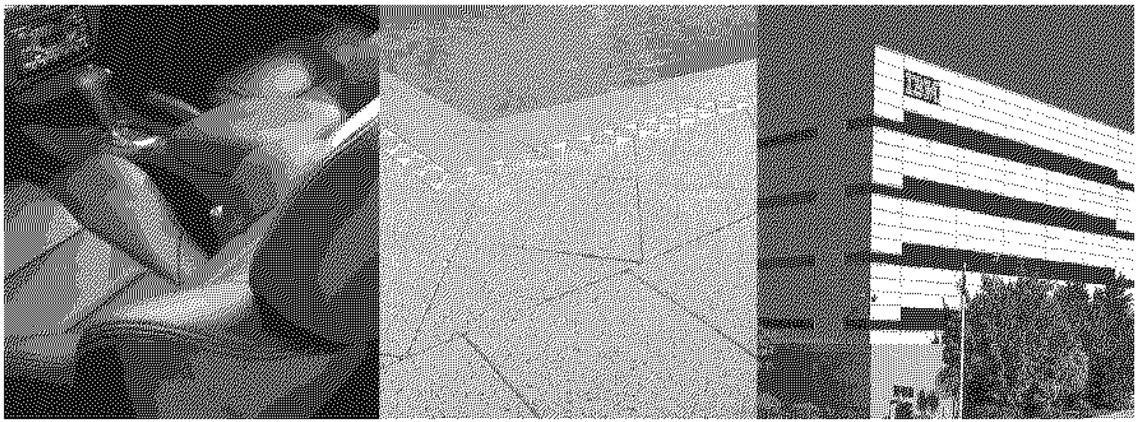
Schaffer Corporation Limited

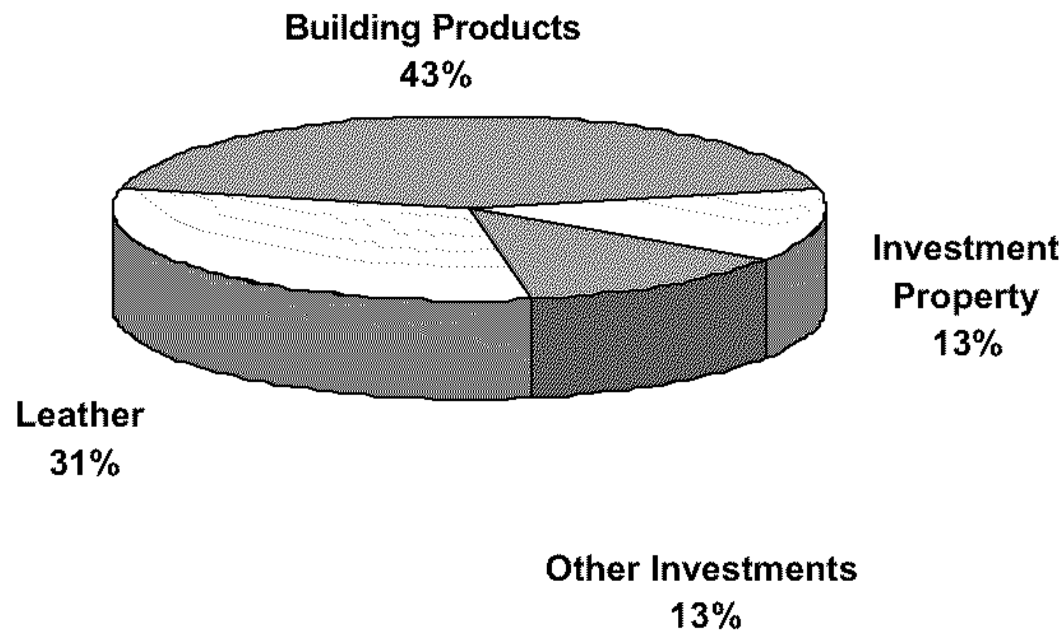


Full Year Results – Jun 2006

Performance Summary

	2004/05	2005/06
Revenue (A$m)	145	**145**
Net Profit (A$m): Headline Net Profit (A$m): Excluding investment property disposals	9.4 8.7	**8.1** **8.1**
EPS: Excluding investment property disposals	$0.62	**$0.58**
ROCE: Excluding investment property disposals	16%	**16%**
EBITDA (A$m)	21.6	**21.1**
Cash Flow from Operating Activities (A$m)	(1.5)	**16.2**
Cash Reserves	12.7	**13.6**
Net Interest Cover (EBIT)	5.9	**4.6**
Net Debt/Equity	81%	**89%**
Ordinary Dividend	$0.75	**$0.50**

