

ASX LAU
CHAIRMAN'S ADDRESS
Annual General Meeting
17 November 2010

I am pleased to report that for the year ended 30 June 2010 the Group earned a net profit after tax of \$3.813 million. While this was a 5% decrease on the previous year where a net profit after tax of \$4.015 million was earned the result was achieved after experiencing difficult trading conditions for the January to April 2010 period as a result of adverse weather conditions and capacity utilisation.

Basic earnings per share were 2.2 cents per share compared with 2.7 cents per share last year.

Dividends paid out of profits for the year ended 30 June 2010 totalled 1.35 cents per share.

Revenue for the Group was \$220 million compared with \$219 million in the previous year.

The group replaced equipment and expanded its fleet during the financial year to take advantage of investment allowance tax concessions that were available. This benefit was \$1,201,000 compared with \$650,000 for the year ended 30 June 2009. The benefit for 2011 will be approximately \$95,000.

The Group remains focused on its two principal market segments, transport of refrigerated produce and processed foodstuffs and the sale of rural merchandise.

Transport

Revenue from transport was \$139 million compared with \$134 million last year, an increase of 3.7%. Revenue from our ten largest customers by value increased by approximately 7.8% and they contribute approximately half of Transport revenues.

Transport's divisional contribution was impacted by poor trading during the January to April period where trading was approximately \$1.8 million below the result achieved in 2009. Adverse weather during this period impacted on produce freight that was expected to be carried during this period.

During the year initiatives that have occurred are:

- 25 Prime movers and 36 B/double trailer sets have been acquired,
- full scale operations commenced in North Queensland,
- the purchase of our transport depot at Innisfail, North Queensland, and
- we increased our business development presence.

We are enthusiastic about the potential for North Queensland and we have had considerable success in obtaining new customers. Expansion into North Queensland also increases our geographic diversification in addition to providing more all year round produce freight. Our transport and logistics capability now extends from North Queensland to Melbourne and Adelaide. We have also experienced strong growth in the Melbourne market.

We have taken delivery of a further 9 B/Double trailer sets since July which are eligible for the investment allowance in the current financial year. Our B/Double fleet is now approximately 65% of the total linehaul fleet.

Rural

Revenue from rural merchandising was \$80 million compared with \$83 million last year. Sales for the year declined by approximately 4% compared with 2009. Some of this sales decline was caused by poor trading of our stores in the Shepparton area as a result of unfavourable weather conditions, staff losses and management issues. These issues are being addressed however the north eastern Victorian market is characterised by customers who seek credit terms that are longer than the Group is prepared to offer. Other Rural stores traded satisfactorily particularly Gatton and Innisfail.

During the year initiatives that have occurred are:

- the execution of a new 7 year distribution agreement with Amcor Packaging (Australia) Limited,
- two outlets in Bundaberg consolidated into an existing premise that was refurbished and enlarged, and
- new rural outlet opened in Cobram in Victoria.

We are particularly enthusiastic about the future opportunities in packaging arising from the new agreement with Amcor. Increasing packaging sales is a priority for Rural and there are a number of opportunities in North Queensland and other areas.

Rural remains well positioned to grow and additional outlets can be added without any significant overhead costs. We have opened a small outlet in Murwillumbah in July 2010 and are in the process of opening a similar style operation in mid north coast of New South Wales.

Director Retirement

Mr Tom Lindsay and Mr Sam Doumany who have been directors since 2002 are to retire as Directors of the company at the conclusion of the Annual General Meeting. The Board acknowledges the contributions and good counsel of Mr Doumany and Mr Lindsay during the period that they were Directors.

Capital

During the year 28.86 million ordinary shares were issued raising \$5.25 million net of costs. Since the end of the financial year a further 28.14 million ordinary shares have been issued raising \$5.47 million net of costs. These capital raisings have strengthened the company's capital base.

We announced a Share purchase plan on 9 November. This plan enables shareholders to acquire additional shares in Lindsay Australia at 18.9 cents per share. The price payable is the price that the share placements were made at after adjustment for the 0.6 cent per share dividend that they received.

Outlook

Recent good rainfalls that have been experienced in most of the produce areas that we operate in bodes well for both our Transport and Rural divisions. North Queensland continues to increase in freight volumes as we grow this market. We expect Transport revenues for the current financial year for North Queensland to be approximately \$15 million.

At present we expect our pre-tax profit for the half-year 31 December will exceed the pre-tax profit of \$4.068 million that we achieved last year.

For this half year we will not have the same level of benefit of investment allowance deductions on plant and equipment as we had last year. With the reduction in the taxation benefit from reduced investment allowance claims this year we will incur a higher tax expense which will reduce our after tax profit. Last year the benefit for the half year was \$910,000 compared with \$95,000 this year.

Finally I would like to thank my fellow Directors and all employees of the group for their continuing efforts and dedication to Lindsay Australia Limited.

Thankyou Ladies and Gentlemen