



LINDSAY AUSTRALIA
LIMITED

ABN 81 061 642 733

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2010

LINDSAY AUSTRALIA LIMITED And Controlled Entities

DIRECTORS

CHAIRMAN

John Frederick Pressler OAM, MAICD

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Michael Kim Lindsay

NON-EXECUTIVE DIRECTORS

Richard Andrew Anderson OAM, BCom, FCA, FCPA

Gregory Damien Farrell B Econ

Leslie Raymond Hancock MAICD

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Graham Andrew Johnston BCom, MBA, CPA

REGISTERED AND PRINCIPAL ADMINISTRATIVE OFFICE

44b Cambridge Street
Rocklea QLD 4106
Tel: (07) 3240 4900
Fax: (07) 3240 4350
Web: www.lindsayaustralia.com.au

SHARE REGISTER

Computershare Investor Services Pty Limited
307 Queen Street, Brisbane QLD 4000
Tel: 1300 552 270
Web: www.computershare.com

AUDITOR

Johnston Rorke
30th Floor Central Plaza One
345 Queen Street
BRISBANE QLD 4000

BANKERS

Westpac Banking Corporation Limited
65 Molesworth Street
LISMORE NSW 2480

STOCK EXCHANGE LISTING

Australian Securities Exchange, code LAU

LINDSAY AUSTRALIA LIMITED And Controlled Entities

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LINDSAY AUSTRALIA LIMITED And Controlled Entities

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Lindsay Australia Limited and its controlled entities for the half-year ended 31 December 2010.

DIRECTORS

The following persons were directors of Lindsay Australia Limited ("Lindsay Australia") during the whole of the half-year and up to the date of this report unless otherwise stated: -

J F Pressler
M K Lindsay
R A Anderson
S S Doumany (Retired 17 November 2010)
G D Farrell
L R Hancock
T K Lindsay (Retired 17 November 2010)

PROFIT

For the half-year ended 31 December 2010 Lindsay Australia recorded a consolidated after tax profit of \$2.477 million. This is a decrease of 33% on the result achieved in the previous corresponding period of \$3.726 million. Basic earnings per share was 1.2 cents per share (last year 2.2 cents per share).

Pre tax profit decreased 17.6% to \$3.350 million compared with last year of \$4.068 million. Tax expense increased as a result of reduced benefit of investment allowance deductions of approximately \$500,000 this half-year (tax benefit \$152,000) compared with \$3 million (tax benefit \$910,000) last year where we invested in new equipment to take advantage of this taxation incentive.

DIVIDEND

A fully franked interim dividend of 0.5 cents per share was declared on 23 February 2011 and is payable on 31 March 2010. The company's dividend re-investment plan continues in force.

CAPITAL

During the half-year two capital raisings were completed. A share placement was made to institutional and sophisticated investors raising \$5.09 million. A share purchase plan allowing shareholders to subscribe to up to \$15,000 in shares was also completed raising \$895,000. These capital raisings have strengthened the company's capital base. In addition shares were issued in lieu of payment of interest of \$91,000 pursuant to the Amcor Distribution Agreement and dividends of \$294,000 were reinvested by shareholders pursuant to the Dividend Re-investment Plan.

REVIEW OF OPERATIONS

Revenue for the group for the half year increased 8.1% to \$123.1 million. Earnings before net interest, tax, depreciation and amortisation (EBITDA) were \$11.327 million at 9.2% of total revenue. This compares with an EBITDA of \$11.376 million at 10% of total revenue achieved in the six months ended 31 December 2009.

Increased interest and depreciation and amortisation expenses have been incurred this half year. Finance costs increased \$509,000 and depreciation and amortisation increased \$402,000 compared with the previous half year. The majority of these increases are related to the replacement of plant and equipment undertaken last financial year.

The Group has two operating divisions, Transport and Rural.