Jun 2006 EBIT Contribution



- Return on Capital Employed – 16%

Operations – Leather (ALH)

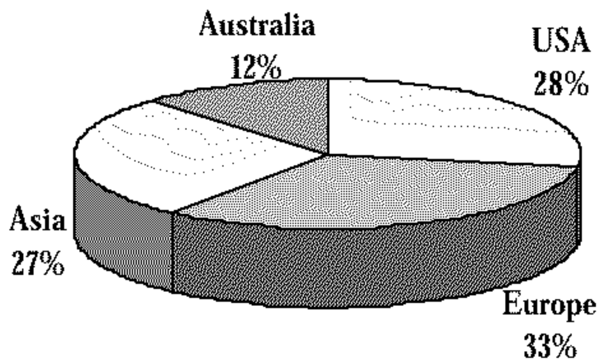
(A$m)	**2004/05**	**2005/06**
Automotive Revenue	98	**91**
Furniture Revenue	9	**7**
Automotive EBIT	8.3	**6.2**
ALH EBIT	8.3	**4.8**

- Automotive revenue.
    - European volume increased with Land Rover ramp up; despite BMW loss
    - Asian Volume increased; remains well down on pre-suspension peak
    - Lower North American demand

- ALH EBIT lower than FY2005 - impacted by:
    - Redundancy expense $1.3m;
    - Gosh closure expenses $1.0m;
    - Further margin compression – cost cutting programs at OEM level;
    - *Currency - A$:$Euro 61.4 (pcp: 59.2) A$:US$ 74.8 (pcp:75.2);*

- Foreign Exchange EBIT impact:
    - $Euro revenue: approx $400k for every 1¢ appreciation in $A
    - $US revenue: approx $250k per 1¢ appreciation in $A

Howe Sales by Region



- Asian OEM's impact on North America market
- Europe and Asia grew as % of total sales
- New cutting plants have strengthened Howe's position in the Europe and Asian markets
- Howe's sales focus is on growth opportunities in the European and Chinese markets.

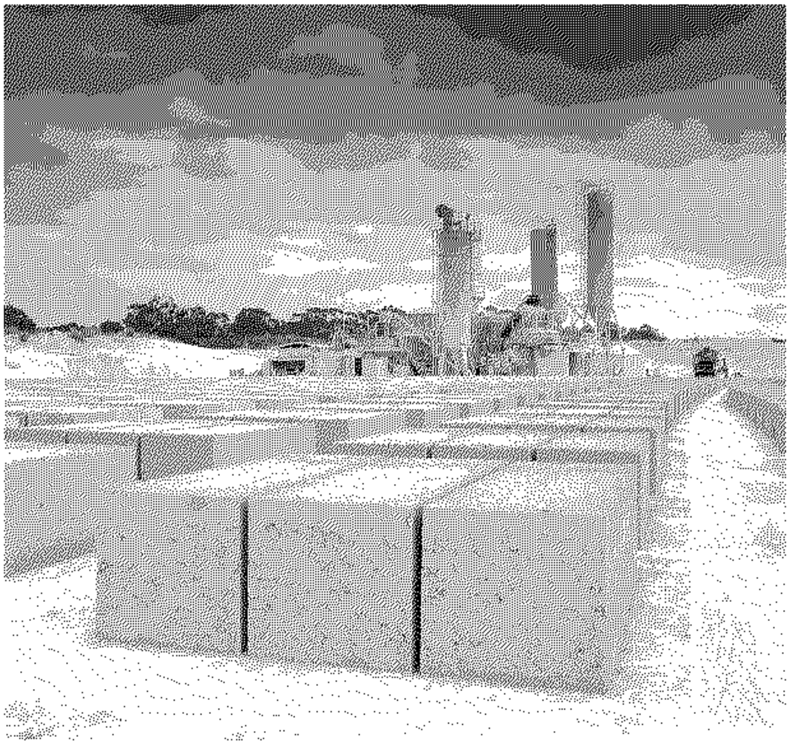
Competitive Advantages

- Access to a consistent supply of raw materials:
- Modern, global scale facilities:
- New cutting plants in low cost zones
- Quality Culture and accreditation:
- Established Global Customer Base:
    - Supplying GM, Ford, Audi, Land Rover, Mazda & Toyota

Building Products

- **UrbanStone**
  - Premium paving products
  - national distribution network
- **Delta**
  - pre-cast and pre-stressed products
  - W.A. construction market

Building Products (continued)



