



**Final Report of Scott Corporation Limited  
for the Half Year Ended 31 December 2007**

(ABN 74 003 707 499)

This Final Report is provided to the Australian Stock Exchange (ASX)  
under ASX Listing Rule 4.3A.

Current Reporting Period:

Half Financial Year ending 31 December 2007

Previous Corresponding Period:

Half Financial Year ending 31 December 2006

## Results for Announcement to the Market For the Half Year Ended 31 December 2007

### Revenue and Net Profit/(Loss)

		<u>Percentage Change</u>		<u>Amount \$'000</u>
Revenue	Up	11.7%	To	\$69,280
Net Profit after tax attributable to members	Up	11.7%	To	\$1,628
Net profit attributable to members	Up	11.7%	To	\$1,628

### Dividends (Distribution)

	<u>Amount per Security</u>	<u>Franked Amount per Security</u>
Final Dividend	1.0c	Nil
Interim Dividend	1.0c	1.0c
Previous corresponding period	2.0c	Nil

Record date for determining entitlement to dividend: 4 April 2008.

Payment date for dividend: 25 April 2008.

### Explanation of Revenue

The revenue for the six months ended 31 December 2007 increased by 11.7% to \$69.280m in comparison to the previous corresponding period due to new contracts won within the Chemtrans Division including the contract for services in the Northern Territory, the increased coal activity in the Bulktrans division and the acquisition of the Hyde Park Tank business in October 2007.

### Explanation of Profit

The Net Profit Before Tax increased by 25.1% to \$2.335m in comparison to the previous corresponding period, whilst the Net Profit After Tax increased by 11.7% to \$1.628m. This was achieved through the increased revenue activity during the period. It is worth noting that the Net Profit Before Tax result for the period ended 31 December 2006 included \$0.472m in profit on sale assets, compared to \$0.114m in this current period, which highlights that the profit from continuing operating activities improved significantly on the previous period.

## Corporate Information

ABN 74 003 707 499

This half year report covers the consolidated entity comprising Scott Corporation Limited and its subsidiaries (the Group). The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Review of Operations and Directors' Report starting on page 4. The Directors' Report is unaudited and does not form part of the financial report.

### Directors

Mr. A.F. Johnson  
Mr. D.B. Keane  
Mr. B.C. Grubb  
Mr. B.S. Johnson

### Company Secretary

Mr. K.E. Cope

### Registered Office

55 Davies Road  
PADSTOW NSW 2211

### Principal Place of Business

55 Davies Road  
PADSTOW NSW 2211

### Share Register

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
SYDNEY NSW 2000

### Bankers

Bank SA  
97 King William Street  
ADELAIDE SA 5000

### Auditors

Ernst & Young  
121 King William Street  
ADELAIDE SA 5000

## Directors' Review of Operations

### Overview

I am pleased to once again report that your Company has delivered an improved financial performance on the same period last year across all key metrics. The headlines are:

- Revenue of \$69.280m, up 11.7%.
- Profit before tax & significant items of \$2.335m, up 25.1%.
- Net profit after tax of \$1.628m, up 11.7%.
- Cash at bank \$6.243m.

Both operating divisions are trading ahead of their previous year's revenue and earnings performance. The favourable revenue performance is attributable to buoyant volumes in key contracts, and new business growth in the Chemtrans division.

Yield improvement is the result of the implementation of higher mass limits across the Company to take advantage of changes in national regulations, the ongoing modernization of our equipment fleet through our capital expenditure program and a continual drive for better commercial arrangements with our clients.

When you consider that our industry is experiencing unprecedented cost pressures on labour rates (our single biggest cost category) as a consequence of wage levels being paid by the mining industry during the present boom phase, and that diesel fuel (our second biggest cost) is at record high rates, it makes the above achievements even more considerable.

We have maintained a healthy bank balance after self funding the purchase of the assets of the Hyde Park Tank (HPT) cleaning and repair business in October 2007. The interest earned on our cash at bank continues to provide us with an historically low net borrowing and interest cost expense. This is an important cost offset in the current escalating interest rate environment.

There has been three full months of trading with HPT in this half year result. It has contributed \$0.947m in sales and is meeting the earnings expectations we have of the business.

