



LINDSAY AUSTRALIA
LIMITED

ABN 81 061 642 733

ANNUAL REPORT
FINANCIAL YEAR ENDED
30 JUNE 2011

**ANNUAL REPORT
FOR THE YEAR ENDED 30 June 2011**

Directors	John F Pressler OAM MAICD (Chairman) Michael K Lindsay (Managing Director and Chief Executive Officer) Richard A Anderson OAM BCom FCA FCPA Gregory D Farrell BEcon Leslie R Hancock MAICD
Company Secretary and Chief Financial Officer	Graham A Johnston BCom, MBA, CPA
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Auditor	Johnston Rorke Level 30 Central Plaza 1, 345 Queen Street, Brisbane, Queensland, 4000
Banker	Westpac Banking Corporation 65 Molesworth Street, Lismore, New South Wales, 2480
Stock Exchange Listing	Lindsay Australia Limited shares are listed on the Australian Securities Exchange, code LAU.

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter either as the consolidated entity or as the Group) consisting of Lindsay Australia Limited and its controlled entities for the financial year ended 30 June 2011.

Directors

The following persons were Directors of Lindsay Australia Limited during the financial year and until the date of this report. Directors were in office for the whole of the period unless otherwise stated.

Mr John Frederick Pressler AO, *Chairman-non-executive*. Age 68.

Mr Pressler has had a highly successful involvement in the agricultural and horticultural industries for over 40 years, and is recognised as one of the industry's leading participants in both the Bundaberg and Emerald regions.

Mr Pressler has been a non-executive director of Wide Bay Australia Limited since 1988, and Chairman from 1997 to 2009. Mr Pressler is a member of the Australian Institute of Company Directors. He was awarded the medal of the Order of Australia in 2004 for services to the horticultural industry.

He has held no other directorships with other listed companies during the last three years.

Mr Michael Kim Lindsay, *Managing Director and Chief Executive Officer*. Age 53.

Mr Lindsay has over 30 years experience in the Australian transportation and rural merchandising industries. From 1974 to 1983 he worked for Lindsay Transport, gaining a hands-on knowledge of the transportation industry through an involvement in all areas of the Group's operations.

In 1983 Mr Lindsay established Lindsay Rural, a specialist rural merchandising business with operations in central and southeast Queensland. As managing director of the Company he was responsible for expanding it from a small local operation to a major regional business.

He has held no other directorships with other listed companies during the last three years.

Mr Richard Andrew Anderson AO, *Non-executive Director*. Age 65.

Mr Anderson is a former partner of PricewaterhouseCoopers having served as the firm's managing partner in Queensland for nine years and also as a member of the firm's national committee.

Mr Anderson holds a Bachelor of Commerce degree from the University of Queensland and is a Fellow of the Institute of Chartered Accountants and a Fellow of CPA Australia.

Mr Anderson is the current chairman of Data #3 Limited having been a director since 1997, and current Chairman of Villa World Limited having been a Director since November 2006. He is also a member of the board of Namoi Cotton Cooperative Limited (appointed 2001). He is also the current president of the Guide Dogs for the Blind Association of Queensland.

Mr Anderson was awarded the medal of the Order of Australia in 1997 for services to the Guide Dogs for the Blind Association of Queensland and the Queensland Art Gallery Foundation.

Mr Samuel Sydney Doumany, *Non-executive Director* - Director to 17 November 2010.

Mr Doumany has worked for over 40 years in both the government and private sectors in economic research, agribusiness management, public affairs, corporate governance and strategic planning.

Mr Doumany holds a Bachelor of Science degree in Agriculture from the University of Sydney.

He was elected to the Queensland Parliament in 1974 and subsequently served as Minister for Welfare and Minister for Justice and Attorney General.

Mr Doumany has had a long and extensive involvement in rural industry, including more recently the Chairmanship of the Queensland Rural Adjustment Scheme Review Committee (1996/97), the Queensland Rural Adjustment Authority Board (1997/2000) and the Queensland Dairy Legislation Review Committee (1997/1998).

He is the principal of a corporate and government relations' consultancy, Sam S Doumany and Associates. He is currently Chairman of FSA Group Limited and has been a director since 2002. He was previously a Director of Frontline Defense Services from which he retired on 30 September 2009.

Mr Doumany is a member of the Australian Institute of Company Directors.

He has held no other directorships with other listed companies during the last three years.

DIRECTORS' REPORT (Cont)

Mr Gregory Damian Farrell, *Non-executive Director*. Age 53.

Mr Farrell is the Managing Director of Mulawa Holdings Pty Limited – a family company with interests in the Australian tourism, gaming and road transport industries.

In 1988 Mr Farrell was appointed to the position of Managing Director of Mulawa Holdings following his transfer from the IPEC Transport Group.

Whilst at IPEC, Mr Farrell participated in all areas of the business, gaining valuable experience and insight into every department. He held senior positions, including those of Industrial Relations Manager and National Freight Manager and was a key member of the IPEC Board of Management.

In 1990 Mulawa Holdings established, and still operates, Cope Transport a significant road transport company operating in all States and Territories throughout Australia.

Mr Farrell has a Bachelor of Economics degree from the University of New South Wales and in 1999 successfully completed a three-year executive education program at the Harvard Business School.

Mr Farrell has held no other directorships with other listed companies during the last three years.

Mr Leslie Raymond Hancock, *Non-executive Director*. Age 60.

Mr Hancock has been a solicitor since 1973, specialising in the areas of employment and industrial relations, and commercial and corporate matters. As a partner in BCI Lawyers and as the principal of other legal firms he has provided legal advice to the Company for the past 15 years.

Mr Hancock has an in-depth understanding of the commercial aspects of the Group, and has had significant exposure to the horticultural industry, representing a number of the industry's leading growers in southern and central Queensland. Mr Hancock is currently a director of the Bundaberg Friendly Society Medical Institute Limited. He is a member of the Australian Institute of Company Directors and the Business Law Council of Australia.

He has held no other directorships with other listed companies during the last three years.

Mr Thomas Kelsall Lindsay, *Non-executive Director* – Director to 17 November 2010.

Mr Lindsay co-founded Lindsay Brothers Transport in 1953 and, until 2002, was that Company's joint managing director. Mr Lindsay was instrumental in directing the ongoing expansion of the Company to its status as one of Australia's largest refrigerated transport companies.

Mr Lindsay has over 50 years experience in the Australian transport industry and is widely regarded as one of its most influential figures. Mr Lindsay has served on numerous industry organisations for over 30 years, including the North Coast Road Transport Association and Newcastle Road Transport Association (after its amalgamation with that body), the Long Distance Road Transport Association and National Roads Association. He was inducted into the Transport Hall of Fame in 2003.

He has held no other directorships with other listed companies during the last three years.

Company Secretary

Mr Graham Johnston, *Company Secretary and Chief Financial Officer*

Mr Johnston has over 25 years senior management experience in all aspects of finance and administration.

Mr Johnston has held senior positions with a number of ASX listed companies involved in the tourism / leisure, development and construction, and retirement village industries. These positions entailed responsibility for financial management, accounting, ASX reporting and company secretarial requirements.

Mr Johnston holds a Bachelor of Commerce and Master of Business Administration, and is a Certified Practising Accountant.

DIRECTORS' REPORT (Cont)**Committee Membership**

As at the date of this report, the Company has an Audit and Risk Committee, an Environmental and Occupational Health and Safety Committee, and a Remuneration Committee of the board of Directors. Membership of the committees is as follows:

Audit and Risk	Remuneration	Environmental & Occupational Health and Safety
R A Anderson (Chairman)	S S Doumany (Chairman to 17.11.2010)	L R Hancock (Chairman)
J F Pressler	G D Farrell (Chairman from 18.11.2010)	S S Doumany (to 17.11.2010)
L R Hancock	J F Pressler	R A Anderson (from 18.11.2010)
	R A Anderson	

Interests in Shares of the Company

At the date of this report the interests of current Directors in securities of the Company are as follows:

	Ordinary Shares
J F Pressler	2,596,913
M K Lindsay	10,804,927
R A Anderson	352,314
G D Farrell	29,714,076
L R Hancock	4,374,215

Dividends Paid or Recommended

A final dividend has been declared for the year ended 30 June 2011 of 0.2 cents per share fully franked (\$433,000). This dividend is payable on 30 September 2011.

An interim dividend for the year ended 30 June 2011 of 0.5 cents per share fully franked (\$1,076,000) was paid on 31 March 2011. A final dividend for the year ended 30 June 2010 of 0.6 cent per share fully franked (\$1,253,000) was paid on 30 September 2010.

Corporate Information**Nature of Operations and Principal Activities**

There have been no significant changes in the nature of activities during the year. The principal activities of the consolidated entity during the year were:

- transportation of refrigerated and general freight, and
- merchandising of rural supplies.

Employees

The consolidated entity employed 850 full and part-time staff as at 30 June 2011 (2010:797).

