

Appendix 4E

Preliminary final report

1. Name of entity

SCHAFFER CORPORATION LIMITED

ACN

008 675 689

Financial year ended ('current period')

30 JUNE 2024

Previous corresponding period

30 JUNE 2023

2. Results for announcement to the market

2.1	Revenues from continuing operations	up	23%	to	226,227	<i>\$'000</i>	
2.2	Net profit for the period attributable to members	up	99%	to	27,051		
2.3	Dividends (see note 7)		Amount per security		Franked amount per security		
	Final – Ordinary Dividend		45¢		45¢		
	Interim – Ordinary Dividend		45¢		45¢		
	Total		90¢		90¢		
2.4	Record date for determining entitlements to the dividend		6 September 2024				

3. Consolidated Statement of Comprehensive Income for the year ended 30 June 2024

	Note	Consolidated	
		2024 \$'000	2023 \$'000
Revenue			
Revenue from contracts with customers	3.1	216,158	173,990
Rental income	3.2(a)	7,045	6,748
Dividends and distributions		1,698	1,745
Finance income	3.2(b)	1,326	1,155
Total revenue		226,227	183,638
Cost of sales and services rendered		(170,173)	(138,802)
Rental property expenses	3.2(a)	(3,664)	(3,684)
Gross profit		52,390	41,152
Share of profit in equity accounted investee		383	(805)
Other income/(losses)	3.2(c)	8,752	(492)
Marketing expenses		(541)	(612)
Administrative expenses		(14,475)	(13,270)
Profit before tax and finance costs		46,509	25,973
Finance costs	3.2(b)	(3,669)	(3,100)
Profit before income tax		42,840	22,873
Income tax expense		(12,470)	(6,481)
Net profit for the period		30,370	16,392
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain attributable to parent		(133)	1,484
Items that may not be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain attributable to non-controlling interest		(33)	214
Other comprehensive income for the period, net of tax		(166)	1,698
Total comprehensive income for the period		30,204	18,090
Profit for the period is attributable to:			
Non-controlling interest		3,319	2,799
Owners of the parent		27,051	13,593
		30,370	16,392
Total comprehensive income for the period attributable to:			
Non-controlling interest		3,286	3,013
Owners of the parent		26,918	15,077
		30,204	18,090
Earnings per share (EPS)			
Basic EPS	9	198.7 ¢	99.8 ¢
Diluted EPS	9	198.5 ¢	99.6 ¢
Dividends paid per share	7.2	90.0 ¢	90.0 ¢

The above Consolidated Statement of Comprehensive Income should be read with the accompanying notes.

3.1 Consolidated revenue from Contracts with Customers

Segments	For the year ended 30 June 2024			
	Automotive Leather	Group Investments	Building Materials	Total
Type of goods or service	\$000's	\$000's	\$000's	\$000's
Sale of automotive leather components	181,930	-	-	181,930
Sale of land	-	1,958	-	1,958
Construction services	-	-	26,186	26,186
Transport income	-	-	4,834	4,834
Sale of goods - hospitality business	-	1,250	-	1,250
Total revenue from contracts with customers	181,930	3,208	31,020	216,158
Geographical Markets				
Europe	157,372	-	-	157,372
Asia	24,558	-	-	24,558
Australia	-	3,208	31,020	34,228
Total revenue from contracts with customers	181,930	3,208	31,020	216,158
Timing of revenue recognition				
Goods transferred at a point in time	181,930	3,208	-	185,138
Services transferred over time	-	-	31,020	31,020
Total revenue from contracts with customers	181,930	3,208	31,020	216,158
Relating to prior period performance	-	-	-	-
Relating to current period performance	181,930	3,208	31,020	216,158
Total revenue from contracts with customers	181,930	3,208	31,020	216,158