We have invested \$8.662m in the purchase of plant and equipment, and the HPT business. This is split 49% as maintenance capital and 51% as growth capital.

When we introduce new equipment it often results in the disposal of redundant fleet. This continues to be the case and is part of the normal happenings in the business. Last year that contributed \$0.472m in profit at the half year, this year it was only \$0.114m, reinforcing that the ongoing improvement in financial performance is being generated by the core operating divisions.

### Bulktrans

The Bulktrans division is NSW based and caters to the bulk solid material transport sector. Products handled by this business include coal, coal wash, mineral concentrates, metal scrap, construction materials, excavated material, fertiliser, grain and waste.

Sales from this division are up \$3.4m or 11.5% on the previous half year. The improvement is primarily driven by higher freight volumes.

The largest business unit in the division is Southern Bulk Haulage (SBH). The main activity of this business unit is the transport of coal from the Illawarra coalfields to the Port Kembla steel mill and export terminal. Revenue from this activity was materially higher than the same time last year at \$4.96m. This was brought about by the mines having sufficient production volume to satisfy the ever increasing market demand for their products.

SBH has been the major beneficiary of the changes to higher mass limits given the number of Company owned b-doubles engaged in this area of our business. For a b-double the gross combination mass has increased from 62.50 tonne base to 68.0 tonne, which is a shade under 9% improvement.

Regional Bulk Haulage (RBH) operates from regional locations in NSW and provides an array of bulk haulage services including the bulk haulage of coal, minerals, waste and agricultural products. Sales were down \$1.06m on the previous corresponding period. The majority of the variance is accounted for by the previous half including revenue contributions from a warehousing fertilizer operation in Goulburn, and a mineral concentrate contract in Parkes which ceased in the 2006 calendar year.

There were seven prime movers and associated trailers which were due for replacement in the current half. The average gross mass limits of these combinations was 50 tonne. In keeping with our strategy to limit our capital investment in RBH whilst market opportunities remain effected by prolonged drought, they were replaced with two general access b-doubles which have 55 tonne mass limits. RBH has been involved in a market tender for coal haulage services in Lithgow which is a growth opportunity for our Lithgow branch. The market tender process has been put on hold, but from the start of December 2007 we were asked to provide this service under a short term supply agreement. Since taking over this operation from the encumbered supplier, we have provided the client with leading safety and delivery performance. This will contribute an additional \$0.150m to \$0.200m in sales per month.

The Warehousing & Distribution (W&D) division operates out of shared facilities with SBH in Port Kembla, and services the general freight and bulk requirements of the locally based steel and manufacturing industries.

Sales were down \$0.507m on the previous corresponding period. The previous half included revenue contributions from a NSW finished copper distribution contract that ended in September 2006. This business unit has maintained its earnings parity to last year, confirming our views that the loss of the copper distribution contract would not be detrimental.

### **Chemtrans**

Chemtrans is the national bulk chemical and fertiliser transport specialist which currently operates through five state branches in Melbourne, Sydney, Brisbane, Perth and Northern Territory. Other important operations exist in Adelaide, Townsville, Bundaberg, Gladstone, Newcastle and Port Kembla.

Sales for the Chemtrans division are up \$2.79m (excluding HPT) or 8.6% on the previous corresponding period. Our new contract transporting acid in the Northern Territory operated for the full six months and contributed revenue of \$1.56m, which is within our expected range.

A second new contract involving the export of bulk explosives commenced in October 2007 with a sales contribution of just under \$0.700m to the half year.

Our Gladstone operations have experienced strong demands for chemical (particularly acid) haulage from the major players in the manufacturing industry. The increased use of ethanol as a blend in main stream fuel company products has also driven higher activity in the Port Kembla tanker fleet. Chemtrans management have been working with a major national client to incorporate logistics planning and load building activities into our service offering from their Sydney production site. This is in place for the second half of the financial year and is expected to deliver productivity and efficiency improvements for our associated operations and our client.

There are also three further new contracts to come online in the second half. A new business opportunity in Western Australia with sales expected in the vicinity of \$1m per annum started in January 2008. The bauxite contract in Newcastle (announced to the market on 15th October 2007) will commence in March 2008 with annual revenues in the range of \$3m to \$3.5m. We have also been awarded a chlorine gas bottle distribution contract in Queensland which will start in the last quarter of the year with annual sales in the vicinity of \$0.500m.

