



FACSIMILE TRANSMISSION

TO: ASX
COMPANY ANNOUNCEMENTS PLATFORM

LODGEMENT: ASX ONLINE

FROM: GEOFF DAVIESON

DATE: 19 FEBRUARY 2003

SUBJECT: HALF YEARLY REPORT

NO OF PAGES: 24

Dear Sir

RE: SCHAFFER ANNOUNCES RECORD INTERIM PROFIT AND DIVIDEND

In accordance with ASX Listing Rules 3.17 and 4.1, the Managing Director's report to shareholders, media release and Appendix 4B are attached.

Yours sincerely

GEOFF DAVIESON
Company Secretary

19th February 2003

Schaffer Corporation reports record half yearly profit

Schaffer Corporation Ltd (SFC) today reported a record half yearly net profit after tax (NPAT) of A\$10.3 million for the six months to 31 December 2002 and doubled its interim dividend payment to A\$0.50 fully franked.

The record result exceeded SFC's November 2002 forecast and represented a 53% increase over the A\$6.3 million reported for the previous corresponding period.

SFC Chairman John Schaffer said the company had benefited from its ongoing focus on its core leather and building products divisions.

"The leather business was the strongest contributor for the half, contributing earnings before interest and tax (EBIT) of A\$14 million, or 75% of operating EBIT.

"Building products, primarily through UrbanStone and Delta, also performed well, contributing EBIT of A\$2.9 million," Mr Schaffer said.

SFC has increased its interim dividend by 100% to A\$0.50 (fully franked), reflecting the record result and the company's ongoing strong cash flows.

"Our aim at SFC is to maximise shareholder returns. The 50 cent interim dividend is a reflection of SFC's commitment to rewarding our shareholders," Mr Schaffer said.

Mr Schaffer added that SFC has confirmed its forecast for the second half of financial 2003, with an expected NPAT of A\$6.8 million.

"We traditionally report lower earnings in the second half of the year. However, our expectation is that both the leather and building products divisions will perform in line with our forecast at the AGM.

"Coupled with the record first half, we expect full year NPAT of A\$17.1 million - considerably above the A\$13 million result achieved in 2002," Mr Schaffer said.

SFC is forecasting a final fully franked dividend of at least A\$0.50, which would bring the total distribution to shareholders for financial 2003 to at least A\$1.00 per share.

For further information, please contact:

John Schaffer
Chairman
Schaffer Corporation Ltd
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or

Graeme Monkhouse
Chief Financial Officer
Schaffer Corporation Ltd
Tel: 0419 226 836



SCHAFFER CORPORATION ACHIEVES RECORD HALF YEARLY PROFIT OF \$10.3M

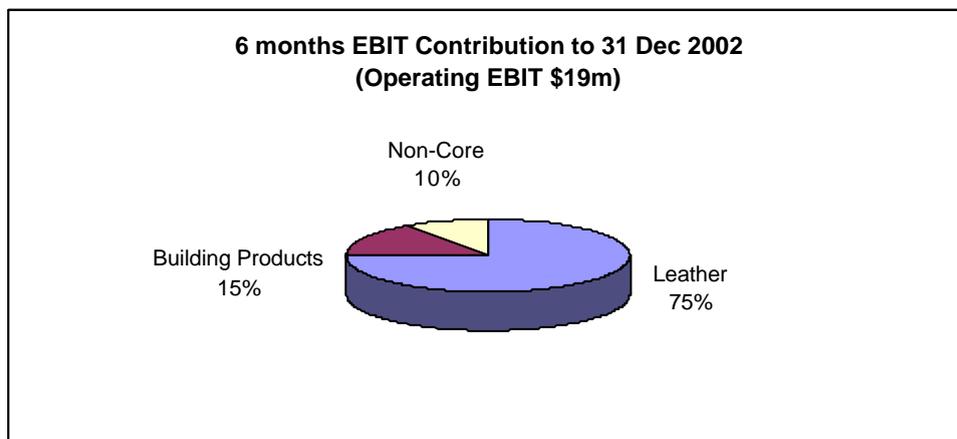
Schaffer Corporation Limited ("SFC") earned a record half yearly net profit of \$10.3m in the six months to December 2002. This is an increase of 53% over the previous corresponding result of \$6.7m. The result compares favourably to the upgraded forecast of \$9.8m provided in November 2002. The Board confirms its earlier earnings projection of \$6.8m for the second half, resulting in a full year forecast profit of \$17.1m.

