Schaffer Corporation Limited
ABN 73 008 675 689

SCHAFFER CORPORATION REPORTS 26% RISE IN NET PROFIT TO $10.3 MILLION

Schaffer Corporation Limited (ASX: SFC) today announced a net profit after tax (NPAT) of $10.3 million for the 2007 financial year – a 26% increase on the previous corresponding period ($8.1 million).

SFC will pay a final ordinary dividend of $0.25 per share (fully franked), which brings the ordinary dividend for the 2007 financial year to $0.50 per share (fully franked) (FY 2006: $0.50 per share (fully franked)).

Key dates in relation to SFC's final dividend are as follows:

- SFC's shares commence trading ex-dividend 9 September 2007
- Record date for final dividend 13 September 2007
- Payment of dividend 18 September 2007

SUMMARY FINANCIAL PERFORMANCE

	30-Jun-06	30-Jun-07	Change
Revenue ($M)	145.3	**147.7**	+ 2%
NPAT ($M)	8.1	**10.3**	+ 26%
Earnings per Share ($)	0.58	**0.73**	+ 26%
EBITDA ($M)	21.1	**23.9**	+ 13%
EBIT (net interest) ($M)	15.9	**19.1**	+ 21%
Ordinary Dividend per Share ($)	0.50	**0.50**	
Return on Capital Employed	17%	**17%**	

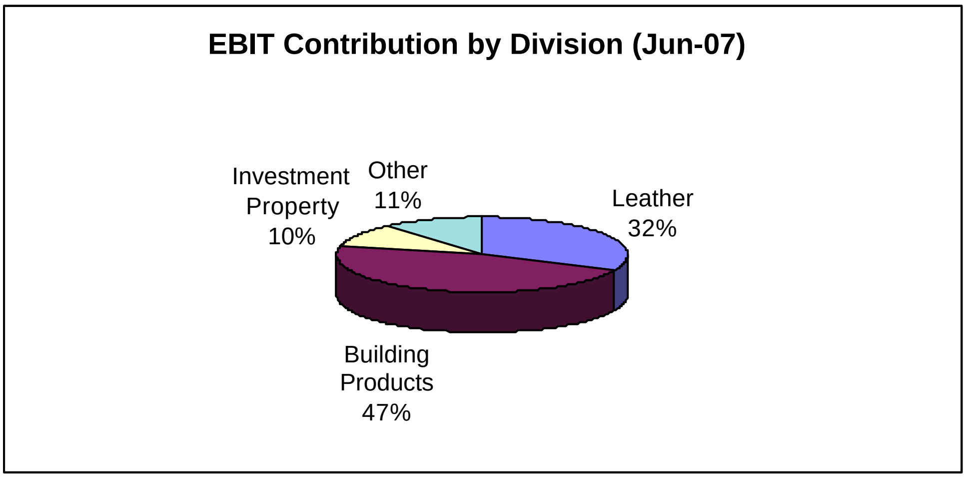
Revenue increased slightly to $148 million (FY 2006: $145 million).

The Building Products division's revenue increased significantly with the first time inclusion of the Limestone Resources business and increased activity for Delta. Earnings before interest and tax (EBIT) for the Building Products division were $8.7 million (FY 2006: $6.6 million, a 32% increase), principally driven by the buoyant Western Australian economy.

SFC's joint venture property investments provided a stable contribution to SFC's result.

Earnings for the automotive leather division increased to $6.0 million (FY 2006: $4.8 million) with significantly lower restructuring costs associated with the establishment of Howe's Slovakian and China cutting plants.

OPERATIONS SUMMARY



BUILDING PRODUCTS

The Building Products division reported revenue of $55.1 million (FY 2006: $39.0 million) and EBIT of $8.7 million (FY 2006: $6.6 million), which represents a second successive record result for the division.

Pre-cast supplier Delta continued to benefit from exposure to the strong Western Australian economy. Delta is the market leader in technically-engineered concrete products in Western Australia, supplying pre-cast and pre-stressed concrete products to a variety of commercial, infrastructure and resource projects.