Segments	For the year ended 30 June 2023			
	Automotive Leather	Group Investments	Building Materials	Total
Type of goods or service	\$000's	\$000's	\$000's	\$000's
Sale of automotive leather components	142,738	-	-	142,738
Sale of land	-	1,363	-	1,363
Construction services	-	-	26,470	26,470
Transport income	-	-	2,228	2,228
Sale of goods - hospitality business	-	1,191	-	1,191
Total revenue from contracts with customers	142,738	2,554	28,698	173,990
Geographical markets				
Europe	111,824	-	-	111,824
Asia	30,914	-	-	30,914
Australia	-	2,554	28,698	31,252
Total revenue from contracts with customers	142,738	2,554	28,698	173,990
Timing of revenue recognition				
Goods transferred at a point in time	142,738	2,554	-	145,292
Services transferred over time	-	-	28,698	28,698
Total revenue from contracts with customers	142,738	2,554	28,698	173,990
Relating to prior period performance	-	-	-	-
Relating to current period performance	142,738	2,554	28,698	173,990
Total revenue from contracts with customers	142,738	2,554	28,698	173,990

3.2 Significant Other Income and Expenses

	Consolidated	
	June 2024 \$'000	June 2023 \$'000
(a) Net rental income		
Rental property income	7,045	6,748
Rental property expenses	(3,664)	(3,684)
Net rental income	3,381	3,064
(b) Finance (costs)/income		
Interest on loans	(3,030)	(2,678)
Interest on leases	(639)	(422)
Total finance costs	(3,669)	(3,100)
Interest on cash and term deposits	1,326	1,155
Total finance income	1,326	1,155
(c) Other income/(losses)		
Net gain on investment property at fair value through profit or loss	13,376	115
Net (loss)/gain on financial assets at fair value through profit or loss	(3,282)	356
Net loss on financial liabilities at fair value through profit or loss	(600)	(610)
Net (loss)/gain on disposal of property, plant, and equipment	(53)	16
Government subsidies	31	268
Net (loss)/gain on derivatives	(319)	318
Foreign currency losses	(1,372)	(4,441)
Foreign currency gains	971	3,486
Total other income/(losses)	8,752	(492)
(d) Depreciation, amortisation, and impairment included in the consolidated statement of comprehensive income		
Depreciation included in:		
Cost of sales	8,356	7,913
Marketing and administrative expenses	79	72
Total depreciation	8,435	7,985
(e) Employee benefit expense included in the consolidated statement of comprehensive income		
Cost of sales	40,095	33,782
Marketing and administrative expenses	6,377	5,337
Total employee benefits expense	46,472	39,119
Employment benefits expense comprises:		
Wages, salaries, and bonuses	45,205	37,387
Post-employment benefits provisions (decrease)/increase	(377)	281
Long service leave provision	197	(33)
Worker's compensation costs	309	299
Superannuation costs	1,138	1,138
Share-based payments expense	-	47
Total employee benefits expense	46,472	39,119