Operating revenue (including inter-segment revenue) for the divisions for the six months was: -

Transport

- External
- Intersegment

	DEC 2010 \$'000	DEC 2009 \$'000	% Increase / (Decrease)
External	80,039	70,252	
Intersegment	1,433	1,289	
	<u>81,472</u>	<u>71,541</u>	13.9
Rural			
• External	41,901	42,710	
• Intersegment	125	24	
	<u>42,026</u>	<u>42,734</u>	(1.7)
Total	<u>123,498</u>	<u>114,275</u>	8.1

LINDSAY AUSTRALIA LIMITED And Controlled Entities DIRECTORS' REPORT (CONTINUED)

TRANSPORT

For the half-year the Transport division contributed \$6,377,000 compared with \$6,367,000 in the prior corresponding half-year. Transport's segment revenue (including intersegment revenue) increased 13.9% over the previous corresponding period. Revenue has increased as a result of increased volumes (particularly out of North Queensland and Melbourne) and an increase in fuel levies.

Trading conditions during the half year were competitive with price increases difficult to obtain. This coupled with increasing congestion in capital city road net works and delays in distribution centres have provided a challenging environment for Transport. These factors increased labour costs and required additional trailing equipment to increase flexibility. The cost increases have negated the gains from revenue growth achieved during the half year.

Repairs and maintenance costs reduced by 5.8% realising some of the benefits of investing in new equipment. Registration cost increases however offset much this cost saving.

In November and December there were significant rain events in some produce areas where the group operates including Emerald, Mundubbera, Bundaberg and Childers. These rain events had an impact on revenue and costs.

During the half year initiatives included:

- the purchase of 14 refrigerated B/double trailers sets, and
- the relocation of the Adelaide, Melbourne and Mildura depots to more efficient premises.

Since the end of the half year the Group has entered into a contract to purchase the business and certain assets of CLC Produce Pty Ltd based in Mareeba on the Atherton tableland in North Queensland. CLC Produce has a turnover of approximately \$6.5 million per annum the majority of which is south bound produce freight. Lindsay Transport commenced operations on 14 February 2011.

The purchase price payable of \$770,000 includes leasehold land and buildings and plant and equipment. CLC Produce will also be engaged as a consultant for a period of three years to assist in marketing and customer transition. The fee payable of \$150,000 per annum is subject to agreed customer retention levels. No trucks or trailers are included in the purchase.

The acquisition of CLC Produce allows the expansion into another strategically important North Queensland produce growing area. There are considerable opportunities for Transport to further increase freight revenue in the Tablelands area.

RURAL

For the half-year the Rural division contributed of \$2,364,000 compared with \$2,604,000 in the prior corresponding half-year.

Although Rural's revenue decreased by 1.7%, gross profit was slightly higher than last year. The high rainfalls in November and December impacted on sales of packaging. Increases in property and employee costs have caused the divisional contribution to fall. Some of these cost increases are attributable to opening new outlets in Northern New South Wales.

During the half-year initiatives that have occurred are:

- low cost outlets were opened in Murwillumbah and Coffs Harbour
- Mildura store relocated to more efficient premises with street frontage
- additional sales representation was established in the Wide Bay/Maryborough area

SOUTH EAST QUEENSLAND FLOODS AND CYCLONE YASI

While these weather events has impacted the Group the impact is not expected to be significant although growth in revenue volumes and price increases will be difficult to achieve in the second half. Refer to note 11 of the Financial Statements for further information on these events

ROUNDING

The amounts in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

**LINDSAY AUSTRALIA LIMITED And Controlled Entities
DIRECTORS' REPORT (CONTINUED)**

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under the section 307C of the *Corporations Act 2001* accompanies this report.

This report is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'JF Pressler', with a long horizontal flourish extending to the right.