UrbanStone supplies a premium range of paving products for the national market through its established distribution network of sales offices across Australia. While UrbanStone delivered another excellent result (again driven by its exposure to the Western Australian market), its performance was restrained by a subdued New South Wales market.

Limestone Resources, which SFC acquired in July 2006, is Western Australia's largest producer of reconstituted and natural limestone products. During the financial year, Limestone Resources focused on improving its long-term operational efficiency, with $1.5 million in capital expenditure. Limestone Resources has vast raw material reserves and increases the product range available for distribution through UrbanStone's national distribution network.

After the end of the financial year, in July 2007, SFC announced the acquisition of Archistone Pty Ltd (Archistone), the Western Australian market leader in reconstituted limestone block walling. Archistone distributes its product range from retail sites in Osborne Park, Wangara, Mandurah and Jandakot and has reconstituted limestone manufacturing facilities at its Gingin quarry and factory in Neerabup. The Archistone product range is complementary to UrbanStone and Limestone Resources and SFC expects it to increase the division's revenue by approximately A$12 million in a full year.

The Archistone transaction also included options to purchase the retail properties currently leased by Archistone in Wangara and Mandurah, and another under development in Yangebup, which, in combination with the retail property in Osborne Park that SFC acquired in August 2006, will significantly strengthen the division's distribution network.

SFC's strategy is to build value in the Building Products division through the expansion of the division's product range, development of its retail offering through the launch of UrbanStone Central concept stores and by acquiring the retail properties from which the division operates.

LEATHER (HOWE)

Leather division EBIT increased to $6.0 million (FY 2006: $4.8 million) due to lower restructuring costs associated with the establishment of Howe's Slovakian and China cutting plants being incurred. Revenue for the division decreased to $84 million (FY 2006: $98 million) with lower automotive leather sales to the US market and the August 2006 closure of Gosh. The decline in automotive leather sales to the US was partially offset by sales improvements to Europe and Asia.

Global market conditions continue to impact on the division's performance:

- In the US, import badged vehicle brands are now outselling the Detroit 3 (General Motors, Ford and Chrysler) for the first time in US auto sales history
- Upward price pressures on hides
- Intense price competition due to production overcapacity
- Significant and widespread cost cutting programs at the original equipment manufacturer level
- Appreciation of the Australian dollar relative to the Euro and the US dollar.

Despite those conditions, the division's repositioning over the past two years has secured its competitive future with the successful relocation of labour-intensive activities to low cost countries (Slovakia, China and Mexico). These offshore facilities provide:

- Significantly lower labour costs than in Australia
- A local sales presence for the division's key markets (Europe, Asia and the US)
- Improved customer response times.

Approximately 50% of the division's revenue is generated in US dollars and 40% in Euros. A substantial amount of that revenue receives a natural hedge from associated costs incurred in those currencies. The remaining unhedged revenue is exposed to movements in the US dollar and Euro against the Australian dollar. Division EBIT alters by approximately A$380,000 for each Euro cent and A$200,000 for each US cent that the Australian dollar strengthens or weakens against those currencies.

PROPERTY

SFC's investment property leasing operations continued to provide a consistent contribution with EBIT of $1.9 million and $1.2 million of cash.

At 30 June 2007, SFC held joint venture interests in eight commercial and retail properties conservatively valued at approximately $38 million, with $20 million of associated debt. After balance date, SFC has sold a property at 71 Queens Road, Melbourne. The sale will generate approximately $1.3 million of EBIT in the first half of the 2008 financial year.

SFC's 15% interest in the successful Mindarie Keys residential land subdivision north of Perth generated EBIT of $2.0 million. The remaining lots at Mindarie Keys are currently under development, resulting in associated earnings being biased towards the second half of the

2008 financial year. SFC expects to receive approximately $2.5 million of EBIT and $3.5 million in cash over the next 18 months, as the Mindarie Keys development is completed.

OUTLOOK

The Building Products Division is positioned to deliver further revenue growth. It remains leveraged to Western Australia's robust economy and continues to build scale, range and distribution with:

- the integration of Limestone Resources and the acquisition of Archistone,
- the launch of the UrbanStone Central concept stores and
- an expanded product range available through more outlets.