4. Consolidated Statement of Financial Position as at 30 June 2024

		Consolidated	
		June 2024	June 2023
		\$'000	\$'000
ASSETS	Note		
Current assets			
Cash and cash equivalents	6.1	31,183	28,324
Cash and cash equivalents - controlled funds	6.1, 15	6,421	10,802
Trade and other receivables		31,981	35,808
Current tax assets		381	-
Inventories		44,861	58,715
Contract assets		6,601	1,737
Prepayments and deposits		4,549	4,296
Financial assets at fair value through profit or loss		18,741	11,535
Other financial assets		1,070	1,966
Total current assets		145,788	153,183
Non-current assets			
Inventories		878	781
Contract assets		2,389	2,220
Financial assets at fair value through profit or loss		44,140	48,803
Other financial assets		1,638	1,749
Property, plant and equipment		19,162	17,535
Investment property		159,027	140,458
Right of use assets		30,742	32,512
Equity accounted investments		7,849	7,834
Deferred income tax asset		5,155	5,251
Goodwill		1,299	1,299
Total non-current assets		272,279	258,442
Total assets		418,067	411,625
LIABILITIES			
Current liabilities			
Trade and other payables		25,329	21,333
Contract liabilities		1,870	1,348
Interest-bearing loans and borrowings		14,765	21,101
Lease liabilities		6,423	6,701
Financial liabilities at fair value through profit or loss		11,530	12,157
Current tax liabilities		148	1,625
Provisions		10,025	9,742
Total current liabilities		70,090	74,007
Non-current liabilities			
Interest-bearing loans and borrowings		44,722	50,297
Lease liabilities		19,284	20,047
Deferred income tax liabilities		33,577	29,647
Provisions		12,242	12,695
Total non-current liabilities		109,825	112,686
Total liabilities		179,915	186,693
Net assets		238,152	224,932
Equity			
Equity attributable to equity holders of the parent			
Issued capital		9,781	9,921
Reserves		4,793	4,926
Retained earnings		210,036	195,201
Total parent entity interest in equity		224,610	210,048
Non-controlling interests		13,542	14,884
Total equity		238,152	224,932

The above Consolidated Statement of Financial Position should be read with the accompanying notes.

5. Consolidated Statement of Changes in Equity for the year ended 30 June 2024

	Attributable to Equity Holders of the Parent					Total	Non-controlling interests	Total equity
	Issued Capital	Retained Earnings	Reserves					
			Asset revaluation reserve	Share-based payments	Foreign Currency Translation reserve			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 July 2023	9,921	195,201	2,585	(589)	2,930	210,048	14,884	224,932
Profit for the year	-	27,051	-	-	-	27,051	3,319	30,370
Other comprehensive income	-	-	-	-	(133)	(133)	(33)	(166)
Total comprehensive income for the year	-	27,051	-	-	(133)	26,918	3,286	30,204
Transactions with owners in their capacity as owners:								
Shares acquired under buy-back scheme	(316)	-	-	-	-	(316)	-	(316)
Employee share options exercised	176	-	-	-	-	176	-	176
Share-based payments	-	-	-	-	-	-	-	-
Equity dividends	-	(12,216)	-	-	-	(12,216)	(4,628)	(16,844)
At 30 June 2024	9,781	210,036	2,585	(589)	2,797	224,610	13,542	238,152
At 1 July 2022	10,590	193,866	2,585	(636)	1,446	207,851	13,133	220,984
Profit for the year	-	13,594	-	-	-	13,594	2,798	16,392
Other comprehensive income	-	-	-	-	1,484	1,484	214	1,698
Total comprehensive income for the year	-	13,594	-	-	1,484	15,078	3,012	18,090
Transactions with owners in their capacity as owners:								
Shares acquired under buy-back scheme	(695)	-	-	-	-	(695)	-	(695)
Employee share options exercised	26	-	-	-	-	26	-	26
Share-based payments	-	-	-	47	-	47	-	47
Equity dividends	-	(12,259)	-	-	-	(12,259)	(1,261)	(13,520)
At 30 June 2023	9,921	195,201	2,585	(589)	2,930	210,048	14,884	224,932