Revenue (\$m)	6 months to Dec 02	6 months to Dec 01	Change
Revenue (\$m)	125.0	90.7	+ 38%
Net Profit After Tax (\$m)	10.3	6.7	+ 53%
Earnings Per Share (diluted)	\$0.73	\$0.51	+ 42%
EBITDA (\$m)	21.4	14.2	+ 51%
Return on Capital Employed	29%	21%	+ 38%
Interim Dividend	\$0.50	\$0.25	+100%

INTERIM DIVIDEND

SFC will pay a fully franked interim dividend of 50¢ per share on 21 March 2003. The Record Date is 18 March 2003 and the Company will trade ex-dividend on 12 March 2003.

OPERATIONS



Return on Capital Employed – 29%



Leather

The leather business performed strongly with an EBIT contribution of \$14.0m for the six months to December 2002. Howe Leather remains a globally competitive automotive leather supplier based on:

- ✍ Access to suitable raw materials (Australia has the 4th largest cattle herd globally)
- ✍ Diverse customer base including BMW, General Motors, Ford, Mitsubishi, Honda and Subaru
- ✍ Global scale modern manufacturing facilities
- ✍ An experienced management team and a skilled workforce

In the second half we expect slightly lower sales volumes with some margin compression associated with normal seasonal trends and program timing issues. In the short term there is increased uncertainty throughout the global automotive supply industry driven by variable sales forecasts and an increased emphasis by car manufacturers to reduce costs. In the medium term there are significant opportunities to win new programmes. Howe is internationally competitive and has established global market shares from which to build.

Gosh Leather continues to trade profitably in an extremely competitive market.

Building Products

The Building Products group comprising:

- ✍ UrbanStone (Premium Paving)
- ✍ Delta (Pre-stressed and Pre-cast Concrete)
- ✍ Solco (Solar Hot Water Systems)

contributed \$2.9m of EBIT to the group. UrbanStone and Delta are trading well based on product excellence, ongoing product innovation and cost control. Solco remains at an early stage of business development.

Non-Core Investments

The group's non-core investments generated an EBIT of \$1.8m. The investment property portfolio comprising 13 retail and commercial properties generated an EBIT of \$1.2m. The portfolio has a market value of approximately \$35m and associated debt of \$22m.

The recurring contribution from non-core investments is expected to decline as investments are sold.

OUTLOOK

The Directors expect the company's solid performance to continue in the 2003 financial year.

Although the short term prospects for the global automotive supply industry have become less certain, SFC is forecasting a full year profit of \$17.1m, equating to an EPS growth rate of 23% for 2003.

Continued strong cash flow from the group's operations will allow SFC to maintain a high dividend payout ratio. Directors are forecasting a fully franked final dividend of at least 50c per share payable in September 2003. This would represent a full year dividend of at least \$1.00 per share and a payout ratio of 79%.

19th February 2003

*For further information contact John Schaffer (Managing Director) or
Graeme Monkhouse (Chief Financial Officer) on 08 9483 1222*