In the first half of the new financial year, SFC expects earnings to be restrained by advertising, display upgrade, rebadging and integration expenses associated with the launch of UrbanStone Central.

In the Leather Division, the repositioning of the business and relocation of all cutting activities has successfully reset the division's cost base. The division's subsequent objective is to rebuild scale and its three offshore cutting facilities provide the ideal platform from which to increase its share in the European, Asian and US markets.

In the medium term, significant opportunities exist for the leather division to win new business. In the interim, the division's earnings will be adversely impacted by volatility in the Australian dollar and hide costs. For the first half of the 2008 financial year, SFC expects the leather division's earnings to be materially below the previous corresponding period.

SFC expects that its investment property leasing activities will continue to generate solid returns. The sale of 71 Queens Rd, Melbourne should contribute approximately $1.3 million of EBIT to earnings in the first half of the 2008 financial year. SFC does not expect any significant contribution from Mindarie Keys in the first half due to stock unavailability. Earnings from Mindarie Keys will be biased to the second half, when stock lots can be brought to market.

At Group level, SFC continues to target long term shareholder value by focusing on return on capital employed, cash flow and dividends. While last year's results were relatively evenly spread between the two halves, SFC expects earnings in the 2008 financial year to be biased toward the second half.

Given the Board's payout ratio policy of balancing returns to shareholders with the need to fund growth in the Building Products Division, the Board presently intends to maintain dividends for the 2008 financial year at $0.50 per share.

John Schaffer
Chairman

22 August 2007

SCHAFFER CORPORATION REPORTS $10.3 MILLION NET PROFIT; TO PAY 25¢ PER SHARE FINAL DIVIDEND

Schaffer Corporation Limited (ASX: SFC) today announced NPAT of $10.3 million for the 2007 financial year (FY 2006: $8.1 million).

SFC also announced that it will pay a final ordinary dividend of $0.25 per share (fully franked), which brings the ordinary dividend for the 2007 financial year to $0.50 per share (fully franked) (FY 2006: $0.50 per share (fully franked)).

SFC Chairman John Schaffer said that a second successive record earnings result for the Building Products division contributed significantly to the 26% increase in NPAT:

	30-Jun-06	30-Jun-07	Change
Revenue ($M)	145.3	**147.7**	+ 2%
NPAT ($M)	8.1	**10.3**	+ 26%
Earnings per Share ($)	0.58	**0.73**	+ 26%
EBITDA ($M)	21.1	**23.9**	+ 13%
EBIT (net interest) ($M)	15.9	**19.1**	+ 21%
Ordinary Dividend per Share ($)	0.50	**0.50**	
Return on Capital Employed	17%	**17%**	

During the 2006 financial year, Limestone Resources was integrated into the Building Products Division. During the current year, the division will offer an expanded product range available through more outlets, following the acquisition of the Archistone business and the launch of the UrbanStone Central concept store.

"The Building Products Division is positioned to deliver further revenue growth; it is leveraged to Western Australia's robust economy and continues to build scale, range and distribution," Mr Schaffer said.

Earnings for the automotive leather division increased to $6.0 million (FY 2006: $4.8 million) with significantly lower restructuring costs associated with the establishment of Howe's Slovakian and China cutting plants being incurred. Despite adverse global market conditions, the division's repositioning over the past two years has secured its competitive future with the successful relocation of labour-intensive activities to low cost countries (Slovakia, China and Mexico).

"The Leather division's offshore facilities provide significantly lower labour costs than in Australia, a local sales presence in key markets and improved customer response times," Mr Schaffer said.

SFC's investment property leasing operations continued to provide a consistent contribution with EBIT of $1.9 million and $1.2 million of cash. After balance date, SFC has sold a property at 71 Queens Road, Melbourne. The sale will generate approximately $1.3 million of EBIT in the first half of the 2008 financial year.

Mr Schaffer noted that SFC does not expect any significant contribution from the Mindarie Keys development in the first half of the 2008 financial year due to stock unavailability.

“Earnings from Mindarie Keys will be biased to the second half, when stock lots can be brought to market,” Mr Schaffer said.

“In both the Building products division and the Leather division, SFC is targeting further growth.