John F Pressler
Director

Brisbane, Queensland
23 February 2011

The Directors
Lindsay Australia Limited
44b Cambridge Street
Rocklea QLD 4106

Dear Directors

Auditor's Independence Declaration

As lead engagement partner for the review of the financial report of Lindsay Australia Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

JOHNSTON RORKE
Chartered Accountants



R. C. N. Walker
Partner

Brisbane, Queensland
23 February 2011

LINDSAY AUSTRALIA LIMITED And Controlled Entities
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year ended 31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenues	3	123,087	113,771
Other income	4	54	416
Expenses			
Changes in inventories		1,516	865
Purchase of inventories		(35,482)	(35,618)
Employee benefits expense		(29,378)	(26,487)
Subcontractors		(11,800)	(8,775)
Fuel and oil costs		(16,358)	(13,972)
Depreciation and amortisation		(6,250)	(5,848)
Repairs and maintenance		(5,811)	(6,169)
Registration costs		(1,396)	(1,092)
Finance costs		(2,510)	(2,001)
Insurance		(736)	(437)
Pallets		(729)	(705)
Operating lease rentals		(2,483)	(2,235)
Professional fees		(278)	(276)
Other expenses		(8,096)	(7,369)
		(119,791)	(110,119)
Profit before income tax		3,350	4,068
Income tax expense	5	(873)	(342)
Profit for the period (attributable to owners of the parent)		2,477	3,726
Other comprehensive income		-	-
Total comprehensive income for the period (attributable to owners of the parent)		2,477	3,726
Basic earnings per share		1.2¢	2.2¢
Diluted earnings per share		1.2¢	2.2¢

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

LINDSAY AUSTRALIA LIMITED And Controlled Entities
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31 Dec 2010 \$'000	30 June 2010 \$'000
Current assets			
Cash and cash equivalents		6,371	3,934
Trade and other receivables		40,842	36,941
Inventories		13,607	12,386
Current tax assets		-	628
Other		1,315	3,308
Total current assets		62,135	57,197
Non-current assets			
Available-for-sale financial assets		25	43
Property, plant and equipment		75,552	75,121
Intangible assets		7,893	7,824
Total non-current assets		83,470	82,988
Total assets		145,605	140,185
Current liabilities			
Trade and other payables		20,247	20,633
Borrowings		21,387	23,149
Current tax liabilities		668	-
Provisions		4,364	3,877
Other		261	1,448
Total current liabilities		46,927	49,107
Non-current liabilities			
Borrowings		42,814	42,757
Deferred tax liabilities		1,612	1,655
Provisions		893	840
Other		497	496
Total non-current liabilities		45,816	45,748
Total liabilities		92,743	94,855
Net assets		52,862	45,330
Equity			
Contributed equity	7	44,196	37,888
Reserves		491	491
Retained profits		8,175	6,951
Total equity		52,862	45,330

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

LINDSAY AUSTRALIA LIMITED And Controlled Entities
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year ended	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Cash flows from operating activities			
Receipts in course of operations		129,508	121,566
Payments to suppliers and employees		(122,577)	(114,724)
Interest received		779	536
Finance costs paid		(2,420)	(2,023)
Income taxes refund/(paid)		406	(570)
Net cash provided by operating activities		5,696	4,785
Cash flows from investing activities			
Payments for property, plant and equipment		(6,303)	(10,716)
Payments for intangible assets		(149)	(165)
Proceeds from disposal of available-for-sale financial assets		18	10
Proceeds from disposal of property, plant and equipment		727	1,099
Net cash (used in) by investing activities		(5,707)	(9,772)
Cash flows from financing activities			
Proceeds from issue of shares	7	5,985	4,569
Payments for share issue costs		(88)	(165)
Proceeds from borrowings		7,173	13,071
Repayment of borrowings		(5,678)	(3,077)
Repayment of lease liabilities		(4,655)	(4,812)
Dividends paid	6	(959)	(1,252)
Net cash provided by/(used) in financing activities		1,778	8,334
Net increase/(decrease) in cash and cash equivalents		1,767	3,347
Cash and cash equivalents at the beginning of the reporting period		2,799	1,258
Cash and cash equivalents at the end of the reporting period		4,566	4,605