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

SCHAFFER CORPORATION LIMITED

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
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73 008 675 689	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 DECEMBER 2002
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For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (item 1.1)	up/ down	38%	to	124,958
Profit (loss) from ordinary activities after tax attributable to members (item 1.22)	up/ down	53%	to	10,268
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))	gain (loss) of	-		-
Net profit (loss) for the period attributable to members (item 1.11)	up/ down	53%	to	10,268
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (Preliminary final report only - item 15.4) Interim dividend (Half yearly report only - item 15.6)		50¢		50¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)		25¢		25¢
†Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		18 MARCH 2003		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see items 1.23 - 1.25</i>)	124,958	90,715
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	(105,801)	(78,034)
1.3 Borrowing costs	(2,284)	(1,679)
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	(577)
1.5 Profit (loss) from ordinary activities before tax	16,873	10,425
1.6 Income tax on ordinary activities (<i>see note 4</i>)	5,109	2,813
1.7 Profit (loss) from ordinary activities after tax	11,764	7,612
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	11,764	7,612
1.10 Net profit (loss) attributable to outside ⁺ equity interests	1,496	909
1.11 Net profit (loss) for the period attributable to members	10,268	6,703
Non-owner transaction changes in equity		
1.12 Decrease in revaluation reserves		
1.13 Net exchange differences recognised in equity		
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
1.15 Initial adjustments from UIG transitional provisions		
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)		
1.17 Total changes in equity not resulting from transactions with owners as owners		

Earnings per security (EPS)	Current period	Previous corresponding Period
1.18 Basic EPS	76.0¢	54.0¢
1.19 Diluted EPS	73.0¢	51.5¢

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (item 1.7)	11,764	7,612
1.21 Less (plus) outside ⁺ equity interests	1,496	909
1.22 Profit (loss) from ordinary activities after tax, attributable to members	10,268	6,703

Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services		
Revenue from sale of goods and from property	120,862	85,978
Revenue from sale of listed and unlisted shares	1,100	1,244
Revenue from services	-	281
Rent received	2,427	2,314
Other	128	527
1.24 Interest revenue	288	56
Dividends received	5	44
Proceeds from sale of non current assets	148	271
1.25 Other relevant revenue		
TOTAL REVENUE FROM ORDINARY ACTIVITIES	<u>124,958</u>	<u>90,715</u>
1.26 Details of relevant expenses		
Cost of goods sold – manufactured goods and property	87,587	62,808
Cost of sales of listed and unlisted shares	962	985
Salaries, wages and oncosts	6,761	5,275
Other Expenses	<u>8,150</u>	<u>6,871</u>
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	103,460	75,939
1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	2,341	2,095
Capitalised outlays		
1.28 Interest costs capitalised in asset values		
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)		

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	31,803	27,894
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	10,268	6,703
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33 Net effect of changes in accounting policies Adjustment arising from adoption of reviewed accounting standard AASB1044 – Provisions, contingent liabilities and contingent assets	4,708	-
1.34 Dividends and other equity distributions paid or payable	(4,741)	(4,358)
1.35 Retained profits (accumulated losses) at end of financial period	42,038	30,239

Intangible and extraordinary items

<i>Consolidated - current period</i>				
	Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
	(a)	(b)	(c)	(d)
2.1 Amortisation of goodwill	66	-	(11)	55
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total amortisation of intangibles	66	-	(11)	55
2.4 Extraordinary items (details)				
2.5 Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

- 3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)
- 3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year

Current year - \$A'000	Previous year - \$A'000

Condensed consolidated statement of financial position

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000	
Current assets				
4.1	Cash	15,463	5,606	9,104
4.2	Receivables	32,700	36,676	44,954
4.3	Investments	798	1,869	1,393
4.4	Inventories	42,692	41,932	47,359
4.5	Tax assets	-	-	-
4.6	Other (provide details if material)	1,216	508	1,054
4.7	Total current assets	92,869	86,591	103,864
Non-current assets				
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other financial assets	-	-	-
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	70,307	71,289	72,195
4.15	Intangibles (net)	1,497	1,563	1,711
4.16	Deferred tax assets	4,114	4,247	4,965
4.17	Other (provide details if material)	-	-	-
4.18	Total non-current assets	75,918	77,099	78,871
4.19	Total assets	168,787	163,690	182,735
Current liabilities				
4.20	Payables	26,319	25,927	35,418
4.21	Interest bearing liabilities	454	496	1,330
4.22	Tax liabilities	4,134	4,431	3,389
4.23	Other provisions exc. tax liabilities	6,271	6,803	6,823
	Provision for dividend	-	4,708	3,113
4.24	Other (provide details if material)	-	-	-
4.25	Total current liabilities	37,178	42,365	50,073
Non-current liabilities				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	62,189	63,235	82,399
4.28	Deferred tax liabilities	2,565	2,731	3,425
4.29	Provisions exc. tax liabilities	2,724	2,535	1,975
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	67,478	68,501	87,799