“Expenses for advertising, display upgrade, rebadging and integration associated with the launch of UrbanStone Central will restrain earnings in the first half for the Building Products division.

“The Leather division has significant medium term opportunities to win new business but, in the interim, the division’s earnings will be adversely impacted by volatility in the Australian dollar and hide costs.

“SFC anticipates that earnings in the 2008 financial year will be biased toward the second half,” Mr Schaffer added.

SFC’s Board presently intends to maintain dividends for the 2008 financial year at $0.50 per share.

Key dates in relation to SFC’s final dividend are as follows:

• SFC’s shares commence trading ex-dividend	9 September 2007
• Record date for final dividend	13 September 2007
• Payment of dividend	18 September 2007

For further information, please contact:

Mr John Schaffer
Chairman
Schaffer Corporation Ltd
+61 8 9482 1201

Mr Geoff Davieson
Chief Financial Officer
Schaffer Corporation Ltd
+61 8 9483 1202

APPENDIX 4E

Preliminary final report

1. Name of entity

SCHAFFER CORPORATION LIMITED

ABN	Financial year ended ('current period')
008 675 689	**30 JUNE 2007**
	Previous corresponding period
	30 JUNE 2006

2. For announcement to the market

Results for announcement to the market: .

					$'000
2.1	Revenues from ordinary activities	up	2%	to	147,658
2.2	Net profit for the period attributable to members	up	26%	to	10,252

2.3	**Dividends (see section 6)**	Amount per security	Franked amount per security
	Final – Ordinary Dividend	25¢	25¢
	Interim – Ordinary Dividend	25¢	25¢
2.4	Record date for determining entitlements to the dividend	13 SEPTEMBER 2007	

3. Condensed Consolidated Income Statement

	Notes	**2007 $'000**	2006 $'000
Continuing Operations			
Revenue			
Sale of goods		**143,771**	141,397
Rental income	1(a)	**3,720**	3,424
Finance income	1(b)	**164**	511
Dividends		**3**	3
Revenue		**147,658**	145,335
Cost of sales and other directly attributable costs		**(112,130)**	(111,124)
Gross profit		**35,528**	34,211
Rental property expenses	1(a)	**(2,050)**	(1,744)
Other income	1(c)	**2,035**	978
Marketing expenses		**(5,025)**	(4,737)
Administrative expenses		**(11,195)**	(12,347)
Profit from continuing operations before tax and finance costs		**19,293**	16,361
Finance costs	1(b)	**(4,514)**	(3,934)
Profit before income tax		**14,779**	12,427
Income tax expense		**(4,140)**	(3,997)
Net profit for the period		**10,639**	8,430
Profit attributable to minority interest		**(387)**	(286)
Profit attributable to members of the parent		**10,252**	8,144
Earnings per share (cents per share)			
- basic for profit for the year attributable to ordinary equity holders of the parent		**72.7**	57.8
- diluted for profit for the year attributable to ordinary equity holders of the parent		**72.7**	57.8
Dividends per share (cents per share)		**50.0**	50.0

The income statement should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Income Statement

NOTE 1 **REVENUES AND EXPENSES**	**2007** **$'000**	2006 $'000
Revenue and expenses from continuing operations		
(a) Net rental income		
Rent received from		
- other persons/corporations	**3,720**	3,424
	3,720	3,424
Rental property expenses	**(2,050)**	(1,744)
Net rental income	**1,670**	1,680
(b) Finance (costs)/income		
Bank and other loans and overdrafts – interest	**(4,483)**	(3,916)
Finance charges payable under finance leases	**(31)**	(18)
Total finance costs	**(4,514)**	(3,934)
Bank interest received	**164**	511
Total finance income	**164**	511
(c) Other income		
(Loss)/gain on sale of property, plant and equipment	**(23)**	4
Gain on sale of available-for-sale financial assets	**272**	10
Net foreign currency gain	**1,583**	489
Government grants	**-**	348
Profit on disposal of controlled entity	**-**	37
Other	**203**	90
	2,035	978
(d) Depreciation and amortisation included in income statement		
Included in cost of sales:		
Depreciation	**3,972**	4,493
Included in rental property expenses		
Depreciation	**415**	405
Included in marketing and administrative expenses:		
Depreciation	**373**	336
	4,760	5,234
(e) Lease payments included in income statement		
Included in cost of sales:		
Minimum lease payments – operating lease	**1,226**	1,228
Included in marketing and administrative expenses:		
Minimum lease payments – operating lease	**702**	723
	1,928	1,951