DIRECTORS' REPORT (Cont)**REVIEW OF OPERATIONS****Performance Indicators**

Management and the board monitor the consolidated entity's overall performance against operating plans and financial budgets. The board, together with management, have identified key performance indicators that are used to monitor performance.

Operating Results for the Year

For the year ended 30 June 2011 the Group earned a net profit after tax of \$1.39 million. This was a 64% decrease on the previous year where a net profit after tax of \$3.81 million was earned. This is a disappointing result for the group and the key issues faced by the group during the financial year were:

- competitor and customer pressure on transport freight rates, and
- adverse weather conditions including extended rain periods, flooding and a cyclone. The adverse weather conditions impacted on fleet sales, utilisation rates and operating costs.

The operating results for the Group are summarised as follows:

	2011 \$000's	% of Revenue	2010 \$000's	% of Revenue
Total revenue	238,224		220,298	
Other income	658		799	
Earnings before interest, tax, depreciation and amortisation	19,437	8.2	19,794	8.9
Less				
• Depreciation and amortisation	12,618	5.3	11,605	5.3
• Interest	4,998	2.1	4,349	2.0
Profit before tax	1,821	0.8	3,840	1.7
Income tax expense	432	0.2	27	-
Profit after tax	1,389	0.6	3,813	1.7
Tax benefit of investment allowance	152		1,201	

Earnings before interest, tax, depreciation and amortisation were slightly lower at 8.2% of revenue compared with last year of 8.9% of revenue. Additional depreciation and amortisation charges of approximately \$1 million and higher borrowing costs of approximately \$600,000 were incurred as a result of additional equipment purchased during the 2010 year. In the 2011 financial year and the prior year the group has modernised its equipment and changed the structure of its fleet to increase the proportion of B/Double trailer combinations while at the same time as taking advantage of the investment allowance taxation benefit.

The benefit this year from the investment allowance was \$152,000 compared with \$1,201,000 last year. This change in benefit accounts for approximately \$1 million in reduction in profitability. Capital expenditure on plant and equipment this financial year of \$15 million is approximately \$10 million lower than in 2010. Capital expenditure is forecast to be again lower in the 2012 financial year at \$6 million.

DIRECTORS' REPORT (Cont)**Transport**

Key operating statistics were:

	2011 \$000's	2010 \$000's
Total divisional sales including inter-segment sales	159,953	140,265
Divisional profit	9,209	9,737
Profit margin percentage	5.8%	6.9%

Transport's contribution was \$528,000 below the result achieved in 2010 even though sales increased 14% over last year. Revenue has increased as a result of increased volumes (particularly out of Melbourne) and an increase in applicable fuel levies.

Trading Environment

The trading environment faced by our Transport division during the 2011 financial year was challenging. Pricing pressures from competitors and some of our customers coupled with fleet utilisation issues caused by the impact of weather has resulted in only a small growth in one of our key performance indicators, the revenue per kilometre travelled.

The impact of a structural shift in delivery requirements of produce transported has also emerged during the year. The average consignment as measured by number of pallets consigned to a particular destination has reduced due to volume changes. More produce is now being delivered outside the traditional produce market systems and directly to consignees which causes greater waiting times and delivery costs. These two key shifts have been caused by higher produce quality expectations from national produce distributors and decision to by-pass the central market. This has resulted in an increase to our cost of service and we have adjusted our freight rates to recover those additional costs.

Impact of Natural Disasters

Progress in establishing operations in North Queensland was disrupted by Cyclone Yasi which hit the Queensland coast around the Tully area in February 2011. We had been successful in growing revenue from North Queensland from \$315,000 in February 2010 to \$1,150,000 in January 2011. The majority of revenue is generated from the cartage of bananas. The loss of this south bound freight caused fleet utilisation issues as we had committed north bound freight.

In February 2011 the Group purchased the business assets of CLC Produce based in Mareeba, an area largely unaffected by Cyclone Yasi. The purchase price of those assets was \$770,000 and was funded from internal cash reserves. This purchase mitigated some of the fleet utilisation issues caused by Cyclone Yasi in addition to broadening our operating base in North Queensland. The Mareeba depot has given access to a diverse range of produce including citrus, paw paws and mangoes, as the region was not previously penetrated prior to acquisition.

Extensive rainfall over the summer months which culminated in severe flooding to parts of South East Queensland also impacted on operations. The Brisbane depot was extensively flooded in early January which required those operations be relocated for a period of 6 weeks. Operations were further disrupted for an additional 10 weeks whilst undergoing repair work. The cost of the property repairs was borne by the property owner. During this period operating costs for our Brisbane depot were increased. The prolonged wet weather in South East Queensland also impacted on fleet utilisation rates with vehicles stopped by flood waters, or alternatively taking different but longer route to the destination to avoid flooding. Produce production was also impacted which resulted in increased variability in demand for our transport services.

While seasonality is inherent in the type of produce freight we carry, adverse weather events have a higher impact on us as this often results in less than full loads or increased operating costs.

DIRECTORS' REPORT (Cont)

Volume Growth

The outlook for produce volumes in the 2012 year is encouraging with forecasts of a possible industry wide capacity shortage in refrigerated transport. Banana supply is increasing as growers recover from the effects of Cyclone Yasi and supply is expected to peak in the third quarter of the 2012 financial year. High produce volume is also predicted for the Gattton area in 2012 financial year.

We have experienced good freight growth in capital cities particularly Melbourne. We are developing strategic alliances with other transport companies who have a freight profile that provides additional loading for our vehicles and subcontractors who will work alongside our fleet particularly in our peak times. Approximately 20% of total revenue is serviced through subcontractors.

Revenue from our ten largest customers by value increased by approximately 13%. Our top 10 customers continue to contribute approximately half of Transport revenues.

Other

Traffic congestion in capital cities and waiting times at distribution centres remain a problem and these issues are escalating. These factors impact on costs for our capital city terminals.

Fleet kilometres travelled during 2011 of approximately 53.5 million increased by 5.6% compared with 2010. Kilometres travelled were. While extra distance travelled increase operating costs some operating costs (such as tyres, spare parts, sublet repairs and mechanical labour) were approximately 5% lower than 2010 levels on a per kilometre basis. This reduction in part arises from the benefits of investing in new equipment. Volatility in fuel price movements increased in 2011 compared with the previous year and the average cost of fuel per litre increased 11%.

Linehaul labour costs increased generally in line with our labour agreements.

Industry Competition

The impact of the overall competitive pressure in the transport sector in which we operate has resulted in a number of competitors exiting the industry or alternatively significantly downsizing the fleet which they operate. We expect to see further rationalisation.

Carbon Tax

The Federal Government has announced an intention to introduce a carbon tax from 1 July 2012. The Government has also announced that this carbon tax would be deferred for road transport to 1 July 2014. At that time the diesel fuel rebate would be reduced by 6.858 cents per litre. This loss of rebate will increase the effective cost of fuel. Movements in the cost of fuel are currently passed to customers by way of fuel levy and the loss of the rebate is expected to be passed onto customers by a compensating adjustment to the fuel levy. Other costs are expected to increase from 1 July 2012 when the economy generally is subject to the carbon tax. These costs increases overall are not expected to be significant. Electricity cost is expected to increase the most. The current cost of electricity incurred by the Group is approximately \$700,000 per annum.

Rural

Key operating statistics were:

	2011 \$000's	2010 \$000's
Total sales revenue including inter-segment sales	78,782	80,612
Divisional profit	3,528	4,075
Profit margin percentage	4.5%	5.1%

Sales for the year declined by approximately 2.3% compared with 2010. The loss of margin on these sales accounted for approximately 50% of the fall in the divisional contribution margin of \$547,000 (13%) from 2010. The sales fall is however the net result of changes in the sales mix and is after the sales achieved from new locations that were opened during the year. Outlets have been opened at Murwillumbah and Coffs Harbour during the year. These have shown encouraging sales potential.

DIRECTORS' REPORT (Cont)

By product category, packaging sales declined by 8.4% and chemicals increased 11.2% on sales achieved in the 2010 year. These sales variances are weather related. The extended rainfall throughout Australia but particularly in south East Queensland reduced produce volumes resulting in lower packaging sales. The wet weather boosted chemical sales as growers required more chemical sprays to counter increased pest and bacterial infections.

Sales from our Gatton (floods) and Innisfail (cyclone) stores were the most severely impacted by weather events during the year. The rainfall which has occurred throughout Australia has resulted in a positive outlook for all our outlets from a water availability perspective. This is the first time in a number of years where we have no outlet in a drought affected area. Sales for June were the highest ever recorded by the Rural division and were 20% higher than the previous June and reflect the positive trading outlook. Sales in Emerald during the year increased with citrus volumes now growing after the destruction of all trees in Emerald as a result of citrus canker.

Rural remains well positioned to grow and additional outlets can be added without any significant overhead costs. We are seeking to make further acquisitions as opportunities arise.

