,089	(262)
Marketing expenses		(6,016)	(6,631)
Administrative expenses		(12,457)	(11,668)
Profit before tax and finance costs		<u>11,287</u>	<u>8,815</u>
Finance costs	1(b)	(3,745)	(3,602)
Profit before income tax		<u>7,542</u>	<u>5,213</u>
Income tax expense		(1,720)	(1,049)
Profit after income tax		<u>5,822</u>	<u>4,164</u>
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		141	(13)
Income tax on items of other comprehensive income		(48)	(7)
		<u>93</u>	<u>(20)</u>
Foreign currency translation gain/(loss) attributable to parent		264	935
		<u>357</u>	<u>915</u>
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Net fair value gains on available-for-sale financial assets attributable to non-controlling interest		19	2
Foreign currency translation gain/(loss) attributable to non-controlling interest		53	190
Other comprehensive income for the period, net of tax		<u>429</u>	<u>1,107</u>
Total comprehensive income for the period		<u>6,251</u>	<u>5,271</u>
Profit for the period is attributable to:			
Non-controlling interest		139	633
Owners of the parent		5,683	3,531
		<u>5,822</u>	<u>4,164</u>
Total comprehensive income for the period is attributable to:			
Non-controlling interest		211	825
Owners of the parent		6,040	4,446
		<u>6,251</u>	<u>5,271</u>
Earnings per share (EPS)			
Basic EPS attributable to owners of the parent	13.1	40.6¢	25.2¢
Diluted EPS attributable to owners of the parent	13.1	40.6¢	25.2¢
Dividends paid and payable per share		25.0¢	25.0¢

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	2016	2015
Revenues and Expenses	\$'000	\$'000
Revenue and expenses from continuing operations		
(a) Net rental income		
Rental property income	5,685	6,043
	<u>5,685</u>	<u>6,043</u>
Rental property expenses	(2,934)	(3,361)
Net rental income	<u>2,751</u>	<u>2,682</u>
(b) Finance (costs)/income		
Bank and other loans and overdrafts – interest	(3,596)	(3,527)
Finance charges payable under finance leases and hire purchase	(149)	(75)
Total finance costs	<u>(3,745)</u>	<u>(3,602)</u>
Bank interest received	73	102
Total finance income	<u>73</u>	<u>102</u>
(c) Other income/(losses)		
(Loss)/profit on disposal of property, plant and equipment	(268)	24
Net (loss)/gain on derivatives	(669)	1,636
Net foreign currency loss	(1,970)	(2,412)
Profit on disposal of investment property	5,733	-
Realised gains on available-for-sale investments	242	35
Other	21	455
	<u>3,089</u>	<u>(262)</u>
(d) Depreciation, amortisation and impairment included in Statement of Comprehensive Income		
Depreciation and amortisation included in:		
Cost of sales	4,374	4,281
Rental property expenses	602	640
Marketing and administrative expenses	276	293
	<u>5,252</u>	<u>5,214</u>
(e) Lease payments included in Statement of Comprehensive Income		
Included in cost of sales:		
Minimum lease payments – operating lease	2,946	1,632
Included in marketing and administrative expenses:		
Minimum lease payments – operating lease	1,346	1,530
	<u>4,292</u>	<u>3,162</u>
(f) Employee benefit expense		
Wages and salaries	47,692	39,944
Post employment benefit provision	17	-
Long service leave provisions	128	284
Worker's compensation costs	1,013	699
Superannuation costs	2,137	2,153
Expense of share-based payments	62	63
	<u>51,049</u>	<u>43,143</u>
(g) Other expenses (gain)/loss		
(Reduction of)/additional allowance for doubtful debts	(177)	173
	<u>(177)</u>	<u>173</u>

4. Consolidated Statement of Financial Position as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Current Assets			
Cash and short term deposits		7,068	4,192
Trade and other receivables		39,858	30,229
Inventories		59,754	69,838
Prepayments and deposits		1,713	1,638
Derivative financial instruments		-	1,636
Total Current Assets		108,393	107,533
Non Current Assets			
Property, plant and equipment		46,138	41,352
Investment properties		25,177	28,903
Deferred income tax asset		1,983	778
Goodwill		1,299	1,299
Other financial assets		4,384	3,532
Total Non Current Assets		78,981	75,864
Total Assets		187,374	183,397
Liabilities			
Current Liabilities			
Trade and other payables		29,534	30,997
Interest bearing loans and borrowings		16,661	3,765
Income tax payable		2,762	16
Provisions		7,284	6,811
Derivative financial instruments		530	313
Total Current Liabilities		56,771	41,902
Non Current Liabilities			
Interest bearing loans and borrowings		48,646	62,393
Deferred income tax liabilities		1,445	1,374
Provisions		1,325	1,352
Total Non Current Liabilities		51,416	65,119
Total Liabilities		108,187	107,021
Net Assets		79,187	76,376
Equity			
Equity attributable to equity holders of the parent			
Issued Capital		16,583	16,583
Reserves		3,551	3,133
Retained earnings	8	50,512	48,330
Total parent entity interest in equity		70,646	68,046
Minority interests		8,541	8,330
Total Equity		79,187	76,376