NOTE 1
REVENUES AND EXPENSES (continued)

	2007 $'000	2006 $'000
(f) Employee benefit expense		
Wages and salaries	**32,265**	30,023
Long service leave provisions	**395**	110
Worker's compensation costs	**1,147**	798
Superannuation costs	**2,863**	2,786
Expense of share-based payments	**79**	80
	36,749	33,797

	2007 $'000	2006 $'000
(g) Other expenses included in cost of sales		
Research	**1,200**	800
Stock write down to net realisable value	**-**	858
Redundancy expenses	**-**	1,299

4. Condensed Consolidated Balance Sheet

	Note	**2007 $'000**	2006 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**9,537**	13,596
Trade and other receivables		**28,158**	26,004
Inventories		**38,917**	38,243
Prepayments		**619**	1,076
Available-for-sale financial assets		**103**	304
TOTAL CURRENT ASSETS		**77,334**	79,223
NON CURRENT ASSETS			
Property, plant and equipment		**48,382**	37,124
Investment properties		**17,353**	15,035
Deferred income tax asset		**585**	428
Goodwill		**1,299**	1,299
TOTAL NON CURRENT ASSETS		**67,619**	53,886
TOTAL ASSETS		**144,953**	133,109
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**18,725**	16,710
Interest bearing loans and borrowings		**3,686**	1,519
Income tax payable		**1,477**	1,825
Provisions		**4,383**	4,403
TOTAL CURRENT LIABILITIES		**28,271**	24,457
NON CURRENT LIABILITIES			
Interest bearing loans and borrowings		**61,563**	56,485
Deferred income tax liabilities		**734**	249
Provisions		**1,265**	1,812
TOTAL NON CURRENT LIABILITIES		**63,562**	58,546
TOTAL LIABILITIES		**91,833**	83,003
NET ASSETS		**53,120**	50,106
EQUITY			
Equity attributable to equity holders of the parent			
Issued Capital		**17,034**	17,034
Reserves		**2,476**	2,976
Retained earnings	8	**29,583**	26,388
Total parent entity interest in equity		**49,093**	46,398
Minority interests		**4,027**	3,708
TOTAL EQUITY		**53,120**	50,106

The balance sheet should be read in conjunction with the accompanying notes.

5.1 Condensed Consolidated Cash Flow Statement

	Notes	**2007 $'000**	2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**152,414**	153,060
Payments to suppliers and employees		**(127,768)**	(129,203)
Other revenue		**203**	90
Government scheme income		**-**	348
Interest paid		**(4,514)**	(3,934)
Income taxes paid		**(4,166)**	(2,946)
Goods and services tax refunded/(paid)		**(1,113)**	(496)
Research and development expenditure		**(1,200)**	(800)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5.3	**13,856**	16,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		**164**	511
Acquisition of property, plant and equipment		**(8,031)**	(2,798)
Proceeds on sale of property, plant and equipment		**542**	13
Acquisition of business		**(7,420)**	-
Acquisition of investment properties		**(2,731)**	(1,683)
Net cash impact on disposal of controlled entity		**-**	37
Proceeds on disposal/(purchases) of available-for-sale investments		**340**	(30)
Dividends received		**3**	3
Deposits paid		**-**	(352)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(17,133)**	(4,299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease principal payments		**(209)**	(176)
Dividends paid		**(7,057)**	(12,315)
Proceeds from borrowings		**9,584**	4,502
Repayment of borrowings		**(3,100)**	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(782)**	(7,989)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		**(4,059)**	3,831
Cash and cash equivalents at the beginning of the year		**13,596**	9,765
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	5.4	**9,537**	13,596

The cash flow statement should be read in conjunction with the accompanying notes