6. Consolidated Statement of Cash Flows for the year ended 30 June 2024

	Note	Consolidated	
		2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers		223,909	174,538
Payments to suppliers and employees		(171,845)	(165,842)
Interest received		1,158	1,043
Dividends and distributions received		1,554	1,625
Other revenue received		6,667	6,364
Government subsidies		65	288
Interest paid		(3,596)	(3,564)
Income taxes paid		(9,690)	(7,663)
Goods and services tax paid		(502)	(848)
Net cash flows from operating activities		47,720	5,941
Cash flows from investing activities			
Investments in term deposits		(180)	(175)
Proceeds on maturity of term deposits		175	-
Acquisition of property, plant and equipment		(3,499)	(7,093)
Proceeds on sale of property, plant and equipment		49	348
Improvements to investment properties		(5,192)	(11,968)
Acquisition of non-current financial assets at fair value through profit or loss		(4,164)	(6,715)
Proceeds on disposal of non-current financial assets at fair value through profit or loss		176	1,833
Capital returns from financial assets at fair value through profit or loss		3,038	1,234
Acquisition of non-current financial assets at amortised cost		(89)	(405)
Disposal of financial assets at amortised cost – loans receivable		-	584
Settlement of derivative financial instruments		345	-
Acquisition of current financial assets at fair value through profit or loss - controlled funds		(19,939)	(41,255)
Proceeds on disposal of current financial assets at fair value - controlled funds		12,648	33,793
Net cash flows used in investing activities		(16,632)	(29,819)
Cash flows from financing activities			
Proceeds from borrowings		-	31,426
Repayment of borrowings		(11,911)	-
Lease principal repayments		(6,767)	(6,099)
Lease principal receipts		476	4,508
Dividends paid		(16,814)	(13,497)
Shares acquired under share buy-back scheme		(316)	(695)
Proceeds from exercise of employee share options		176	26
Application funds received from investors in controlled equity funds		1,447	2,299
Net cash flows (used in)/from financing activities		(33,709)	17,968
Net decrease in cash and cash equivalents		(2,621)	(5,910)
Net foreign exchange differences		1,099	1,051
Cash and cash equivalents at the beginning of the period		39,126	43,985
Cash and cash equivalents at the end of the period	6.1	37,604	39,126

The above Consolidated Statement of Cash Flows should be read with the accompanying notes.

6.1 Reconciliation of cash

	Consolidated	
	June 2024 \$'000	June 2023 \$'000
Cash balance comprises:		
Cash at bank and on hand	31,183	28,324
Cash at bank and on hand - controlled funds (i)	6,421	10,802
Closing cash balance per consolidated statement of cash flows	37,604	39,126

- (i) The Group controls and manages equity investment funds. The cash held by the funds is to be applied by the fund manager to purchase assets following the funds' mandates.

6.2 Non-cash financing and investing activities

Details of financing and investing transactions that have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

\$Nil (2023 - \$Nil)

6.3 Financing facilities available

The consolidated entity had financing facilities available at the balance date of \$98,000,000 (2023 - \$92,105,000). The unutilised facility for the consolidated entity at the balance date was \$26,755,000 (2023 \$7,733,000).

7. Dividends

Date the dividend is payable

20 September 2024

Record date to determine entitlement to the dividend (i.e. based on security holding balances established by 5:00pm or such later time permitted by SCH Business Rules – securities are CHES approved).

6 September 2024

If it is a final dividend, has it been declared?

YES

7.1 Dividends paid

	Consolidated	
	June 2024 \$'000	June 2023 \$'000
Dividends paid		
Final 2023 dividend paid in September	6,110	6,130
Per share (¢)	45	45
Interim 2024 dividend paid in March	6,106	6,129
Per share (¢)	45	45
Fully franked dividends paid by the parent	12,216	12,259
Fully franked dividend paid by controlled entities to minority shareholders	4,628	1,262
Total fully franked dividends paid	16,844	13,521

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

	Current year	Previous year
Ordinary securities	90¢	90¢
Preference securities	-	-

7.3 Dividend Plans

The company does not have a dividend reinvestment plan.

8. Consolidated retained profits

	Consolidated	
	June 2024 \$'000	June 2023 \$'000
Retained earnings		
Balance at the beginning of the year	195,201	193,867
Net profit attributable to members of the parent entity	27,051	13,593
Dividends provided for or paid	(12,216)	(12,259)
Balance at the end of the year	210,036	195,201

9. Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with *AASB 133: Earnings Per Share* are as follows.