Director Retirements

Sam Doumany and Tom Lindsay who have been directors since 2002 both retired at the conclusion of the company's Annual General Meeting last year. 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 33,418,477 ordinary shares were issued raising \$6.4 million net of costs.

Earnings per Share

Basic earnings per share were 0.7 cents per share compared with 2.2 cents per share last year.

Financial Condition

At 30 June 2011 the consolidated entity's working capital ratio was 1.246 (2010:1.165) and its net debt to the total of net debt and shareholders' funds (gearing) ratio was 0.56 (2010:0.58). The ratios reflect the structure of the consolidated entity with over 80% of the total borrowings of \$66 million used to fund the transport fleet. The consolidated entity does not have any trucks or trailers acquired by the use of operating leases. The consolidated entity at 30 June 2011 had additional un-drawn equipment finance facilities of \$8.85 million and available bank overdraft of \$1.54 million.

Risk Management

The consolidated entity takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis.

The board has a number of mechanisms in place to ensure that management's objectives are aligned with the risks identified by the board. These include the following:

- implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPI's of both a financial and non-financial nature, and
- committees to report on specific business risks including, for example, such matters as environmental issues and concerns, and occupational health and safety.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year other than a share placement and share purchase plan which raised approximately \$6 million.

There were no other significant unusual gains or expenses.

DIRECTORS' REPORT (Cont)

Likely Developments and Expected Results

The Directors foresee that the 2012 financial year will result in improved profitability. Potential further acquisitions and or expansions for the Rural and Transport divisions are being pursued. New customers and additional freight will be pursued by Transport.

The Directors consider that total revenue for Financial Year 2012 from existing operations will be approximately \$250 million.

Transport's focus is to:

- obtain higher yielding freight, and additional freight revenue in the January to April period of each year,
- rebuild its operations in and out of North Queensland,
- improve freight margins, and
- maintaining inflation adjusted operating cost structures.

Rural's focus is to:

- expand into Northern NSW and further increase operations in North Queensland
- increase the sales of packaging, and
- focus on service.

Profit for the Group is forecast to increase in FY2011 as a consequence of:

- increased sales by both Transport and Rural,
- increased capacity utilisation,
- increased sales margins on some selected products, and
- minimising costs increases.

These projections are subject to uncertainties regarding the price of fuel and the Group's capacity to recover adverse fuel price movements through fuel levies, and the impact of seasonal factors (both positive and negative) that occur within the industry sectors in which the Group operates.

Matters Subsequent to the End of the Financial Year

Other than as disclosed in note 34 of the financial report and in this Directors' report, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year and that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Environmental Regulations

The Group's operations are subject to the *National Greenhouse Energy Reporting Act 2007*. The Group complies with this Act. Other than this Act, the Group's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Share Options

Since the end of the financial year up to the date of this report no options over ordinary shares in Lindsay Australia Limited have been granted to any person or corporation.

Shares Issued on the Exercise of Options

There were no shares issued pursuant to the exercise of options since the beginning of the financial year up to the date of this report.

DIRECTORS' REPORT (Cont)**Meetings of Directors**

During the financial year the following meetings of Directors and of each board committee were held. Attendances were:

	Directors' Meetings		Audit and Risk Committee		Remuneration Committee		Environmental & Occupational Health & Safety Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J F Pressler	14	14	3	3	1	1	-	-
M K Lindsay	14	13	-	-	-	-	1	1
R A Anderson	14	13	3	3	1	1	1	1
S S Doumany (to 17.11.2010)	6	6	-	-	-	-	-	-
G D Farrell	14	14	-	-	1	1	-	-
L R Hancock	14	13	3	3	-	-	1	1
T K Lindsay (to 17.11.2010)	6	3	-	-	-	-	-	-

Indemnities

During or since the end of the financial year the Group has not given any indemnity or entered into any agreement to indemnify, or paid or agreed to pay insurance premiums in relation to an officer or auditor except as detailed below:

Lindsay Australia Limited has paid a premium to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director, other than conduct involving a wilful breach of duty. The amount of the premium was \$20,295.

Rounding of Amounts

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.

Audit Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Johnston Rorke) for audit and non-audit services provided during the year are set out below.

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of the non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Johnston Rorke received or is due to receive the following amounts for the provision of non-audit services during the year ended 30 June 2011:

	2011 \$	2010 \$
Tax compliance services	22,300	33,480

DIRECTORS' REPORT (Cont)

Remuneration Report (Audited)

This Remuneration Report details the nature and amount of remuneration for each key management person of Lindsay Australia Limited and its controlled entities and for the five executives receiving the highest remuneration of the Company and the Group.

The Remuneration Report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Service agreements
- C Details of remuneration paid to key management personnel
- D Share-based compensation
- E Additional information

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Philosophy

It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality board and executive team by remunerating Directors and executives fairly and appropriately with reference to relevant employment market conditions and results delivered.

The expected outcomes of the remuneration structure are:

- retention and motivation of Directors and executives (key management personnel); and
- attraction of quality Directors and executives to the Company.

Remuneration Committee

The board's Remuneration Committee is responsible for determining and reviewing compensation arrangements for Directors and executives of the Company. To assist in achieving this objective, the Remuneration Committee takes into account the nature and amount of executive Directors' and officers' emoluments and the Company's achieved financial and operational performance when determining and reviewing compensation arrangements.

Remuneration Structure

The structure of non-executive Director and senior management remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain suitably qualified and experienced Directors, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution of the Company and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the General Meeting held on 19 November 2007 when shareholders approved an aggregate remuneration of \$450,000 per year. The actual amount paid including statutory superannuation during the financial year ended 30 June 2011 was \$283,341 (2010: \$344,300).

The amount of aggregate remuneration sought (subject to the approval of shareholders) and the manner in which it is apportioned amongst Directors is reviewed annually. The board considers the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors. No additional fees are paid for board committee membership.

Details of the nature and amount of the emolument of each Director of the Company for the years ended 30 June 2011 and 30 June 2010 are provided later in this report.

DIRECTORS' REPORT (Cont)

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (cont)**Executive Director and other Key Management Personnel Remuneration****Objective**

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and results achieved.

The executive pay and reward framework has three components:

- base pay and benefits,
- long-term incentives through participation in the Lindsay Australia Limited Employee Option Plans, and
- other remuneration such as superannuation and bonuses.

The combination of these comprises the executives' total remuneration.

Structure

Executives are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company. The base emolument and non-monetary payments are not dependent upon the satisfaction of any performance conditions.

In relation to the payment of bonuses (other than where a bonus provision is included in an executive service contract), options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of Lindsay Australia Limited and the performance of the individual during the period.

The executive Director and other key management personnel have the opportunity for participation in the Employee Share Option Plans. The terms and conditions under the plans which regulate the issue of options are:

- total options on issue must not exceed 5% of total shares on issue;
- the exercise prices and exercise period are determined by Directors;
- the employee must be employed at the commencement of the exercise period or the options will lapse;
- during the exercise period the options lapse if an employee resigns or the employee is lawfully terminated;
- if an employee dies during the exercise period his estate may exercise the options prior to the expiry date;
- if an employee becomes disabled during the exercise period the employee may exercise the options prior to the expiry date;
- if an employee is made redundant during the exercise period the directors may specify a period not exceeding the expiry date for the employee to exercise the options.

Details of the nature and amount of remuneration and all monetary and non-monetary components for each key management personnel during the years ended 30 June 2011 and 30 June 2010 are provided later in this report.

The following persons were Directors of Lindsay Australia Limited during the financial year:

Name	Position	Appointment Date	Retired
J F Pressler	Chairman (Non-Executive)	8 January 1997	
M K Lindsay	Managing Director and Chief Executive Officer	26 November 1996	
R A Anderson	Director (Non-Executive)	16 December 2002	
S S Doumany	Director (Non-Executive)	16 December 2002	17 November 2010
G D Farrell	Director (Non-Executive)	17 November 2005	
L R Hancock	Director (Non-Executive)	13 September 2002	
T K Lindsay	Director (Non-Executive)	16 December 2002	17 November 2010

DIRECTORS' REPORT (Cont)
A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (cont)

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
A W Bunker	Commercial Manager Transport	Lindsay Australia Limited
G A Johnston	Chief Financial Officer and Company Secretary	Lindsay Australia Limited
T G Lindsay	General Manager Transport	Lindsay Australia Limited

All of the above persons were key management personnel during the year ended 30 June 2011. There were no other key management personnel during the current and prior year.

B SERVICE AGREEMENTS

The Group's policy is that service contracts for key management personnel are unlimited in term but capable of termination on four weeks' notice. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. Compensation levels are reviewed each year to meet the principles of the remuneration policy.

No executive service contract includes any terms that require a bonus payment. The Directors may grant a bonus to any employee at their discretion.