5.2 Statement of Changes in Equity for the year ended 30 June 2007

	Attributable to Equity Holders of the Parent				Minority Interest	Total Equity
	Issued Capital $'000	Retained Earnings $'000	Other reserves $'000	Total $'000	$'000	$'000
At 1 July 2005	17,034	30,222	2,820	50,076	3,759	53,835
Transitional adjustment for AASB 132 and 139	-	-	6	6	-	6
Unrealised gain on available-for-sale investments net of tax	-	-	121	121	-	121
Foreign currency translation reserve	-	-	(51)	(51)	-	(51)
Total income recognised directly in equity	-	-	76	76	-	76
Profit for the year	-	8,144	-	8,144	286	8,430
Total income for the year	-	8,144	76	8,220	286	8,506
Cost of share-based payments	-	-	80	80	-	80
Equity dividends	-	(11,978)	-	(11,978)	(337)	(12,315)
At 30 June 2006	17,034	26,388	2,976	46,398	3,708	50,106
1 July 2006						
Unrealised gain on available-for-sale investments net of tax	-	-	34	34	-	34
Transfer out of realised gain on available-for-sale investments net of tax	-	-	(127)	(127)	-	(127)
Foreign currency translation reserve	-	-	(367)	(367)	-	(367)
Total expense recognised directly in equity	-	-	(460)	(460)	-	(460)
Profit for the year	-	10,252	-	10,252	387	10,639
Total income for the year	-	10,252	(460)	9,792	387	10,179
Cost of share-based payments	-	-	79	79	-	79
Settlement of employee participation units	-	-	(119)	(119)	(68)	(187)
Equity dividends	-	(7,057)	-	(7,057)	-	(7,057)
At 30 June 2007	17,034	29,583	2,476	49,093	4,027	53,120

The 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

CASH AND CASH EQUIVALENTS	**2007 $'000**	2006 $'000
Net profit	**10,639**	8,430
Adjustment for -		
Depreciation and amortisation	**4,760**	5,234
Interest received	**(164)**	(511)
Dividends received	**(3)**	(3)
Share-based payments expense	**(40)**	80
Provision for employee entitlements	**(567)**	(265)
Loss/(profit) on sale of property, plant & equipment	**23**	(4)
Realised gain on available-for-sale investments	**(272)**	(10)
Profit on sale of shares in partly owned controlled entities	**-**	(37)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(2,092)**	1,875
(Increase) in inventories	**(674)**	(3,136)
Increase in trade and other payables	**2,161**	3,286
(Decrease)/increase in income tax payable	**(348)**	612
(Decrease)/increase in deferred income tax liabilities	**485**	(63)
(Increase)/decrease in deferred income tax asset	**(157)**	487
(Increase)/decrease in prepayments	**105**	144
Net cash flows from operating activities	**13,856**	16,119

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	9,537	13,596
Bank overdraft	-	-
Total cash at end of period	**9,537**	13,596

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.

$970,000 (2006 - $218,000) for plant acquired under finance lease

5.6 Financing facilities available

The consolidated entity has bank facilities available to the extent of $56,556,000 (2006 - $52,480,000). The unutilised facility for the consolidated entity at balance date was $28,523,000 (2006 - $31,762,000)

5.7 Acquisition of controlled entity

There were no controlled entities acquired however a business was acquired as described in note 5.8.

5.8 Business combinations

On 5 July 2006 Schaffer Corporation Limited acquired the business of Limestone Resources Australia Pty. Ltd., a producer of natural and reconstituted limestone building products.

The total cost of the combination was $7,670,000.00

The fair value of identifiable assets and liabilities at the date of acquisition are:

	CONSOLIDATED Recognised on Acquisition $'000
Quarry Resources	4,500
Freehold land and buildings	1,150
Plant and leasehold improvements	1,232
Motor vehicles	856
Deferred tax asset	93
Inventories	150
	7,981
Employee entitlements reimbursement	(311)
Fair value of identifiable net assets	7,670
Cost of combination:	
Cash paid	7,670
The cash outflow on acquisition is as follows:	
Deposit paid year ended 30 June 2006	250
Cash paid in current period	7,420
Net cash outflow	7,670

It is impractical to disclose carrying value prior to acquisition as information was not available.

