



SCHAFFER CORP INCREASES NET PROFIT BY 56% TO \$7.5M

Schaffer Corporation Limited (ASX: SFC) today announced a net profit after tax (NPAT) for the 2012 financial year of \$7.5 million, which was a 56% increase over the prior year.

Chairman John Schaffer said that the strongly improved result was driven by demand from Government, civil infrastructure and resources projects in Western Australia that had led to improved performance from the group's building materials division, particularly its Delta pre-cast concrete operations.

Mr Schaffer added that the positioning of the Howe automotive leather business as a high quality, low cost producer with a strong presence in its key markets, was realising ongoing benefits.

"We are particularly pleased by the result, especially given that the previous year's NPAT was boosted by a \$2.9 million after-tax profit from the sale of a Perth CBD property," Mr Schaffer said.

"The result reflects the strategic settings within the group's operating divisions and our focus on both the conditions in our markets and the needs of our customers.

"We have benefited from being able to target highly specialised work in Building Materials and continue to develop the product mix offered by its Building Products sub unit, which has a growing order book and is leveraged to any upturn in the residential and commercial property development sectors," Mr Schaffer added.

SFC anticipates that Building Materials will leverage its strong order books to deliver an improved performance in the first half of the current year. However, Automotive Leather's first half EBIT will be lower due to ongoing currency strength and lower volumes (which should improve in the second half based on already awarded programs).

"Overall, we anticipate a fall in EBIT for the first half of the year but that does exclude any potential positive impact from a final settlement of a property fire damage insurance claim for which we have already received \$1.5 million," Mr Schaffer said.

"Conditions remain challenging and we continue to look for opportunities to best set our divisions and the group for success. We have further reduced net debt and our gearing (net debt to net debt plus equity) has fallen to just 38% – a figure that would be even lower if we applied market values to our property portfolio, rather than depreciated book values.

"SFC remains well positioned and financially secure. Accordingly, we have increased the final dividend by 10%, bringing full year fully franked dividends to \$0.21 per share," Mr Schaffer concluded.

The record date for the dividend is 7 September 2012. It will be paid on 21 September 2012.

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21 August 2012