C DETAILS OF REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL

		Short-term benefits		Long-term benefits	Post-employment benefits	Share based payments	Total	% Performance Related
	Directors' fees	Cash salary and fees	Non-monetary benefits	Long service leave	Super-annuation	Options		
	\$	\$	\$	\$	\$	\$	\$	%
Non-executive Directors								
J F Pressler (Chairman)								
2011	43,560	-	-	-	32,740	-	76,300	-
2010	-	-	-	-	76,300	-	76,300	-
R A Anderson								
2011	50,000	-	-	-	4,500	-	54,500	-
2010	50,000	-	-	-	4,500	-	54,500	-
S S Doumany								
2011 (1)	20,833	-	-	-	1,875	-	22,708	-
2010	50,000	-	-	-	4,500	-	54,500	-
G D Farrell								
2011	50,000	-	-	-	4,500	-	54,500	-
2010	50,000	-	-	-	4,500	-	54,500	-
L R Hancock								
2011	45,833	-	-	-	8,667	-	54,500	-
2010	-	-	-	-	54,500	-	54,500	-
T K Lindsay								
2011 (1)	20,833	-	-	-	-	-	20,833	-
2010	50,000	-	-	-	-	-	50,000	-
Sub-Total 2011	231,059	-	-	-	52,282	-	283,341	-
Sub-Total 2010	200,000	-	-	-	144,300	-	344,300	-

(1) Up to retirement on 17 November 2010

DIRECTORS' REPORT (Cont)
C DETAILS OF REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL (cont)

		Short-term benefits		Long-term benefits	Post-employment benefits	Share based payments	Total	% Performance Related
	Directors' fees	Cash salary and fees	Non-monetary benefits	Long service leave	Superannuation	Options		
	\$	\$	\$	\$	\$	\$	\$	%
Executive Director and other key management personnel								
M K Lindsay (Managing Director & Chief Executive Officer)								
2011	-	555,537	(2,932)	32,012	63,564	-	648,181	-
2010	-	438,493	21,766	7,917	49,646	120,058	637,880	18.8
A W Bunker (Commercial Manager Transport)								
2011	-	173,078	-	12,156	32,274	-	217,508	-
2010	-	148,726	-	2,754	28,898	23,063	203,441	11.3
G A Johnston (Chief Financial Officer & Company Secretary)								
2011	-	244,471	-	8,607	48,233	-	301,311	-
2010	-	199,340	4,000	3,786	40,704	29,520	277,350	10.6
T G Lindsay (General Manager Transport)								
2011	-	308,949	19,388	16,406	53,862	-	398,605	-
2010	-	272,369	19,388	4,649	27,702	30,015	354,123	8.5
Total 2011	231,059	1,282,035	16,456	69,181	250,215	-	1,848,946	
Total 2010	200,000	1,058,928	45,154	19,106	291,250	202,656	1,817,094	

The above persons are the only persons to have authority and responsibility for the planning, directing and controlling the activities of Lindsay Australia Limited and the Group. There are no other executives who are key management personnel.

The persons listed above are each one of the five highest remunerated Group and Company employees. In addition to the aforementioned key management personnel for 2011 and 2010 the following persons are one of the five highest remunerated Group and Company employees for the year stated.

	Short-term benefits		Long-term benefits	Post-employment benefits	Share-based payments	Total	% Performance related
	Cash salary and fees	Non-monetary benefits	Long service leave	Superannuation	Options		
	\$	\$	\$	\$	\$	\$	%
Other company and group executives							
Company							
S E Gamble							
2011	150,247	-	-	13,522	-	163,769	-
2010	144,154	-	-	12,974	-	157,128	-
Group							
R J Hess							
2011	159,599	8,291	8,511	15,130	-	191,531	-
R J Dummer							
2010	138,162	-	1,998	12,614	11,325	164,099	6.9

Amounts disclosed for cash salary, fees and superannuation include amounts accrued during the year in respect of leave entitlements. Total remuneration expense may vary, as compared to base salary, with the movements in annual and long service leave.

During the year there were no loans to any key management personnel.

DIRECTORS' REPORT (Cont)**D SHARE-BASED COMPENSATION****Options**

Options over shares in Lindsay Australia Limited are granted under the Lindsay Australia Limited Employee Share Option Plans to provide long term incentives to executives to deliver long-term shareholder returns.

The terms and conditions of each grant of options affecting performance in the current or a future reporting period are as follows:

Grant date	Fair value per option at grant date	Date vested and exercisable	Expiry Date	Exercise price	% Vested
30 July 2007	6.37 cents	1 July 2010	30 June 2011	25.0 cents	100%

All of the above grants of options are performance related to provide long-term incentives.

Details of options over ordinary shares in the company provided as remuneration in the financial year ended 30 June 2010 to each director of Lindsay Australia Limited and each of its other key management personnel and other executives of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Lindsay Australia Limited. There were no such options granted in 2011. Further information on the options is set out in note 29 to the Financial Statements.

Name	Number of options granted during the 2010 year	Value of options at grant date (1) \$	Number of options vested during 2010 year
Key management personnel			
MK Lindsay	527,148	120,058	527,148
AW Bunker	131,788	23,063	131,788
GA Johnston	168,688	29,520	168,688
TG Lindsay	131,788	30,015	131,788
Other company and group executives			
RJ Dummer	36,904	6,458	36,904

(1) The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares provided on exercise of remuneration options

There were no shares provided on exercise of remuneration options in 2011. Details of ordinary shares in the company provided as a result of the exercise of remuneration options in the financial year ended 30 June 2010 to each director of Lindsay Australia Limited and each of its other key management personnel and other executives of the parent entity and the Group are set out below.

Name	Shares issued on exercise of options during the 2010 year	Value at exercise date (1) \$
Key management personnel		
MK Lindsay	527,148	115,314
AW Bunker	131,788	26,852
GA Johnston	168,688	34,370
TG Lindsay	131,788	28,829
Other company and group executives		
RJ Dummer	36,904	7,519

(1) The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

DIRECTORS' REPORT (Cont)

D SHARE-BASED COMPENSATION (Cont)

The amounts paid per ordinary share on the exercise of options at the date of exercise was \$nil. No amounts are unpaid on any share issued on the exercise of options.

During the financial year ending 30 June 2011 R J Dummer and R J Hess held 200,000 options each over ordinary shares exercisable at 25 cents per share which vested on 1 July 2010 and expired on 30 June 2011 un-exercised. As at 30 June 2010 the whole of the fair value of options issued to RJ Dummer and R J Hess had been expensed.

E ADDITIONAL INFORMATION

The table below shows for the current financial year and previous four financial years the total remuneration cost of the key management personnel, earnings per ordinary share (EPS) dividends paid or declared, and the closing price of ordinary shares on ASX at year end.

Financial Year	Total Remuneration \$	EPS cents	Dividends cents	Share Price cents
2007	2,098,470	2.4	1.6	26
2008	2,083,422	1.4	1.0	18
2009	1,768,384	2.7	1.6	20
2010	1,817,094	2.2	1.35	18.5
2011	1,848,946	0.7	0.7	18

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



John F Pressler
Chairman of Directors
Brisbane, Queensland
25 August 2011

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

Auditor's Independence Declaration

As lead auditor for the audit of Lindsay Australia Limited for the financial year ended 30 June 2011, 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 audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lindsay Australia Limited and the entities it controlled during the period.

JOHNSTON RORKE
Chartered Accountants



R. C. N. Walker
Partner

Brisbane, Queensland
25 August 2011

ANNUAL FINANCIAL REPORT – 30 JUNE 2011

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Financial Statements:

- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the consolidated financial statements
- Directors' declaration

Independent auditor's report to the members

These financial statements cover the consolidated financial statements for the consolidated entity consisting of Lindsay Australia Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Lindsay Australia Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lindsay Australia Limited
44b Cambridge Street
ROCKLEA QLD 4106

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report which is not part of this financial report.