The following reflects the income and share data used in the calculation of basic and diluted EPS:

	Consolidated	
	June 2024 \$'000	June 2023 \$'000
Basic and diluted earnings	27,051	13,593
Basic EPS	198.7¢	99.8¢
Diluted EPS	198.5¢	99.6¢
	Number of shares June 2024	Number of shares June 2023
Weighted average number of ordinary shares for basic earnings per share	13,604,483	13,615,350
Weighted average number of ordinary shares adjusted for the effect of dilution	13,628,612	13,644,100

10. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$16.45	\$15.37

11. Foreign entities

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

International Financial Reporting Standards (IFRS).

12. Controlled gained/lost over entities having material effect

N/A

13. Significant events after balance date

The company will pay a fully franked final dividend of 45¢ per share on 20 September 2024.

14. Segment information

Business segment information	Automotive Leather		Group Investments		Building Materials		Consolidated	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Revenue from contracts with customers	181,930	142,738	3,208	2,554	31,020	28,698	216,158	173,990
Other revenue	6	24	9,974	9,573	89	51	10,069	9,648
Total revenue	181,936	142,762	13,182	12,127	31,109	28,749	226,227	183,638
Results								
Net profit after tax	18,409	13,275	10,713	3,781	4,467	2,008	33,589	19,064
Less: profit attributable to non-controlling interests	(3,099)	(2,234)	(220)	(565)	-	-	(3,319)	(2,799)
Profit attributable to owners of the parent	15,310	11,041	10,492	3,216	4,467	2,008	30,270	16,265
Unallocated items								
Corporate overheads							(4,597)	(4,180)
Income tax benefit							1,379	1,508
Profit after tax							27,051	13,593
Assets								
Total segment assets	136,752	159,143	259,766	234,249	19,752	16,736	416,270	410,128
Unallocated items							1,797	1,497
Total assets							418,067	411,625

15. Net assets attributable to external investors in controlled funds

The Group has acted as Trustee and Fund Manager for managed equity funds under the control of the Group. At 30 June 2024, the controlled funds and the Group's holding of units therein were as follows:

- SFC Global Equities Fund – 49% (2023: 52%)
- SFC Fallen Angels Fund (established 1 January 2024) – 67% (2023: n/a)

External investors hold the remaining units in the funds and have the right to withdraw on notice.

The Group has irrevocably designated the net assets attributable to external investors in the funds as a financial liability at fair value through profit or loss. The Group determined that designation of the financial liability at fair value through profit or loss significantly reduces an accounting mismatch that would otherwise arise if the liability and corresponding financial assets in the funds were measured on different bases. As such, movements in net assets attributable to external investors in the funds are included as fair value adjustments in the Consolidated Statement of Comprehensive Income.

The financial position of the controlled funds is shown below.

	June 2024 \$'000	June 2023 \$'000
Net assets in controlled funds attributable to shareholders of the Group	11,272	9,685
Net assets in controlled funds attributable to external investors	11,058	9,007
Net assets held in controlled funds	22,330	18,692
Comprising:		
Current assets		
Cash and cash equivalents - controlled funds (i)	6,421	10,802
Financial assets at fair value through profit or loss	16,496	11,175
Other financial assets	88	74
Total current assets	23,005	22,051
Current liabilities		
Trade and other payables	204	269
Financial liabilities at fair value through profit or loss	471	3,090
Total current liabilities	675	3,359
Net assets held in controlled funds	22,330	18,692

(i) Cash held by the controlled equity funds is to be applied by the fund manager to purchase assets following each fund's mandate.

16. Other significant information

All other significant information other than in this Appendix 4E, is disclosed in the letter to shareholders released on the same date as this Appendix 4E.

17. Commentary on results

For a commentary on the results see the letter to shareholders released on the same date as this 4E.

18. 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 are in the process of being audited or subject to review.
- The accounts have been subject to review.
- The accounts have *not* yet been audited or reviewed.

19. 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

20. 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: 21 AUGUST 2024
Company Secretary

Print Name: JASON MARK CANTWELL