Condensed consolidated statement of financial position continued

4.32	Total liabilities	104,656	110,866	137,872
4.33	Net assets	64,131	52,824	44,863

	Equity			
4.34	Capital/contributed equity	13,803	13,386	7,852
4.35	Reserves	2,585	2,585	2,585
4.36	Retained profits (accumulated losses)	42,038	31,803	30,239
4.37	Equity attributable to members of the parent entity	58,426	47,774	40,676
4.38	Outside [†] equity interests in controlled entities	5,705	5,050	4,187
4.39	Total equity	64,131	52,824	44,863
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	
5.2	Expenditure incurred during current period	
5.3	Expenditure written off during current period	
5.4	Acquisitions, disposals, revaluation increments, etc.	
5.5	Expenditure transferred to Development Properties	
5.6	Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1		
6.2		
6.3		
6.4		
6.5		
6.6		
6.7		
Closing balance as shown in the consolidated balance sheet (item 4.13)	N/A	N/A

Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1	130,020	97,590
7.2	(105,470)	(68,174)
7.3		-
7.4	5	44
7.5	288	56
7.6	(2,284)	(1,657)
7.7	(5,062)	(2,423)
7.8	108	(578)
7.9	17,605	24,858
Cash flows related to investing activities		
7.10	(1,473)	(3,505)
7.11	148	271
7.12	-	(6,069)
7.13	1,100	826
7.14	-	-
7.15	-	-
7.16	157	121
7.17	(1,495)	(8,356)
Cash flows related to financing activities		
7.18	417	-
7.19	-	91
	-	-

7.20	Repayment of borrowings	(1,088)	(7,951)
7.21	Dividends paid	(5,582)	(1,245)
7.22	Other (provide details if material)		(565)
7.23	Net financing cash flows	(6,253)	(9,670)
7.24	Net increase (decrease) in cash held	9,857	6,832
7.25	Cash at beginning of period <i>(see Reconciliation of cash)</i>	5,606	2,270
7.26	Exchange rate adjustments to item 7.25.		
7.27	Cash at end of period <i>(see Reconciliation of cash)</i>	15,463	9,102

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. *(If an amount is quantified, show comparative amount.)*

N/A

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.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	15,463	9,104
8.2 Deposits at call		
8.3 Bank overdraft	-	(2)
8.4 Other (provide details)		
8.5 Total cash at end of period (item 7.27)	15,463	9,102

Other notes to the condensed financial statements

Ratios		Current period	Previous corresponding Period
9.1	Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	13.5%	11.5%
9.2	Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (<i>item 1.11</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 4.37</i>)	17.6%	16.5%

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

a)	BASIC EARNINGS PER SHARE	76.0	54.0
b)	DILUTED EARNINGS PER SHARE	73.0	51.5
c)	WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ON ISSUE USED IN THE CALCULATION OF BASIC EARNINGS PER SHARE	13,507,295	12,422,443

NTA backing (<i>see note 7</i>)		Current period	Previous corresponding Period
11.1	Net tangible asset backing per +ordinary security	\$4.20	\$3.13

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they have disclosed in their accounts in accordance with *AASB 1042: Discontinuing Operations* (see note 17).)