**Financial**

The company achieved an 11.7% improvement on Net Profit After Tax from \$1.458m for the period ended 31 December 2006 to \$1.628m for the period ended 31 December 2007. In addition it is worthwhile noting that the 2006 half year result included \$0.472m in profit on sale of assets compared to \$0.114m in 2007, which highlights that the improvement in profit from continuing operations was in excess of \$0.5m. This improvement in profit was generated mainly as a result of an 11.7% increase in revenue from \$62.025m in 2006 to \$69.280m in 2007, which was gained through a combination of the acquisition of Hyde Park Tank Depot, newly won contracts and increases in activity in existing contracts.

The operating activities of the business generated \$4.986m in cash during the period which was used in conjunction with cash flow from financing activities of \$2.605m and cash reserves of \$0.084m to fund the investment in plant and equipment of \$7.675m. The cash flow from operating activities represents a 39.7% improvement on the same period last year and highlights the stable profitability and frugal management of cash practices.

The company continued its impressive increase and improvement of its equipment fleet across the country with \$8.662m spent during the period, including the assets of the Hyde Park Tank Depot business. The capital expenditure for the period included assets for new contracts including the acid tankers in the Northern Territory, and the tipper trailers and prime movers for the new contract in the Newcastle region, as well as anticipated capital maintenance for existing contracts.

During the period the Company announced and paid a final dividend of 1 cent per ordinary share which amounted to \$0.590m. It is interesting to note that shareholders representing over 82% of the issued capital elected to participate in the Dividend Reinvestment Plan.

Shareholders would recall that we have undertaken an implementation of a new operational and financial accounting system during the 2007 financial year. We are pleased to report that the system went live on 1 July 2007 with no major issues, and we are now enjoying the benefits of the new system and are continuing to work with the suppliers to improve our reporting and processes further.

**Senior Management and Directorate**

We are pleased to welcome Ross Pavey as our new Information Technology (IT) manager. Ross will be applying his considerable expertise to our IT strategy, as well as improving the functionality of our systems.

**Dividend**

The Directors have declared a fully franked interim dividend of one (1) cent per ordinary share. The record date for this fully franked interim dividend will be 4 April 2008, with a payment date of 25 April 2008.

**Going Forward**

Capital expenditure in the second half is forecast to be in the vicinity of \$4.0m. The cost of debt is not less than one percentage point higher than it was twelve months ago, and is likely to continue to increase. This new benchmark is being adopted into quotes and tenders which require debt funding. There is minimal impact to our working capital costs while ever we maintain our current level of cash on hand.

Extreme wet weather in Queensland in early January has caused pockets of interruption, but this has not dampened an otherwise solid revenue performance for the first month of the second half. We are anticipating that the second half financial performance will be comparable, if not marginally higher than the previous corresponding period. Coal volumes in our Bulktrans division are programmed to abate in the last quarter.



**David B. Keane**  
Managing Director

## Directors' Report

The Directors of Scott Corporation Limited (the "Company") submit their report for the half year ended 31 December 2007.

### Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr. A. F. Johnson (Non-executive Chairman)  
Mr. D. B. Keane (Managing Director)  
Mr. B. C. Grubb (Non-executive Director)  
Mr. B. S. Johnson (Independent, Non-executive Director)

### Review of Operations

The Directors' Review of Operations for the half year ended 31 December 2007 is attached.

### Principal Activities

The principal activity of the consolidated entity ("the Group") in the course of the financial period, was bulk and special material transport.

### Dividends Paid or Declared

An interim fully franked dividend of one (1) cent per ordinary share totalling a total dividend payment of \$601,154, was declared on 28 February 2008. The dividend will be paid on 25 April 2008 based on a record date of 4 April 2008, subject to the Dividend Reinvestment Plan. No provision has been made in the account for the interim dividend.

### Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars unless otherwise indicated.

### Auditor Independence

The Company's auditor, Ernst & Young have provided the Company with an Auditors' Independence Declaration which is on page 21 of this report.

Dated at Sydney this 28th day of February 2008

Signed in accordance with a resolution of the Board of Directors.