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

5.1 Consolidated Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Receipts from customers		209,903	155,427
Payments to suppliers and employees		(197,584)	(161,946)
Other revenue		21	455
Interest paid		(2,413)	(3,602)
Income taxes paid		(49)	(3,865)
Goods and services tax paid		(1,924)	(1,421)
Net Cash Flows From/(Used in) Operating Activities	5.3	7,954	(14,952)
Cash Flows from Investing Activities			
Interest income		73	102
Acquisition of property, plant and equipment		(9,487)	(3,968)
Proceeds on sale of investment property		9,624	-
Proceeds on sale of property, plant and equipment		-	28
Acquisition and improvement of investment properties		(728)	(858)
Acquisition of available-for-sale investments		(1,500)	(1,444)
Distribution from realised gain on available-for-sale investments		1,050	-
Deposits repaid		-	90
Dividends received		-	2
Net Cash Flows Used in Investing Activities		(968)	(6,048)
Cash Flows from Financing Activities			
Finance lease principal payments		(1,640)	(778)
Dividends paid		(3,501)	(3,501)
Proceeds from borrowings		14,223	20,014
Repayment of borrowings		(13,528)	(6,243)
Shares acquired under buy-back scheme		-	(10)
Net Cash Flows (Used in)/From Financing Activities		(4,446)	9,482
Net Increase/(Decrease) In Cash and Cash Equivalents		2,540	(11,518)
Net foreign exchange differences		336	1,127
Cash and cash equivalents at the beginning of the period		4,192	14,583
Cash and Cash Equivalents at the End of the Period	5.4	7,068	4,192

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 2016

	Attributable to Equity Holders of the Parent									
	Issued Capital	Retained Earnings	Reserves				Total	Non- controlling Interest	Total Equity	
			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
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 1 July 2014	16,593	48,300	2,585	585	115	38	(1,168)	67,048	7,505	74,553
Profit for the year	-	3,531	-	-	-	-	-	3,531	633	4,164
Other comprehensive income	-	-	-	-	-	(20)	935	915	192	1,107
Total comprehensive income for the year	-	3,531	-	-	-	(20)	935	4,446	825	5,271
Transactions with owners in their capacity as owners:										
Shares acquired under buy-back scheme	(10)	-	-	-	-	-	-	(10)	-	(10)
Share-based payments	-	-	-	63	-	-	-	63	-	63
Equity dividends	-	(3,501)	-	-	-	-	-	(3,501)	-	(3,501)
At 30 June 2015	16,583	48,330	2,585	648	115	18	(233)	68,046	8,330	76,376
At 1 July 2015	16,583	48,330	2,585	648	115	18	(233)	68,046	8,330	76,376
Profit for the year	-	5,683	-	-	-	-	-	5,683	139	5,822
Other comprehensive income	-	-	-	-	-	93	264	357	72	429
Total comprehensive income for the year	-	5,683	-	-	-	93	264	6,040	211	6,251
Transactions with owners in their capacity as owners:										
Share-based payments	-	-	-	61	-	-	-	61	-	61
Equity dividends	-	(3,501)	-	-	-	-	-	(3,501)	-	(3,501)
At 30 June 2016	16,583	50,512	2,585	709	115	111	31	70,646	8,541	79,187

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

	2016 \$'000	2015 \$'000
Net profit	5,822	4,164
Adjustment for:		
Depreciation, amortisation and impairment	5,252	5,214
Interest received	(73)	(102)
Dividends received	-	(2)
Proceeds on disposal of equity securities	-	(35)
Share-based payments expense	61	63
Profit on sale of investment properties	(5,733)	-
Loss/(profit) on disposal of property, plant & equipment	268	(24)
Realised gains on available-for-sale investments	(242)	-
Net loss on foreign exchange	193	1,072
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(9,629)	(7,641)
(Increase)/decrease in inventories	10,084	(22,413)
Increase/(decrease) in trade and other payables	(1,791)	8,634
Increase/(decrease) in employee entitlement provisions	446	323
Increase/(decrease) in income tax payable	2,746	(2,979)
Increase/(decrease) in deferred tax liability	(23)	2
(Increase)/decrease in deferred tax asset	(1,205)	285
(Increase)/decrease in prepayments	(75)	2
(Increase)/decrease in derivatives	1,853	(1,515)
Net cash flows From/(Used in) operating activities	7,954	(14,952)

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	7,068	4,192
Total cash at end of period	7,068	4,192

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.