The financial statements were authorised for issue by the Directors on 25 August 2011. The Directors have the power to amend and reissue the financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

		2011	2010
	Note	\$'000	\$'000
Revenues	4	238,224	220,298
Other Income	5	658	799
Expenses			
Changes in inventories	6	524	1,173
Purchase of inventories	6	(64,789)	(67,407)
Fuel and oil costs		(33,665)	(28,487)
Repairs and maintenance		(11,743)	(11,815)
Subcontractors		(24,186)	(17,220)
Employee benefits expense		(57,433)	(52,841)
Depreciation and amortisation	6	(12,618)	(11,605)
Finance costs		(4,998)	(4,349)
Insurance		(1,470)	(1,186)
Registrations		(2,910)	(2,334)
Pallet charges		(1,403)	(1,464)
Operating lease rentals	6	(4,993)	(4,504)
Professional fees		(759)	(575)
Other expenses		(16,618)	(14,643)
Profit before income tax		1,821	3,840
Income tax expense	7	(432)	(27)
Profit for the year	24	1,389	3,813
Other comprehensive income		-	-
Total comprehensive income for the year		1,389	3,813
		Cents	Cents
Basic earnings per share	26	0.7	2.2
Diluted earnings per share	26	0.7	2.2

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

		2011	2010
	Note	\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	9	6,206	3,934
Trade and other receivables	10	40,977	36,941
Inventories	11	12,766	12,386
Current tax assets		222	628
Other	12	2,722	2,322
TOTAL CURRENT ASSETS		62,893	56,211
NON-CURRENT ASSETS			
Available-for-sale financial assets	13	25	43
Property, plant and equipment	14	77,279	75,121
Intangible assets	16	7,880	7,824
TOTAL NON-CURRENT ASSETS		85,184	82,988
TOTAL ASSETS		148,077	139,199
CURRENT LIABILITIES			
Trade and other payables	17	22,358	19,647
Borrowings	18	22,793	23,149
Provisions	20	4,245	3,877
Other	21	1,188	1,448
TOTAL CURRENT LIABILITIES		50,584	48,121
NON-CURRENT LIABILITIES			
Borrowings	18	43,213	42,757
Deferred tax liabilities	19	2,061	1,655
Provisions	20	881	840
Other	21	533	496
TOTAL NON-CURRENT LIABILITIES		46,688	45,748
TOTAL LIABILITIES		97,272	93,869
NET ASSETS		50,805	45,330
EQUITY			
Contributed equity	22	44,303	37,888
Reserves	23	491	491
Retained earnings	24	6,011	6,951
TOTAL EQUITY		50,805	45,330

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Contributed equity	Share based payments reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	32,635	118	6,174	38,927
Profit for the year	-	-	3,813	3,813
Other comprehensive income	-	-	-	-
Total comprehensive income for the year			3,813	3,813
Transactions with owners in their capacity as owners				
Contributions of equity, net of transactions costs	4,452	-	-	4,452
Share based payments expense for year	-	373	-	373
Dividends reinvested/(paid) during year	801	-	(3,036)	(2,235)
At 30 June 2010	37,888	491	6,951	45,330
Profit for the year	-	-	1,389	1,389
Other comprehensive income	-	-	-	-
Total comprehensive income for the year			1,389	1,389
Transactions with owners in their capacity as owners				
Contributions of equity, net of transactions costs	6,014	-	-	6,014
Dividends reinvested /(paid) during year	401	-	(2,329)	(1,928)
At 30 June 2011	44,303	491	6,011	50,805

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

		2011	2010
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		256,074	239,118
Payments in the course of operations		(241,194)	(224,931)
Interest received		1,654	1,230
Income taxes refund/(paid)		406	(977)
Finance costs paid		(4,869)	(4,263)
Net cash provided by operating activities	25(a)	12,071	10,177
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		2,786	2,266
Proceeds from disposal of available-for-sale financial assets		18	40
Payments for property, plant and equipment		(7,791)	(23,601)
Payments for intangibles		(232)	(228)
Payments for acquisition of business assets	25(c)	(770)	-
Net cash (used in) investing activities		(5,989)	(21,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issues of shares		5,985	4,569
Proceeds from borrowings		10,257	27,780
Repayment of borrowings		(10,465)	(6,875)
Repayment of lease liabilities		(9,895)	(10,185)
Share issue transaction costs		(89)	(167)
Dividends paid		(1,928)	(2,235)
Net cash provided by / (used in) financing activities		(6,135)	12,887
Net increase / (decrease) in cash and cash equivalents		(53)	1,541
Cash and cash equivalents at beginning of financial year		2,799	1,258
Cash and cash equivalents at end of financial year	9	2,746	2,799

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

Lindsay Australia Limited ABN 81 061 642 733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements relate to the consolidated entity consisting of Lindsay Australia Limited and its subsidiaries.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group and the *Corporations Act 2001*.

Changes in Accounting Standards and Regulatory requirements

There are a number of new and amended Accounting Standards issued by the AASB which are applicable for reporting periods commencing 1 July 2010. The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period.

There was no material impact on the Financial Report as a result of the mandatory new and amended Accounting Standards adopted.

Compliance with IFRS

The consolidated financial statements of the Lindsay Australia Limited Group also comply with International Financial Reporting Standards (AIFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lindsay Australia Limited ("company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Lindsay Australia Limited and its subsidiaries together are referred to in the financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations of the Group (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

Lindsay Australia Limited ABN 81 061 642 733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenue from freight cartage and hire and other services is recognised when the services are provided. Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred which is taken to be upon the delivery of goods to customers.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Investment allowances

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Lindsay Australia Limited ABN 81 061 642 733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(e) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the assets useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(h) Cash and cash equivalents

For the cash flow statement cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 to 60 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

Lindsay Australia Limited ABN 81 061 642 733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and, where applicable, cost of conversion after deducting trade discounts, rebates and other similar items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Investments and other financial assets

The Group classifies investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purposes of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the period end date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium of long term.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

The Group assesses at each period end date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the period end date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of assets is calculated on a diminishing value or straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

<i>Classification</i>	<i>Rate</i>	<i>Depreciation Basis</i>
Buildings	2.5 - 5%	SL
Leasehold improvements	20 - 30%	SL/DV
Plant and equipment	8 - 40%	SL/DV
Leased plant and equipment	8 - 40%	SL/DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose, identified according to operating segments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Software

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful lives of two to three years. The line item in profit or loss in which the amortisation of software is included is depreciation and amortisation expense.

(o) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are usually unsecured (except for Amcor Packaging – refer note 17) and paid within 30 to 60 days of recognition.

(p) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

Share-based payments

Share-based compensation benefits are provided to employees via the Lindsay Australia Limited Employee Share Option Plans.

The fair value of options granted under Employee Option Plans are recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss with a corresponding adjustment to equity.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Lindsay Australia Limited ABN 81 061 642 733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Dividends

Provision is made for the amount of any dividend declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

(u) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(v) GST

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(w) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(x) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 124 <i>Related Party Disclosures</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2011	1 Jul 2011
AASB 9 <i>Financial Instruments</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013	1 Jul 2013
AASB 2010-4 <i>Amendments to Australian Accounting Standards Arising from the Annual Improvements Project</i>	1 Jan 2011	1 Jul 2011
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 Jan 2011	1 Jul 2011
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 Jan 2011	1 Jul 2011
AASB 1054 <i>Australian Additional Disclosures</i> – new and consequential amendments to other accounting standards resulting from its issue	1 Jan 2011	1 Jul 2011
AASB 2011-4 <i>Amendments to Australian accounting Standards to Remove Individual Key Management personnel Disclosure Requirements</i>	1 Jul 2013	1 Jul 2013
IFRS 10 <i>Consolidated Financial Statements</i>	1 Jan 2013	1 Jul 2013
IFRS 11 <i>Joint Arrangements</i>	1 Jan 2013	1 Jul 2013
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 Jan 2013	1 Jul 2013
IFRS 13 <i>Fair Value Measurement</i>	1 Jan 2013	1 Jul 2013
IAS 1 <i>Presentation of Financial Statements - revised</i>	1 Jul 2012	1 Jul 2012
IAS 19 <i>Employee Benefits – revised</i>	1 Jan 2013	1 Jul 2013

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 124 – These amendments apply retrospectively and remove the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. When the amendments are applied the Group will need to disclose any transactions between its subsidiaries and associates. No significant changes are anticipated on any amounts recognised in the financial statements.

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in the income statement. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affects the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

AASB 2010-4 and AASB2010-5 – These amendments introduce various changes to IFRSs. The Directors have not yet assessed the impact of the amendments, if any.

AASB 2010-6 – These amendments increase the disclosure requirements for transactions involving transfers of financial assets under AASB 7 *Financial Instruments: Disclosures*. It requires enhanced disclosures for where an asset is transferred but not derecognised, plus, the introduction of new disclosures for assets that are derecognised but the entity continues to have an exposure to the asset after sale. The amendments are only expected to affect disclosures in the financial report in future periods as no comparative information is required.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

AASB 1054 – This standard is a consequence of Phase 1 of the joint Trans-Tasman Convergence project. As a result of it and the related standards, all Australian specific disclosures are relocated to this standard. In addition, a number of disclosures are revised. Some disclosures will be affected by these revisions, but no underlying numbers, as reported in the financial statements, are anticipated to change.

AASB 2011-4 – This amendment proposes the removal of individual key management personnel (KMP) disclosure requirements from AASB 124. This is to eliminate replication with the *Corporations Act 2001* and achieve consistency with the international equivalent standard. The KMP disclosures will be reduced as a result of these amendments, but there will be no impact on the amount recognised in the financial statements.