**Anthony F. Johnson**  
Director



**David B. Keane**  
Director

## Income Statement For The Half Year Ended 31 December 2007

	Note	Consolidated 2007 \$ 000	Consolidated 2006 \$ 000
Revenue	4(a)	69,280	62,025
Other income	4(b)	114	472
Raw materials and consumables used		(14,231)	(12,585)
Sub contractor expenses		(24,161)	(21,887)
Depreciation and amortisation expense	4(e)	(4,068)	(3,221)
Borrowing cost expense	4(d)	(643)	(705)
Employee benefits expense		(17,140)	(15,148)
Other expenses	4(c)	(6,816)	(7,085)
<b>Total expenses</b>		<b>(67,059)</b>	<b>(60,631)</b>
<b>Profit before income tax expense</b>		<b>2,335</b>	<b>1,866</b>
Income tax expense		(707)	(408)
<b>Profit after income tax expense</b>		<b>1,628</b>	<b>1,458</b>
<b>Net profit attributable to members for the period</b>		<b>1,628</b>	<b>1,458</b>
<b>Earnings per share (cents per share)</b>			
Basic EPS for profit for the period attributable to ordinary equity holders of the parent		2.7	2.6
Diluted EPS for profit for the period attributable to ordinary equity holders of the parent		2.7	2.6
Dividends per share (cents per ordinary share)		1.0	2.0

## Balance Sheet As At 31 December 2007

	Note	Consolidated As at 31 December 2007 \$ 000	Consolidated As at 30 June 2007 \$ 000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	6,243	6,327
Trade and other receivables		13,777	13,061
Inventories		519	478
Prepayments		987	1,203
<b>TOTAL CURRENT ASSETS</b>		<b>21,526</b>	<b>21,069</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	33,626	29,980
Deferred tax assets		1,205	1,436
Other		276	297
<b>TOTAL NON CURRENT ASSETS</b>		<b>35,107</b>	<b>31,713</b>
<b>TOTAL ASSETS</b>		<b>56,633</b>	<b>52,782</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		11,220	12,243
Interest bearing loans and borrowings	8	6,623	6,143
Provisions		3,589	2,866
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,432</b>	<b>21,252</b>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	8	13,418	11,192
Provisions		126	97
Deferred tax liabilities		2,137	2,248
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>15,681</b>	<b>13,537</b>
<b>TOTAL LIABILITIES</b>		<b>37,113</b>	<b>34,789</b>
<b>NET ASSETS</b>		<b>19,520</b>	<b>17,993</b>
<b>EQUITY</b>			
Contributed equity	10	27,569	27,080
Accumulated losses		(8,049)	(9,087)
<b>TOTAL EQUITY</b>		<b>19,520</b>	<b>17,993</b>

## Cash Flow Statement For The Half Year Ended 31 December 2007

	Note	Consolidated 2007 \$ 000	Consolidated 2006 \$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		75,896	67,721
Payments to suppliers and employees		(69,708)	(61,885)
Net amount remitted to ATO for GST		(545)	(1,584)
Interest paid		(657)	(682)
<b>Net cash provided by operating activities</b>		<b>4,986</b>	<b>3,570</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		843	1,444
Interest received		144	52
Purchase of property, plant and equipment		(8,662)	(3,766)
<b>Net cash (used in) investing activities</b>		<b>(7,675)</b>	<b>(2,270)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		6,517	4,620
Repayment of finance lease liabilities		(1,018)	(967)
Repayment of borrowings		(2,793)	(1,648)
Dividends paid to equity holders		(590)	-
Proceeds from issue of shares under DRP		489	
<b>Net cash provided by financing activities</b>		<b>2,605</b>	<b>2,005</b>
Net (decrease) / increase in cash and cash equivalents		(84)	3,305
Cash and cash equivalents at the beginning of the period		6,327	2,160
<b>Cash and cash equivalents at the end of the period</b>	5	<b>6,243</b>	<b>5,465</b>