- **Limestone Resources (Jul-06)**
  - Largest WA producer of limestone products;
  - Large limestone reserves;
  - Complementary to UrbanStone;
  - Distribution potential through UrbanStone's national sales network
  - Services the
    - Commercial market
    - Residential market
    - Land Subdivision market

Building Products Performance

(A$m)	**2004/05**	**2005/06**
Sales	28.8	**39.0**
EBIT	2.9	6.6

- Significantly improved performance
- Driven by commercial and infrastructure projects
- Acquisition expected to add $12m to $14m per annum; but at lower margins than UrbanStone/Delta.
- New 4,800m^2 prestige showroom (UrbanStone & Limestone Resources display)

Building Products – Competitive Advantages

- UrbanStone
  - plant design and flexibility
  - cost control culture
  - National distribution network
  - premium brand
  - Market leading product innovation
- Delta
  - Cost efficient product
  - Available capacity;
  - Strong industry relationships and distribution

Building Products – Competitive Advantages

- Limestone Resources
  - Strong brand recognition
  - Unique product range
  - Working quarries - vast reserves and longstanding (EPA/CALM) approvals
  - Quarries are conveniently and well located; and
  - Leverage off the UrbanStone national distribution network

Property

- JV interests in 7 properties
  - Valued at approximately $32.5m; Debt: $16.2m. $14.9m in unrealised capital gains.
  - Leasing activities: $2.0m of EBIT and $1.1m of cash.

- Mindarie
  - H2 EBIT contribution $1.8m (v $0.1m in H1); H2 stock releases were met with higher than expected demand;
  - Anticipate at least $3.0m of EBIT and $4.0m cash over the next two years.

- SFC may consider further property acquisitions.

Jun 06 Debt Position

	Recourse	Non-Recourse	Total
Operating Businesses	**0.3**	**40.0**	**40.4**
Property	**1.6**	**16.0**	**17.6**
Group Debt	**1.9**	**56.1**	**58.0**
Cash on Deposit			**13.6**
Net Debt			**44.4**

- The ALH Subordinated Debt and the Investment Property Debt are effectively “structural” debt.
- ALH subordinated non-recourse debt facility - $38.7m;
- 30-Jun-06 Group undrawn facilities - $25m.

Cash Flow

(A$m)	2004/05	2005/06
EBITDA	21.6	21.1
Net Interest Paid	(2.8)	(3.4)
Tax Paid	(6.1)	(2.9)
ALH Change in Trade Working Capital	(8.5)	3.7
Other Changes in Working Capital	(2.1)	(2.3)
Other	0.9	(0.1)
Total Cash Generated	**3.0**	**16.1**
Debt Reduction	(1.7)	(1.6)
Capital Expenditure	4.8	4.5
Divestments	(4.4)	0.0
Dividends Paid	20.1	12.3
Increase/(Decrease) in Cash on deposit	(15.8)	0.9
Total Cash Applied	**3.0**	**16.1**

Outlook – Earnings

- **Automotive Leather**:
  - Outlook subdued:
    - Supplier overcapacity
    - Rising hide prices
    - Aggressive pricing climate across the global automotive market.
  - Margins consistently under pressure
  - North America will continue to be difficult
  - Focus on growth opportunities in the European and Asian markets.
  - Significant progress in repositioning business - new cutting plants
  - The Slovakia and China curing plants provided local presence and a growth platform
  - Howe remains internationally competitive

Outlook – Earnings (continued)

- **Building Products**
  - Project timing expected to reduce H1 revenue for Delta & UrbanStone
  - Limestone Resources
    - $12m-$14m pa of additional revenue (at lower margins than UrbanStone/Delta).
    - $1m to $2m of CapEx for efficiency and capacity gains.

- **Investment Property**
  - Solid returns from leasing activities.

- **Mindarie**
  - Staging issues to (again) affect H1 contribution.
  - Earnings should be biased to H2.

- **At Group Level**
  - Expect H1 result will not be less than the $3.6 million NPAT achieved for the pcp to 31-Dec-05

Outlook – Dividends

- SFC to pay 25¢/share fully franked final dividend
  - Ex Dividend date: 8 September 2006
  - Payment date: 19 September 2006

  Totaling 50¢/share in fully franked dividends in for FY2005/06

- SFC intends to maintain a relatively high ordinary dividend payout ratio of at least 75%.

Summary

- Financial and operating performance in line with expectations;
- Business repositioning has Howe well placed for medium term growth;
- New acquisition to drive Building Products revenue with CapEx to improve efficiency and capacity;
- Expect H1 performance to be no less than pcp;
- Corporate Objective: to provide strong dividend returns for shareholders;