\$94,000 (2015 - \$1,076,000) 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 \$83,384,000 (2015 - \$83,628,000). The unutilised facility for the consolidated entity at balance date was \$11,703,000 (2015 - \$12,236,000).

5.7 Controlled gained/lost over entities having material effect

N/A

6.1 Dividends

Date the dividend is payable

16 September 2016

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

2 September 2016

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	13¢	13¢
Previous year	13¢	13¢
Final special dividend:		
Current year	-	-
Previous year	-	-
Interim dividend:		
Current year	12¢	12¢
Previous year	12¢	12¢
Interim special dividend:		
Current year	-	-
Previous year	-	-

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

	Current year	Previous year
Ordinary securities	25¢	25¢
Preference securities	-	-

6.4 Preliminary final report – dividend on all securities

	Current period \$'000	Previous corresponding period \$'000
Ordinary securities - Final	1,821	1,821
- Interim	1,680	1,680
Preference securities	-	-
Other equity instruments	-	-
Total	3,501	3,501

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	48,330	48,300
Net profit attributable to members	5,683	3,531
Dividends and other equity distributions paid or payable	(3,501)	(3,501)
Retained profits at end of financial period	50,512	48,330

9. Details of aggregate share of profits (losses) of joint operations

	Current period	Previous corresponding period
9.1 Name of joint operations	Percentage Interest	Percentage Interest
<u>Syndicate Investment Properties</u>		
The IBM Building Partnership Syndicate	22.1	22.1
"616 St. Kilda Road Joint Venture"	-	20.0
Hometown Cannington Property Group	25.0	25.0
Crosslands Property Syndicate	16.7	16.7
Neerabup Syndicate	20.0	20.0
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	7,124	1,072
Income tax on ordinary activities	(2,137)	(322)
Profit from ordinary activities after tax	4,987	750
Share of net profit of jointly controlled assets	4,987	750

10. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$4.95	\$4.77

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).

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	Previous corresponding year
	\$'000	\$'000
The following reflects the income and share data used in the calculation of basic and diluted EPS:		
Basic Earnings from continuing operations	5,683	3,531
Diluted Earnings from continuing operations	5,683	3,531
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares used in the calculation of basic EPS	14,005,373	14,005,612
Weighted average number of ordinary shares used in the calculation of diluted EPS	14,005,373	14,005,612
Basic EPS	40.6¢	25.2¢
Diluted EPS	40.6¢	25.2¢

13.2 Segment Reporting

See attached.

14. Significant events after balance date

The company will pay a fully franked final dividend of 13¢ per share on 18 September 2016

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

18. Non-IFRS financial information

Non-recurring items	2016 \$'000	2015 \$'000
Redundancy payments – Automotive Leather	1,106	-
New facility start-up costs – Automotive Leather	1,084	-
Asset writedown – Automotive Leather	268	-
Redundancy payments – Building Materials	238	-
	2,696	-

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.


 Sign here: Date: 17 AUGUST 2016
 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 2016

Notes	Automotive Leather		Building Materials		Investment Property		Gosh Capital		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue from external customers	155,143	101,120	51,822	49,094	5,433	6,043	1,194	1,059	213,592	157,316
Unallocated interest and dividend revenue									5	11
Total revenue									213,597	157,327
Earnings before non-recurring items	4,832	6,261	2,897	1,376	8,050	2,435	958	577	16,737	10,649
Non-recurring items	2,458	-	238	-	-	-	-	-	2,696	-
Segment Earnings	2,374	6,261	2,659	1,376	8,050	2,435	958	577	14,041	10,649
Unallocated items:										
Finance income and dividends									5	11
Finance costs									(3,745)	(3,602)
Corporate overheads									(2,759)	(1,845)
Operating profit before income tax									7,542	5,213
Income tax expense									(1,720)	(1,049)
Net profit after tax									5,822	4,164
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Segment Assets	108,571	99,060	45,729	48,345	15,421	19,104	16,162	15,403	185,883	181,912
Unallocated items:										
Cash									104	94
Property, plant and equipment									751	769
Prepayments									6	7
Receivables									-	17
Deferred income tax assets									630	598
Total segment assets									187,374	183,397