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

LINDSAY AUSTRALIA LIMITED And Controlled Entities
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Contributed equity Ordinary shares	Share-based payments reserve	Retained profits	Total equity
		\$'000	\$'000	\$'000	\$'000
At 1 July 2010		37,888	491	6,951	45,330
Profit for the period		-	-	2,477	2,477
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	2,477	2,477
Dividend paid during half-year	6	294	-	(1,253)	(959)
Issue of shares net of costs (net of tax)		6,014	-	-	6,014
At 31 December 2010		44,196	491	8,175	52,862
At 1 July 2009		32,635	118	6,174	38,927
Profit for the period		-	-	3,726	3,726
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	3,726	3,726
Dividend paid during half year	6	434	-	(1,686)	(1,252)
Employee share options		-	297	-	297
Issue of shares net of costs (net of tax)		4,453	-	-	4,453
At 31 December 2009		37,522	415	8,214	46,151

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

LINDSAY AUSTRALIA LIMITED And Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Lindsay Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Company is of a kind referred to in ASIC Class Order 98/0100 and in accordance with the Class Order, amounts in the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NOTE 2 SEGMENTS

The Group has identified the following reporting segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources:

- Transport – Cartage of general and refrigerated products and ancillary sales, and
- Rural – Sale and distribution of a range of agricultural supply products.

All Group revenue is derived from customers within Australia.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The Group does not allocate assets or liabilities to each segment because management does not include this information in its measurement of the performance of the operating segments.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. All such transactions are eliminated on consolidation for the Group's financial statements.

Some corporate charges are allocated to reporting segments based on the segments' overall proportion of usage within the Group.

Unallocated items

The following items of revenue and expense are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest received;
- borrowing costs;
- corporate costs; and
- income tax expense.

LINDSAY AUSTRALIA LIMITED And Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Half-Year 2010

	Transport \$'000	Rural \$'000	Total \$'000
Revenue			
External sales	80,039	41,901	121,940
Inter-segment sales	1,433	125	1,558
Other income	54	-	54
Total segment revenue/income	<u>81,526</u>	<u>42,026</u>	123,552
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			(1,558)
Interest revenue			783
Corporate/unallocated revenue			364
Total group revenues/income			<u><u>123,141</u></u>
Segment net profit before tax	<u>6,377</u>	<u>2,364</u>	8,741
Reconciliation of segment result to group net profit/(loss) before tax			
Corporate/unallocated costs			(3,664)
Net finance costs			(1,727)
Net profit before income tax			<u><u>3,350</u></u>

Half-Year 2009

Revenue			
External sales	70,252	42,710	112,962
Inter-segment sales	1,289	24	1,313
Other income	413	3	416
Total segment revenue	<u>71,954</u>	<u>42,737</u>	114,691
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			(1,313)
Interest revenue			541
Corporate/unallocated revenue			268
Total group revenues/income			<u><u>114,187</u></u>
Segment net profit before tax	<u>6,367</u>	<u>2,604</u>	8,971
Reconciliation of segment result to group net profit/(loss) before tax			
Corporate/unallocated costs			(3,443)
Net finance costs			(1,460)
Net profit before income tax			<u><u>4,068</u></u>

LINDSAY AUSTRALIA LIMITED And Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 3 REVENUES

	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Sales revenue		
Freight cartage and hire	78,419	69,107
Sale of goods	42,356	43,031
	<u>120,775</u>	<u>112,138</u>
Other revenues		
Insurance recoveries	124	251
Interest	783	541
Rent received	163	107
Other	1,242	734
	<u>123,087</u>	<u>113,771</u>

NOTE 4 OTHER INCOME

Net gain on disposal of property, plant and equipment	54	416
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NOTE 5 INCOME TAX

The prima facie tax on the profit before income tax is reconciled to the income tax expense as follows:

Profit before income tax	3,350	4,068
Prima facie tax at 30% (2009: 30%)	1,005	1,220
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	20	15
Investment allowance	(152)	(910)
Share based payments	-	89
Recognition of prior period tax losses	-	(72)
Income tax expense	<u>873</u>	<u>342</u>

NOTE 6 DIVIDENDS

Paid in cash	959	1,252
Satisfied by issue of shares	294	434
Dividends paid during the half-year	<u>1,253</u>	<u>1,686</u>