IFRS 10, IFRS 11, IFRS 12 – These new and revised standards are a suite of five standards dealing with consolidation, joint venture arrangements and related disclosures. The main features are –

- IFRS 10 – Introduces a new control model and replaces parts of IAS 27 *Consolidated and Separate Financial Statements*. The new model broadens the situations when an entity is considered to be controlled and is likely to lead to more entities being consolidated.
- IFRS 11 – Replaces IAS31 *Interests in Joint Ventures* and uses the principle of control from IFRS 10 to define joint control. It also removes the option to account for jointly controlled entities using proportionate consolidation.
- IFRS 12 – Requires disclosure of information pertaining to an entity's interests in subsidiaries, joint arrangement, associates and structures entities, including significant judgements and assumptions.

The Group is yet to assess the impact of these new standards.

IFRS 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used. The Group is yet to assess the impact of this new standard, if any.

IAS 1 – The amendments affect the presentation of items of other comprehensive income. Accordingly, only the presentation and disclosure of related items in the financial report are expected to be impacted.

IAS 19 – These amendments introduce various modifications including changes to the measurement of defined benefit plans, change in the timing for recognition of termination benefits and amends the definition of short-term and other long-term employee benefits. The Group is yet to assess the impact of these amendments, if any.

(y) Parent entity financial information

The financial information for the parent entity, Lindsay Australia Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Lindsay Australia Limited.

Tax Consolidated legislation

Lindsay Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidated legislation.

The head entity, Lindsay Australia Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right.

In addition to its own current and deferred tax amounts, Lindsay Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the whole-owned entities fully compensate Lindsay Australia Limited for any current tax payable assumed and are compensated by Lindsay Australia Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Lindsay Australia Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(z) General

Lindsay Australia Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

44b Cambridge Street
ROCKLEA QLD 4106

Lindsay Australia Limited ABN 81 061 642 733
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Risk management is undertaken by senior management and the board of Directors. Monthly reports of financial assets and financial liabilities including undrawn facilities, analysis and details of overdue debtors are provided to the board of Directors for review.

The Group holds the following financial instruments:

	2011	2010
	\$'000	\$'000
Financial assets		
Cash and cash equivalents (1)	6,206	3,934
Trade and other receivables (1)	40,977	36,941
Available-for-sale financial assets	25	43
	47,208	40,918
Financial liabilities		
Trade and other payables (2)	22,358	19,647
Borrowings (2)	66,006	65,906
	88,364	85,553

(1) Loans and receivables category

(2) Financial liabilities at amortised cost category

Assets pledged as security

Refer to note 18 for information on assets pledged as security.

(a) Market risk

Foreign exchange risk

The Group does not operate internationally. The Group purchases approximately \$2.2 million (3.38%) (2010 - \$2.5 million (3.5%)) of its inventory from overseas sources. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, during the interval, usually not greater than 90 days, between purchase and settlement. Selling prices can also be adjusted to cover price movements.

The Group's exposure to foreign currency risk at the reporting date arises from trade payables. In addition, the Group entered into forward exchange contracts to hedge anticipated US\$ purchases that have been ordered but not received at year end. The contracts were for a total of US\$625,000 (2010: US\$1,157,000) and had a fair value of AU\$(50,000) at 30 June 2011 (30 June 2010: AU\$77,000).

The Group's exposure to foreign exchange movements at 30 June 2011 and 30 June 2010 is not significant.

Price risk

The Group is exposed to equity security price risk on unlisted available-for-sale financial assets. The price risk for the unlisted securities at 30 June 2011 and 30 June 2010 is not significant.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (cont)

Interest rate risk

The Group's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2011 and 2010, the Group's borrowings at variable rate were denominated in Australian Dollars. The Group's policy is to fix the rates for plant and equipment purchases at the time of purchase or leasing. The Group has no significant interest-bearing assets other than cash and debtors. The Group charges interest on debtor balances that extend beyond agreed terms. Interest is based on fixed loan rates.

The Group's cash flow interest rate risk primarily relates to variable rate financial instruments such as bank bills payable, which are discounted at market rates, the bank overdraft, and other variable rate loans. The proportion of variable rate borrowings to total borrowings of the Group is 13.8% (2010: 13.8%). The Group monitors its interest rate exposure against movements in market interest rates and future interest rate expectations. No hedging instruments are used.

As at the reporting date, the Group had the following financial instruments subject to variable interest rates outstanding:

Weighted average interest rate				
	2011	2010	2011	2010
	%	%	\$'000	\$'000
Cash and cash equivalents	3.9	1.9	6,206	3,934
Borrowings				
Bank overdraft	10.5	10.2	3,460	1,135
Bank bills	6.1	5.7	3,426	4,992
Other loans	5.9	4.8	2,250	2,998
			9,136	9,125

The Group's main interest rate risk arises from borrowings, cash and debtors. At 30 June 2011, if interest rates had changed by +/-1% from the year-end rates, with all other variables held constant, after-tax profit for the year would have been \$21,000 lower/higher (2010 – change of 1%: \$36,000 lower/higher), mainly as a result of higher/lower interest expense from borrowings and higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and deposits with trading banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. For customers risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors such as credit reports. Individual risk limits are set based on credit worthiness and sales expectations. The compliance with credit limits by customers is regularly monitored by management. The Group has significant concentrations of credit risk as detailed below. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Outstanding receivables in excess of \$50,000 per customer are reviewed monthly by the board of Directors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above. For some loan receivables the Group may also obtain security in the form of registered mortgages or guarantees which can be called upon if the counterparty is in default under the terms of the agreement.

There are a number of individually significant receivables. These include loan receivable see note 10(c) of \$7,177,000 (2010 \$nil) and Government fuel rebates/subsidies receivable (refer note 10) of \$386,000 (2010: \$428,000). For loan receivables the Group may also obtain security in the form of registered mortgages or guarantees which can be called upon if the counterparty is in default under the terms of the agreement.

At 30 June 2011 the largest 10 debtors comprised approximately 40% (2010: 47%) of total trade debtors (the largest individual debtor alone comprised 9% (2010:16%) of trade debtors). A majority of the trade debtors are involved in the rural industry in Queensland, New South Wales, Victoria, and South Australia - approximately 74% (2010: 72%).

At balance date cash was held with the Group's banker and principal financier Westpac Banking Corporation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (cont)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring cash flows and the maturity profiles of financial assets and liabilities. Surplus funds are only invested in deposits with trading banks. The Group maintains un-drawn limits on equipment facilities.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2011	2010
	\$'000	\$'000
Available facilities		
Bank overdraft	5,000	5,000
Bank bills	3,453	5,016
Bank loans	2,056	1,691
Equipment finance facilities	63,655	64,502
Amounts utilised		
Bank overdraft	(3,460)	(1,135)
Bank bills (at face value)	(3,453)	(5,016)
Bank loans	(2,056)	(1,691)
Bank loans-equipment finance facilities	(22,831)	(21,094)
Other equipment finance facilities	(31,983)	(33,996)
Unused facilities	10,381	13,277

Bank overdraft

The bank overdraft facility is subject to annual review, may be drawn at any time and may be terminated by the bank without notice. The interest rate is variable and is based on prevailing market rates.

Bank bills

Line 1 \$1,647,000 - 3 quarterly principal repayments of \$478,000 and a final payment of \$213,000 (2010: \$478,000) are required over the term of the facility to June 2012. The facility is subject to annual review.

Line 2 \$1,806,000 - Quarterly principal repayments of \$51,000 (2010: \$38,000) are required over the term of the facility to January 2012. The facility is subject to annual review. See also note 18(a).

Bank loans

Bank loans are generally repayable by monthly instalments of principal and fixed interest over periods of between 12 months and 5 years. The facilities are subject to annual review.

Equipment finance facilities

The consolidated entity is able to draw on these facilities for the acquisition of plant and equipment (by way of finance lease). Generally:

- the facilities are subject to periodic review;
- fixed monthly repayments of principal and interest are arranged over the term of the agreement at the date of each draw; and
- the liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (cont)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Greater than 5 years	Total contractual cash flows	Carrying amount Assets/ Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2011						
Non-interest bearing	22,358	-	-	-	22,358	22,358
Variable rate	7,237	150	448	2,400	10,235	9,136
Fixed rate	19,612	15,536	29,996	-	65,144	56,870
Total	49,207	15,686	30,444	2,400	97,737	88,364
At 30 June 2010						
Non-interest bearing	19,647	-	-	-	19,647	19,647
Variable rate	3,502	3,256	1,331	2,515	10,604	9,125
Fixed rate	22,765	12,578	30,021	-	65,364	56,781
Total	45,914	15,834	31,352	2,515	95,615	85,553

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group has no significant financial assets or liabilities measured and recognised at fair value in the financial statements at year end.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The net fair value of financial assets and financial liabilities approximate their carrying amounts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(n). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions.