## Statement of Changes in Equity For The Half Year Ended 31 December 2007

<b>Consolidated</b>	<b>Issued Capital \$000s</b>	<b>Accumulated Losses \$000s</b>	<b>Reserves \$000s</b>	<b>Total \$000s</b>
<b>At 1 July 2006</b>	26,167	(10,628)		15,539
Profit for the period ended 31 December 2006	-	1,458	-	1,458
<b>Total income and expense for the period</b>	<b>-</b>	<b>1,458</b>	<b>-</b>	<b>1,458</b>
Payment of final dividend	-	-	-	-
<b>As at 31 December 2006</b>	<b>26,167</b>	<b>(9,170)</b>	<b>-</b>	<b>16,997</b>
<b>Consolidated</b>	<b>Issued Capital \$000s</b>	<b>Accumulated Losses \$000s</b>	<b>Reserves \$000s</b>	<b>Total \$000s</b>
<b>At 1 July 2007</b>	27,080	(9,087)		17,993
Profit for the period ended 31 December 2007	-	1,628	-	1,628
<b>Total income and expense for the period</b>	<b>-</b>	<b>1,628</b>	<b>-</b>	<b>1,628</b>
Payment of final dividend	-	(590)	-	(590)
Issued capital via DRP following final dividend	489	-	-	489
<b>As at 31 December 2007</b>	<b>27,569</b>	<b>(8,049)</b>	<b>-</b>	<b>19,520</b>

# Notes to the Financial Statements For The Half Year Ended 31 December 2007

## NOTE 1: CORPORATE INFORMATION

The condensed financial report of Scott Corporation Limited ("the Company") for the half year ended 31 December 2007 was authorised for issue in accordance with a resolution of the Directors on 28 February 2008.

Scott Corporation Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in Note 3.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of the Company for the year ended 30 June 2007.

It is also recommended that the half year financial report be considered together with any public announcements made by the Company and its controlled entities during the half year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

### a) Basis of preparation

The condensed half year consolidated financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, applicable Australian Accounting Standards, including AASB134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half year financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated, under the option available to the Company under ASIC Class order 98/100. The Company is an entity to which the class order applies.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

### (b) Significant accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007.

Since 1 July 2007 the Company has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial performance of the Company.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- Interpretation 8 Scope of AASB 2 Share-based payments
- Interpretation 9 Reassessment of Embedded Derivatives
- Interpretation 10 Interim Financial Reporting and Impairment.
- Interpretation 11 AASB 2 Group and Treasury Share Transactions
- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128)

**(c) Basis of consolidation**

The half year consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") for the half year ended 31 December 2007.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

**NOTE 3: SEGMENT INFORMATION**

**Industry segment**

The Group currently operates within one industry segment being bulk and specialised materials transport.

**Geographical segment**

The Group currently operates within one geographical segment, being Australia, and hence does not separately disclose an analysis of geographical segmentation.

	Consolidated	Consolidated
	2007	2006
	\$ 000	\$ 000

**NOTE 4: REVENUE AND EXPENSES**

**a) Revenue**

Rendering of services	68,835	61,731
Other revenue	215	183
Sale of goods	65	39
Bank interest received	144	52
Rental income	21	20
<b>Total revenue</b>	<b>69,280</b>	<b>62,025</b>

**b) Other income**

Net gains on disposal of property, plant and equipment	114	472
	114	472

**c) Other expenses**

Bad and doubtful debts	17	76
Insurance	532	528
Legal expenses	8	57
Other expenses	2,059	2,076
Registration expenses	778	898
Rental operating leases	3,422	3,450
<b>Total other expenses</b>	<b>6,816</b>	<b>7,085</b>

**d) Finance costs**

Bank loans and overdrafts	18	23
Finance lease interest	76	152
Interest and hire purchase charges	549	530
<b>Total finance costs</b>	<b>643</b>	<b>705</b>

	Consolidated	Consolidated
	2007	2006
	\$ 000	\$ 000

**NOTE 4: REVENUE AND EXPENSES (continued)**

**e) Depreciation, amortisation included in income statement**

Included in depreciation and amortisation expense:

Buildings	3	4
Plant and equipment	3,824	2,619
Leased plant and equipment	191	542
	4,018	3,165
Amortisation of leasehold improvements	50	56
<b>Total depreciation and amortisation</b>	<b>4,068</b>	<b>3,221</b>

**f) Lease payments included in income statement**

Included in other expenses:

Minimum lease payments – operating leases	1,185	1,400
Equipment hire	1,313	1,136
Property rental expense	924	914
<b>Total lease payments</b>	<b>3,422</b>	<b>3,450</b>

	Consolidated	Consolidated
	31 December 2007	30 June 2007
	\$ 000	\$ 000

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash at bank and cash in hand	2,052	5,743
Short term deposits	4,191	584
	6,243	6,327

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and they earn interest at the respective short term deposit rates.