Dividends not recognised at the end of the half-year

Since the end of the half-year the directors have recommended the payment of an interim dividend of 0.5 cents (2009: 0.75 cent) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 31 March 2011 (2009: 31 March 2010), but not recognised as a liability at the end of the half-year, is

1,076	1,350
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LINDSAY AUSTRALIA LIMITED And Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 7 CONTRIBUTED EQUITY

	31 Dec 2010	30 June 2010
	\$'000	\$'000
Fully paid ordinary shares	44,196	37,888

	Number of Shares	Issue Price ¢	\$'000
Movement in fully paid ordinary share capital			
Opening balance at 1 July 2010	182,248,372		37,888
Issue of shares pursuant to the Dividend Reinvestment Plan	1,547,761	19.0	294
Issue of shares in payment of interest	496,258	18.4	91
Placement of shares	26,100,000	19.5	5,090
Share Purchase Plan	4,735,540	18.9	895
Share issue costs (net of tax)	-	-	(62)
Closing balance at 31 December 2010	<u>215,127,931</u>		<u>44,196</u>
Opening balance at 1 July 2009	153,388,286		32,635
Issue of shares pursuant to the Dividend Reinvestment Plan	2,173,141	20.0	434
Placement of Shares	15,000,000	20.0	3,000
Share Purchase Plan	8,257,434	19.0	1,569
Share issue costs (net of tax)	-	-	(116)
Exercise of options	744,348	0.0	-
Closing balance at 31 December 2009	<u>179,563,209</u>		<u>37,522</u>

Options

As at balance date the number of options to acquire ordinary shares in the parent entity was as follows:

	31 December 2010	30 June 2010	Exercise Price	Expiry date
	No.	No.		
Employee share options	2,800,000	3,000,000	\$0.25	30 June 2011

Employee Share Option Plan

In November 2007 3,600,000 options to purchase ordinary shares in the parent entity were granted to employees under the Employee Share Option Plan of which 800,000 have subsequently lapsed.

NOTE 8 NON-CASH FINANCING AND INVESTING ACTIVITIES

	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Acquisition of plant and equipment by means of finance leases	760	807
Dividends satisfied by issue of shares	294	434
Interest expense satisfied by the issue of shares	91	-

LINDSAY AUSTRALIA LIMITED And Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 9 SEASONALITY OF RESULTS

The half-year ended 31 December is a stronger trading period than the half-year ended 30 June. The seasonality arises as the Lindsay Australia Group derives significant revenue from the horticultural industry. The Group's current geographic spread of operations results in more favourable trading conditions in the first half of the financial year. There is also a lack of demand for southbound freight in the January to March quarter of each year. For the last two financial years profit or losses before income tax for each half year earned are as follows:

	Financial year ended	
	30 June 2010 \$'000	30 June 2009 \$'000
Profit before income tax	3,840	4,771
Profit before income tax for half-year ended 31 December	4,068	3,498
Profit before income tax for half-year ended 30 June	(228)	1,273
	3,840	4,771

NOTE 10 CONTINGENT LIABILITIES

There has been no material change to contingent liabilities disclosed in the 30 June 2010 Financial Report.

NOTE 11 SUBSEQUENT EVENTS

(i) South East Queensland Floods

During January 2011 South East Queensland experienced significant wet weather culminating in a major flood in Brisbane and surrounding areas. Lindsay Australia's operating divisions, Lindsay Transport and Lindsay Rural were impacted directly and indirectly by the floods in Queensland.

Direct Impacts

Head Office Rocklea

The ground floor of the head office building was inundated. Office equipment (excluding computer equipment) and some records were damaged, lost or destroyed. The Group's central servers are not located at Head Office and there was no impact on the Group's information and communication systems. This building is a leasehold property and the landlord is attending to the repairs. The 2nd floor has subsequently been re-occupied and other staff located in temporary accommodation onsite while repairs to the ground floor are undertaken. Rent abatement is applicable.