Income taxes

The Group is subject to income taxes in Australia. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Additionally, interpretations of applicable taxation legislation that have been made by the Group and the Group's taxation advisor may be proven to be incorrect. No provision is made in the accounts for taxation audit differences.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011	2010
	\$'000	\$'000
4. Revenues		
Sales revenue		
Freight cartage and hire	154,317	135,454
Sale of goods	79,319	81,421
	233,636	216,875
Other revenue		
Insurance recoveries	545	470
Rents and sub-lease rentals	390	238
Interest	1,650	1,232
Other	2,003	1,483
	238,224	220,298
5. OTHER INCOME		
Net gain on disposal of property, plant and equipment	658	799
6. EXPENSES		
Profit before income tax includes the following specific expenses:		
Cost of goods sold	64,265	66,234
Depreciation		
Freehold buildings	49	31
Plant and equipment	6,291	4,871
Leasehold improvements	53	32
Amortisation		
Plant and equipment under finance lease	6,049	6,518
Computer software	176	153
Total depreciation and amortisation	12,618	11,605
Defined contribution superannuation expense	3,339	3,085
Impairment losses – trade receivables	83	58
Rental expenses relating to operating leases		
Minimum lease payments	4,897	4,324
Contingent rentals	96	180
Total rental expense relating to operating leases	4,993	4,504

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011	2010
	\$'000	\$'000
7. INCOME TAX		
(a) Income tax expense		
Current tax	-	-
Deferred tax	422	99
Prior year tax losses not recognised now recouped	-	(72)
Under (over) provision in prior years	10	-
	432	27
Deferred tax is attributable to:		
Decrease (increase) in deferred tax assets (note 15)	(242)	(317)
(Decrease) increase in deferred tax liabilities (note 19)	664	416
	422	99
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	1,821	3,840
Tax at the Australian tax rate of 30% (2010: 30%)	546	1,152
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	-	112
Investment allowance	(152)	(1,201)
Sundry items	28	36
	422	99
Under (over) provision in prior years	10	-
Recognition of prior period tax losses (1)	-	(72)
Income tax expense	432	27
(c) Tax losses		
Unused tax losses for which deferred tax assets have not been recognised at 30%	279	279

All unused and unrecognised tax losses were incurred by Australian entities and comprise capital losses.

(1) Additional prior period income tax losses were recognised in 2010.

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	2011	2010
	\$'000	\$'000
8. FRANKING CREDITS / DIVIDENDS		
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	706	1,704

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (i) Franking debits that will arise from the refund of the amount of the current tax assets;
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$185,000 (2010 - \$470,000).

Dividends paid	2011	2010
	\$'000	\$'000
Interim dividend for the year ended 30 June 2011 of 0.5 cents per share fully franked (at 30%) paid in full on 31 March 2011 (2010: 0.75 cent per share fully franked (at 30%) paid in full on 31 March 2010)	1,076	1,350
Interim dividends paid in cash or satisfied by the issue of shares under the dividend re-investment plan during the years ended 30 June 2011 and 2010 were as follows:		
Paid in cash	969	984
Satisfied by issue of shares	107	366
	1,076	1,350
Final dividend for the year ended 30 June 2010 of 0.6 cent per share fully franked (at 30%) paid in full on 30 September 2010 (2010: 1.0 cent per share fully franked (at 30%) paid in full on 30 September 2009)	1,253	1,686
Final dividend out of prior year's profits paid in cash or satisfied by the issue of shares under the dividend re-investment plan during the years ended 30 June 2010 and 2011 were as follows:		
Paid in cash	959	1,251
Satisfied by issue of shares	294	435
	1,253	1,686
Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 0.2 cents per share, (2010 – 0.6 cents per share) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 30 September 2011 out of retained profits at 30 June 2011, but not recognised as a liability at year end is	433	1,096

9. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	6,206	3,934
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	6,206	3,934
Bank overdrafts	(3,460)	(1,135)
	2,746	2,799

The Group's exposure to interest rate risk is discussed in note 2.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011 \$'000	2010 \$'000
10. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	31,901	35,509
Provision for impairment of receivables	(231)	(167)
	31,670	35,342
Loan receivable – secured (see note (c) below)	7,177	-
Fuel rebates/subsidies	386	428
Future GST recoverable	327	148
Other receivables	1,417	1,023
	40,977	36,941

Trade and other receivables are generally unsecured, non-interest bearing and due 30 to 60 days from date of recognition, except as otherwise noted.

Other receivables generally arise from transactions outside the usual operating activities of the Group.

(a) Impaired trade receivables

As at 30 June 2011 current trade receivables of the Group with a nominal value of \$254,000 (2010 - \$184,000) were impaired. The amount of the provision was \$231,000 (2010 - \$167,000). The GST component of the receivables is not considered impaired as this is refundable. The majority of the individually impaired receivables relate mainly to customers in the rural industry sector who are experiencing difficulties as a result of seasonal factors.

The ageing of these receivables is as follows:

	2011 \$'000	2010 \$'000
1 to 2 months	23	9
3 to 4 months	11	26
Over 4 months	197	132
	231	167
Movements in the provision for impairment of receivables are as follows:		
At 1 July	167	165
Provision for impairment recognised during the year	83	58
Receivables written off during the year as uncollectible	(19)	(56)
At 30 June	231	167

The creation and release of the provision for impaired receivables has been included in "other expenses" in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2011 trade receivables of \$8,976,000 (2010 - \$14,303,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing history of these trade receivables is as follows:

	2011 \$'000	2010 \$'000
1 to 2 months	7,388	9,499
3 months	240	1,233
Greater than 3 months	1,348	3,571
	8,976	14,303

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES (cont)

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes it is expected that these amounts will be received when due. Of the past due but not impaired receivables approximately 82% (2010: 44%) have been received within one month of end of year. The Group does not hold any collateral in relation to these receivables other than \$nil (2010- \$8,359,000) of the above debts where first and second mortgages are held.

(c) Loan receivable - secured

During the 2011 financial year the Group stopped trading with a major customer who was in default of their trading terms. In February 2011 the Group issued a default notice and a Deed of Forbearance which gave the customer a period of time in which to pay the debt, which has been extended to 30 September 2011. The Group holds first and second mortgages over farming land as a security against the receivable. Interest of \$930,000 was charged to the customer during the 2011 financial year (2010: \$623,000) at the rate of 1.25% per month on unpaid invoices. At balance date the amount owed by the customer of \$7,177,000 (2010: \$5,825,000) was transferred to a loan receivable. The customer is currently progressing towards a capital restructure to reduce its debt, including amounts owed to the Group. Since balance date, the Group has been provided with independent valuations of the farming land which secures the receivable. Based on the valuations and other information, the Directors are confident that the amount owed by the customer will be fully recovered and is not impaired.

(d) Foreign exchange and interest rate risk

There are no receivables denominated in foreign currencies. No interest is charged on trade debtors except for certain debtors who pay late and are charged interest at rates between 1% and 1.5% per month by agreement.

(e) Fair value and credit risk

Due to the short-term nature of these receivables their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Refer note 2 for more information on the risk management policy of the Group and on the credit quality of the entity's trade receivables.

	2011	2010
	\$'000	\$'000
11. INVENTORIES		
Raw materials and stores – at cost	1,366	1,415
Finished goods – at cost	11,628	11,104
	12,994	12,519
Provision for obsolescence	(228)	(133)
	12,766	12,386

12. OTHER CURRENT ASSETS

Prepayments	2,722	2,322
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13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Unlisted equity securities	25	43
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Unlisted equity securities are traded in inactive markets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011 \$'000	2010 \$'000
14. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land and Buildings		
Land - at cost	1,089	1,089
Buildings - at cost	1,591	1,591
Accumulated depreciation	(122)	(73)
	2,558	2,607
Leasehold Improvements		
At cost	596	171
Accumulated depreciation	(94)	(41)
Total leasehold improvements	502	130
Total property	3,060	2,737
Plant and Equipment		
Plant and equipment		
At cost	84,747	69,963
Accumulated depreciation	(49,611)	(39,484)
	35,136	30,479
Plant and equipment under finance lease		
At cost	60,550	67,016
Accumulated amortisation	(21,467)	(25,111)
	39,083	41,905
Total plant and equipment	74,219	72,384
Total property, plant and equipment	77,279	75,121

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment are shown below.