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

**Acquisitions and disposals**

During the period ended 31 December 2007 the Group acquired assets with a cost of \$8.662m (2006:\$3.766m).

Assets with a net book value of \$0.729 m were disposed of by the Group during the period ended 31 December 2007 (2006: \$0.972m), resulting in a gain on disposal of \$0.114m (2006: \$0.472m).

**NOTE 7: PENSION BENEFIT PLAN**

A Superannuation Plan has been established by the Group for the provision of benefits to employees on retirement, death or permanent disability. Benefits provided under the Plan are based on defined contributions made by the Group for each employee.

**NOTE 8: INTEREST-BEARING LOANS AND BORROWINGS**

During the half year ended 31 December 2007 the Group increased its interest-bearing debt. This was a consequence of the movement in financing activities. The movement was primarily due to additional borrowings for the purchase of plant and equipment.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Capital Commitments**

At 31 December 2007, the Group has commitments of \$3.33m (2006:\$0.28m) principally relating to the acquisition of heavy vehicle fleet required for existing and new customer contracts.

**Guarantees**

Scott Corporation Limited has the following guarantees at 31 December 2007:

- The Company was guaranteed by AA Scott Pty Limited on 7 July 2005 for \$5m of the lease facility with Bank SA. This is a portion of the overall lease facility with Bank SA.
- The Company has guaranteed Commonwealth Bank a rental bond of \$90,000 (30 June 2007: \$90,000) on 15 May 1996, payable to Transtate Pty Limited for a commercial property lease.
- The Company has guaranteed Bank SA a rental bond of \$155,000 (30 June 2007: \$155,000) on 22 November 2002, payable to Sand Producers Pty Limited for a commercial property lease.
- The Company has guaranteed Bank SA a rental bond of \$122,000 (30 June 2007: \$122,000) on 1 December 2003, payable to Taras Nominees Pty Limited for a commercial property lease.

Cross guarantees given by Scott Corporation Limited, Chemtrans Pty Limited, Bulktrans Pty Limited and HBL Services Pty Limited are described in Note 22 of the 2007 Annual Report.

	Consolidated	Consolidated
	31 December 2007	30 June 2007
	\$ 000	\$ 000

**NOTE 10: CONTRIBUTED EQUITY AND RESERVES**

Ordinary shares (i)	27,569	27,080
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	31 December 2007 Thousands	31 December 2007 \$ 000	30 June 2007 Thousands	30 June 2007 \$ 000
Balance at the beginning of the period	58,867	27,080	56,353	26,167
Balance at the end of the period	60,154	27,569	58,867	27,080

**Ordinary shares:**

- (i) Ordinary shares are issued and fully paid
- (ii) Fully paid ordinary shares carry one vote per share and carry the right to dividends

**Share options:**

The Group has a Management Option Plan which authorised the Board to grant options to selected senior employees as described in Note 18 of the 2007 Annual Financial Report.

**NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE**

An interim fully franked dividend of one (1) cent per ordinary share totalling a total dividend payment of \$601,154, was declared on 28 February 2008. The dividend will be paid on 25 April 2008 following a record date of 4 April 2008. No provision has been made in the account for the interim dividend.

Other than the matters referred to above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2007</b>	<b>2006</b>
	<b>Cents per share</b>	<b>Cent per share</b>

**NOTE 12: NET TANGIBLE ASSET PER SECURITY**

Net tangible assets per security	35.0	30.2
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**NOTE 13: AUDIT/REVIEW OF ACCOUNTS UPON WHICH THIS REPORT IS BASED**

The 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 |

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Scott Corporation Limited, we state that:

1. In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and
  
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Tony F. Johnson**  
Director



**David B. Keane**  
Director

Dated at Sydney this 28th day of February 2008.