



## SCHAFFER CORPORATION REPORTS NET PROFIT OF \$4.5M

Schaffer Corporation Limited (ASX: SFC) today announced net profit after tax (NPAT) of \$4.5 million for the 2010 financial year, which was 57% lower than the previous year. The result was in line with the guidance provided in June 2010.

SFC Chairman, Mr John Schaffer, said that the decline in performance was associated with the impact of a strategic decision for the Automotive Leather division to withdraw from the Asian whole hide market, the appreciation of the AUD over the past year, and decreased activity at Delta Corporation.

“SFC’s Board and management team are very disappointed to deliver a significant decrease in net profit,” Mr Schaffer said.

“However, SFC’s ongoing focus on cost management and business improvement delivered a 129% increase in operating cash flow to \$15.4 million, with Automotive Leather in particular working extremely diligently at minimising working capital requirements.

“Whilst economic conditions and the very limited availability of finance for property development make forecasting difficult, the Board is confident that SFC’s financial performance in the first half of this year will exceed the result achieved in the second half of the 2010 year,” Mr Schaffer added.

Mr Schaffer noted that based on existing contracts and current exchange rates, SFC anticipates the Automotive Leather division to return to profitability during the first half, where increased sales to Europe will compensate for reduced sales to Asia, along with higher overall margins.

“The confirmed order book for Building Products remains well in excess of historical levels and, in recent months, the confirmed order book for Delta Corporation increased substantially from a low base,” Mr Schaffer said.

“In addition, during 2011, Building Products will commence marketing a new range of masonry products manufactured at a state-of-the-art production facility within its Jandakot factory,” Mr Schaffer concluded.

SFC will pay a final dividend of \$0.20 per share (fully franked) on 23 September 2010 to shareholders of record on 9 September 2010.

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