Lindsay Transport Rocklea

This depot was extensively damaged and office equipment, records, workshop equipment, and coldrooms damaged, lost or destroyed. In addition a small number of forklifts, prime movers and trailers were inundated and damaged. The amount of prime movers and trailers affected represents less than 2% of fleet. This building is a leasehold property. The landlord is attending to the repairs. The depot has subsequently been partially re-occupied with staff in temporary office accommodation while repairs are being undertaken.

Lindsay Rural

The Gatton store was partially inundated with office equipment, records, plant and equipment and stock damaged, lost or destroyed. This building is a leasehold property and repairs have been undertaken.

Lindsay Rural's central distribution warehouse (located at Cambridge Street Rocklea with the Group's head office) incurred very minor water inundation (it is at a higher level than the office).

Insurance

The Group holds insurance policies which cover non-motorised plant and equipment, coldrooms and stock. The Group also holds comprehensive motor vehicle insurance for prime movers, trailers, forklifts and rigid trucks. As the vehicles have been damaged in one incident, repairs or vehicle write-offs are covered by insurance subject to an excess of \$100,000. Vehicles are currently being repaired or replacements ordered where the vehicle was written off.

Indirect Impacts

The Group derives approximately 65% of revenues from the horticultural sector in various regions throughout the eastern area of Australia. The extent that demand for services and products of the Group has been impacted by the floods cannot fully be assessed at this stage. Preliminary discussions with growers indicate that tree crops have not been significantly impacted by the floods. Small crops losses have been incurred in some areas however the regeneration time for these crops is short. Water availability in many areas which the Group operates is now excellent and will stimulate demand for Rural

LINDSAY AUSTRALIA LIMITED And Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

products as growers plant and rebuild. For January 2011 Transport revenue was approximately 24% higher than January 2010 and Rural revenue was approximately 16% lower than January 2010.

(ii) Cyclone Yasi

In early February 2011 Cyclone Yasi crossed the North Queensland coast line near Tully causing extensive property and crop damage in areas surrounding Tully. Crops affected are principally bananas and sugar cane. Estimates of crop recovery times range from 6 to 12 months. Lindsay Australia has both Transport and Rural Operations situated at Innisfail which is 49 kilometres north of Tully. There were no property or stock losses incurred by the Group. For the six months ended 30 June 2010 the Group earned Transport revenue of approximately \$3.4 million from the Innisfail area principally from the transportation of bananas. Rural revenue of approximately \$5.3 million was also earned from the sale of packaging, fertilisers, chemicals and nutrients and other farm inputs in the Innisfail area. The impact of the effects of Cyclone Yasi on Transport revenue is expected to be mitigated by gaining revenue from other areas and from the purchase of the freight business detailed below. As the majority of Rural revenue is earned from sale of fertiliser, chemicals and nutrients (approximately 70% of the revenue for the six months to 30 June 2010) the impact is not forecast as being significant as these inputs are required in the growing cycle. Additional sales revenue will be pursued in the adjoining tableland region.

(iii) Purchase of North Queensland Freight Company

Lindsay Australia has entered into a contract to purchase the business certain assets of CLC Produce Pty Ltd based in Mareeba on the Atherton tableland in North Queensland. CLC Produce has a turnover of approximately \$6.5 million per annum the majority of which is south bound produce freight. Lindsay Transport commenced operations on 14 February 2011.

The purchase price is:

	\$
Leasehold land and buildings	425,000
Plant & equipment (including cold rooms)	345,000
	<u>770,000</u>

The vendor will also be engaged as a consultant for a period of three years to assist in marketing and customer transition. The fee payable of \$150,000 per annum is subject to agreed customer retention levels. No trucks or trailers are included in the purchase.

LINDSAY AUSTRALIA LIMITED And Controlled Entities DIRECTORS' DECLARATION

In the opinion of the directors the attached financial statements and notes:

- (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Lindsay Australia Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



John F Pressler
Director

Brisbane, Queensland
23 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Lindsay Australia Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lindsay Australia Limited, which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lindsay Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lindsay Australia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



R. C. N. Walker
Partner

Brisbane, Queensland
23 February 2011