



# Schaffer Corporation Limited

ABN 78 008 675 689

3 May 2005

**BY FAX: 9221 2020**

Ms. Christine Panetta  
Australian Stock Exchange Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Ms. Panetta

## Price and Volume Query

We refer to your fax received at 12.32pm today, 3 May 2005, referring to recent changes in the market price and volume of trading of shares in Schaffer Corporation Limited (**Schaffer or the Company**).

In response to your queries we advise as follows.

1. *Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?*

The Company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company. However, we note the following:

- The well publicised slow down in the global auto industry, particularly General Motors and Ford.
- Like many Australian exporters, Schaffer has been adversely affected by the continuing strength of the Australian Dollar (each one cent appreciation of the Australian dollar against the US has historically cost the Company approximately \$300,000 in EBIT).
- Reduction of sales to China due primarily to the Chinese Government's restrictions on car loans and increased competition in the Chinese market.
- The possible effects of the Australian Government's efforts to limit the impact of South African motor industry development subsidies. This issue has led to discussions with BMW in relation to ongoing supply arrangements. The outcome of these discussions is uncertain as there have been some tensions in the relationship arising out of a number of factors, including the above.

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- In building products, UrbanStone continues to experience difficult trading conditions with increased competition (particularly in the NSW market) reducing sales and earnings in the short term.
- The Australian equities small cap markets, particularly the automotive sector, have been under considerable selling pressure.

2. *If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?*

*Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt.*

Save for the matters referred to above, Schaffer is not aware of any information it considers appropriate to announce at this time.

3. *Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?*

No, not as far as Schaffer is aware.

4. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*

Confirmed. The Company considers that it is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely



Geoff Davieson  
Company Secretary



**ASX**  
AUSTRALIAN STOCK EXCHANGE

**FAXED**  
3 May 2005

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Mr Geoff Davieson  
Company Secretary  
Schaffer Corporation Limited  
PO Box 770  
WEST PERTH WA 6872

By facsimile: (08) 9481 0439

Dear Sir

Schaffer Corporation Limited (the "Company")

**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from \$7.45 on 28 April 2005 to \$5.02 today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (ie 5.00 pm W.S.T.) Wednesday, 4 May 2005.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully



Christine Panetta

Senior Companies Adviser

Direct Line: (08) 9224 0014