12.1 Discontinuing Operations

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Control gained over entities having material effect

13.1 Name of entity (or group of entities)	
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	
13.3 Date from which such profit has been calculated	
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
14.3 Date to which the profit (loss) in item 14.2 has been calculated	
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable	
15.2 ⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved)	
15.3 If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year			
15.5	Previous year			
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	50c	50c	
15.7	Previous year	25c	25c	

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities FINAL & INTERIM “ “ SPECIAL		
15.9 Preference +securities		

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities <i>(each class separately)</i> Ordinary securities interim Ordinary securities special	6,774	3,113 1,245
15.11 Preference +securities <i>(each class separately)</i>		
15.12 Other equity instruments <i>(each class separately)</i>		
15.13 Total	6,774	4,358

The ⁺dividend or distribution plans shown below are in operation.

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The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

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Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

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Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax		(1,924)
16.2 Income tax on ordinary activities		(540)
16.3 Profit (loss) from ordinary activities after tax		(1,384)
16.4 Extraordinary items net of tax		-
16.5 Net profit (loss)		(1,384)
16.6 Outside equity interests		807
16.7 Share of net profit (loss) of associates and joint venture entities	N/A	(577)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities				
AUSTRALIAN LEATHER HOLDINGS LTD AT 30 SEP 2001 AT 31 DEC 2001		41.66% 83.17%		(572)
E-COM INVESTMENT MANAGEMENT PTY LTD		50%		(5)
17.2 Total	N/A		N/A	(577)
17.3 Other material interests				N/A
17.4 Total				

* From 1 October 2001 the Group increased its interest to 83.17% and is now being treated as a controlled entity.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities (description)				
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 +Ordinary securities	13,547,485	13,547,485		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	96,750	96,750		
18.5 +Convertible debt securities (description and conversion factor)				

18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7	Options (<i>description and conversion factor</i>)			<i>Exercise price</i>	<i>Expiry date (if any)</i>
		115,000	-	\$2.61	17/11/04
		10,725	-	\$3.30	28/03/05
		28,025	-	\$3.26	10/07/05
		46,800	-	\$3.77	28/08/06
		123,750	-	\$5.42	05/02/07
		100,000	-	\$7.11	26/03/07
		<u>138,750</u>	-	\$9.49	20/06/07
	TOTAL	563,050	-		
18.8	Issued during current period				
	TOTAL				
18.9	Exercised during current period	18,025		\$3.26	
		10,725		\$3.30	
		30,500		\$3.77	
	TOTAL	36,250		\$5.42	
		<u>1,250</u>		\$9.49	
		96,750			
18.10	Forfeited during current period				
	TOTAL				
18.11	Debentures (<i>description</i>)				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.13	Unsecured notes (<i>description</i>)				
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last ⁺annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]*

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

NIL

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

NIL

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

The directors believe franking credits will be available for paying fully franked dividends. The franking account balance of Schaffer Corporation Limited and its wholly owned subsidiaries at 31 December 2002 was \$4,307,000 which enables the payment of \$10,050,000 in fully franked dividends. Additional franking credits will arise from payment of tax and fully franked dividends from Australian Leather Holdings Limited.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous ⁺annual reports if those revisions have a material effect in this half year.

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19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last ⁺ annual report.

There have been no material changes in contingent liabilities from that disclosed in the last annual report.
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Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

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20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- ? initial service charges
- ? management fees
- ? other fees

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Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

--

Date

--

Time

--

Approximate date the ⁺annual report will be available

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Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

- 2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on ⁺accounts to which one of the following applies.
(*Tick one*)

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | The ⁺ accounts have been audited. | <input type="checkbox"/> | The ⁺ accounts have been subject to review. |
| <input 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. |

- 5 If the audit report or review by the auditor is not attached, details of any qualifications ~~are attached~~/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)

- 6 The entity has ~~does not have~~* (*delete one*) a formally constituted audit committee.

Sign here: 
.....
(Company Secretary)

Date: 19 February 2003.

Print name: GEOFFREY VICTOR DAVIESON

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Condensed consolidated statement of financial performance**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.
5. **Condensed consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Condensed consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the

requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A'000 headings must be amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A'000 headings must be amended.
10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the ⁺ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the ⁺ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

- 15 Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their ⁺accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term “relevance” is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

- 16 Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

17. Discontinuing operations

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ⁺accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. Format

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.