From the date of acquisition the limestone business contributed $259,000 to the net after tax profit of the group.

6.1 Dividends

Date the dividend is payable	18 SEPTEMBER 2007
Record date to determine entitlements to the dividend (ie, on the basis of security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules - securities are CHESS approved)	13 SEPTEMBER 2007
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	25¢	25¢
Previous year	25¢	25¢
Final special dividend:		
Current year	-	-
Previous year	-	-
Interim dividend:		
Current year	25¢	25¢
Previous year	25¢	25¢
Interim special dividend:		
Current year	-	-
Previous year	-	-

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

	Current year	Previous year
Ordinary securities	50¢	50¢
Preference securities	-	-

6.4 Preliminary final report – dividend on all securities

		Current period $'000	Previous corresponding period $'000
Ordinary securities -	Final	3,529	3,523
	- Interim	3,528	3,523
Preference securities			
Other equity instruments			
Total		**7,057**	**7,046**

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	26,388	30,222
Transfers from reserves	-	-
Net profit attributable to members	10,252	8,144
Dividends and other equity distributions paid or payable	(7,057)	(11,978)
Retained profits at end of financial period	**29,583**	**26,388**

9. NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$3.39	$3.20

10. Control gained/lost over entities having material effect

Not applicable

11. Other significant information

All significant information is disclosed in this Appendix 4E and the attached press release.

12. Foreign entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

Not applicable

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: Earnings Per Share* are as follows.	Current year $'000	Previous corresponding year $'000
The following reflects the income and share data used in the calculation of basic and diluted EPS:		
Basic Earnings	10,252	8,144
Diluted Earnings	10,252	8,144
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	14,109,572	14,091,935
Weighted average number of ordinary shares used in the calculation of diluted EPS	14,109,572	14,091,935
Basic EPS	$0.73	$0.58
Diluted EPS	$0.73	$0.58

13.2 Segment reporting

See attached

14. Significant events after balance date

On 31 Jul 2007 Schaffer Corporation Limited purchased Archistone Pty. Ltd. a limestone building product producer for a cash consideration of $6,200,000.

On 6 August 2007 Schaffer Corporation Limited disposed of its interest in the Queens Road Joint Venture for a consideration of $1,600,000.

The company will pay a fully franked final dividend of 25¢ per share on 18 September 2007.

15. Status of audit or review

This report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	☐	The accounts have been subject to review.
☑	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* 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

Sign here: ………………………………………………………………. Date: 22 AUGUST 2007
Company Secretary

Print Name: GEOFFREY VICTOR DAVIESON

SCHEDULE ACCOMPANYING APPENDIX 4E PRELIMINARY FINAL REPORT

SCHAFFER CORPORATION LIMITED

(ACN 008 675 689)

FOR THE YEAR ENDED 30 JUNE 2007

REPORT FOR INDUSTRY SEGMENTS

	LEATHER		BUILDING PRODUCTS		INVESTMENT PROPERTY		OTHER INVESTMENTS		CONSOLIDATED	
	2007 $000	2006 $000	2007 $000	2006 $000	2007 $000	2006 $000	2007 $000	2006 $000	2007 $000	2006 $000
Total Revenue from Ordinary Activities	84,435	98,111	55,144	39,043	4,611	4,236	3,468	3,945	147,658	145,335
Unallocated Revenue									-	-
Total Revenue									147,658	145,335
Segment Earnings	5,986	4,829	8,665	6,586	1,936	1,928	2,090	2,001	18,677	15,344
Interest and Corporate Overheads									(3,898)	(2,917)
Operating Profit Before Income Tax									14,779	12,427
Income Tax Expense									(4,140)	(3,997)
Net Profit After Tax									10,639	8,430
Segment Assets	71,138	73,821	38,875	22,092	17,838	15,930	16,387	20,388	144,238	132,231
Unallocated Assets									715	878
Total Assets									144,953	133,109
Segment Liabilities	54,073	55,896	12,912	5,600	21,003	17,342	1,609	2,098	89,597	80,936
Unallocated Liabilities									2,236	2,067
Total Liabilities									91,833	83,003