	Freehold Land \$'000	Buildings \$'000	Leasehold Improve- ments \$'000	Plant and Equipment \$'000	Plant and Equipment Under Finance Lease \$'000	Total \$'000
Carrying amount at 30 June 2009	325	318	143	13,270	49,208	63,264
Additions	764	1,231	19	21,587	1,501	25,102
Disposals	-	-	-	(1,732)	(61)	(1,793)
Transfer from lease	-	-	-	2,225	(2,225)	-
Depreciation/amortisation	-	(31)	(32)	(4,871)	(6,518)	(11,452)
Carrying amount at 30 June 2010	1,089	1,518	130	30,479	41,905	75,121
Additions	-	-	-	7,791	7,883	15,674
Purchase of business assets	-	-	425	345	-	770
Disposals	-	-	-	(1,022)	(822)	(1,844)
Transfer from lease	-	-	-	3,834	(3,834)	-
Depreciation/amortisation	-	(49)	(53)	(6,291)	(6,049)	(12,442)
Carrying amount at 30 June 2011	1,089	1,469	502	35,136	39,083	77,279

Assets pledged as security

Refer to note 18 for information on assets pledged as security.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011 \$'000	2010 \$'000
15. DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Impaired receivables	69	50
Employee benefits	1,538	1,415
Depreciation and amortisation	122	119
Payables	375	351
Tax losses	499	425
	2,603	2,360
Other		
Stock obsolescence	27	40
Sundry items	73	49
	100	89
Total deferred tax assets	2,703	2,449
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,703)	(2,449)
Net deferred tax assets	-	-

Movements	Tax losses \$'000	Employee Benefits \$'000	Impaired receivables \$'000	Deprec and amort \$'000	Payables \$'000	Other \$'000	Total \$'000
At 30 June 2009	-	1,358	50	163	379	93	2,043
(Charged) /credited to profit or loss	377	66	-	(44)	(28)	(54)	317
Transfers	-	(9)	-	-	-	-	(9)
Credited to equity	-	-	-	-	-	50	50
Under provision in prior years	72	-	-	-	-	-	72
Utilised	(24)	-	-	-	-	-	(24)
At 30 June 2010	425	1,415	50	119	351	89	2,449
(Charged) /credited to profit or loss	74	123	19	3	24	(1)	242
Credited to equity	-	-	-	-	-	27	27
Over provision	-	-	-	-	-	(15)	(15)
At 30 June 2011	499	1,538	69	122	375	100	2,703

	2011 \$'000	2010 \$'000
16. INTANGIBLE ASSETS		
Computer software	1,732	1,500
Accumulated amortisation	(1,413)	(1,237)
	319	263
Goodwill	11,138	11,138
Accumulated impairment	(3,577)	(3,577)
	7,561	7,561
Total intangible assets	7,880	7,824

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS (cont)

(a) Movements in carrying amounts

Movements in the carrying amounts for each class of intangible asset are shown below.

	Computer Software \$'000	Goodwill \$'000	Total \$'000
Carrying amount at 30 June 2009	188	7,561	7,749
Additions – acquired separately	228	-	228
Amortisation	(153)	-	(153)
Carrying amount at 30 June 2010	263	7,561	7,824
Additions – acquired separately	232	-	232
Amortisation	(176)	-	(176)
Carrying amount at 30 June 2011	319	7,561	7,880

(b) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The carrying amount of goodwill is attributable to the Rural segment.

The recoverable amount of the Rural CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five year period.

(c) Key assumptions used for value-in-use calculations

	Gross margin *		Growth rate **		Discount rate***	
	2011	2010	2011	2010	2011	2010
	%	%	%	%	%	%
Rural CGU	17.1	15.8	6.7	5.6	9.3	8.5

* Budgeted gross margin

** Weighted average growth rate used to extrapolate cash flows beyond the budget period

*** In performing the value-in-use calculations for the Rural CGU, the company has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows

Management determined budgeted gross margin based on past performance and its expectations of an increased proportion of higher margin product in the sales mix. The pre-tax discount rates used reflect specific risks relating to the Rural segment. The discount rate has increased reflecting expectation of increased cost of capital. The future growth rates are based on management's estimate of both price and volume increases for product lines incorporating seasonal variations and other economic factors in each of the geographic areas in which the CGU operates.

(d) Impact of possible changes in key assumptions

The Directors consider that there is no reasonable possible change in key assumptions which management has based its determination of Rural's recoverable amount which would cause the carrying amount of Rural's CGU to exceed its recoverable amount.

(e) Assets pledged as security

Refer to note 18 for information on current assets pledged as security.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011	2010
	\$'000	\$'000
17. TRADE AND OTHER PAYABLES		
Trade payables	22,358	19,647

A major supplier, Amcor Packaging (Australia) Pty Ltd, has a registered charge over the assets of Lindsay Rural Pty Ltd up to a maximum amount of \$3,200,000 (2010: \$3,200,000). At balance date the amount payable to Amcor Packaging (Australia) Pty Ltd was \$2,815,000 (2010: \$2,763,000).

	2011	2010
	\$'000	\$'000
18. BORROWINGS		
Current		
<i>Secured</i>		
Bank overdraft	3,460	1,135
Bills payable	3,426	2,054
Lease liabilities	10,165	13,971
Bank loans	5,742	5,241
Total secured current borrowings	22,793	22,401
<i>Unsecured</i>		
Other loans	-	748
Total unsecured current borrowings	-	748
Total current borrowings	22,793	23,149
Non-current		
<i>Secured</i>		
Bills payable	-	2,938
Lease liabilities	21,818	20,025
Bank loans	19,145	17,544
Total secured non-current borrowings	40,963	40,507
<i>Unsecured</i>		
Other loans	2,250	2,250
Total unsecured non-current borrowings	2,250	2,250
Total non-current borrowings	43,213	42,757

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS (cont)

(a) Bank overdraft, bills payable and bank loans

The bank overdraft, bills payable and bank loans are secured by guarantees by all companies in the consolidated entity supported by mortgages over all the consolidated entity's property and other assets.

The bills payable are a revolving line of credit and are to reduce by \$529,000 per quarter for the first two quarters, \$2,182,000 for the third quarter and \$213,000 in the last quarter, (2010: \$516,000 per quarter). The face value of bills drawn at 30 June 2011 was \$3,453,000 (2010: \$5,016,000). On 1 August 2011 a variation has been executed in respect of some of the bank bills extending the term to January 2014. Subsequent to this variation repayment of bank bills will be \$529,000 for the first three quarters and \$264,000 for the fourth quarter.

The allocation between current and non-current is as follows:

	2011	2010
	\$'000	\$'000
Current		
Face value	3,453	2,072
Less discount	(27)	(18)
	3,426	2,054
Non-current		
Face value	-	2,944
Less discount	-	(6)
	-	2,938

(b) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Certain of the lease liabilities are also secured by guarantees by entities in the consolidated entity, as well as by mortgages/charges over the property and other assets.

(c) Other loans

Other loans consist mainly of:

(i) On 16 December 2007 5,980,873(\$1,495,218) convertible notes at 25 cents were redeemed at the noteholder's option by way of a loan. Subsequent to the redemption \$747,609 has been repaid. The remaining balance of the loan was repaid in full on 5 August 2010.

(ii) Loan from Amcor Packaging (Australia) Pty Ltd (Amcor) was provided in 2010 pursuant to a Distribution Agreement. The interest rate payable on the loan is the 90 day bank bill rate plus 1.0% per annum. The loan is due to be repaid in full (if not extended) on or by 30 June 2016. Interest on this loan may be paid at the Group's option by way of shares in the company based on the volume weighted average price of Lindsay Australia Limited's shares for twenty business days prior to issue of notice to Amcor of payment of interest by way of shares. Refer note 33 for further details.

(d) Assets pledged as security

All the assets of the consolidated entity are pledged as security for the facilities as noted above.

(e) Fair value

Information about the Group's fair value of borrowings is provided in note 2.

(f) Risk exposure

Information about the Group's exposure to risks arising from borrowings is provided in note 2.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011 \$'000	2010 \$'000
19. DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Prepayments	744	608
Inventories	410	424
Other debtors		-
Depreciation and amortisation	3,610	3,072
Total deferred tax liabilities	4,764	4,104
Set-off of deferred tax assets pursuant to set-off provisions	(2,703)	(2,449)
Net deferred tax liabilities	2,061	1,655

Movements	Prepayments \$'000	Inventories \$'000	Depreciation and amortisation \$'000	Other debtors \$'000	Total \$'000
Consolidated					
At 30 June 2009	477	472	2,646	93	3,688
Charged /(credited) to profit or loss	131	(48)	426	(93)	416
At 30 June 2010	608	424	3,072	-	4,104
Charged /(credited) to profit or loss	136	(14)	542	-	664
(Under) over provision in prior year	-	-	(4)	-	(4)
At 30 June 2011	744	410	3,610	-	4,764

	2011 \$'000	2010 \$'000
20. PROVISIONS		
Current		
Employee benefits	4,245	3,877
Non-current		
Employee benefits	881	840

21. OTHER LIABILITIES		
Current		
Deferred revenue	1,107	1,426
Other	81	22
	1,188	1,448
Non-current		
Other	533	496

Deferred revenue comprises monies paid in advance of delivery of goods or services.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2011 \$'000	2010 \$'000
22. CONTRIBUTED EQUITY		
Fully paid ordinary shares	44,303	37,888

Effective 1 July 1998 the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

The movement in fully paid ordinary shares for 2010 and 2011 is reconciled as follows:

	Note	No of Shares	Issue Price	\$'000
Balance at 30 June 2009		153,388,286		32,635
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	2,173,141	20.0¢	435
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	1,924,999	19.0¢	366
Share Placement	(b)	15,000,000	20.0¢	3,000
Share Purchase Plan	(c)	8,257,434	19.0¢	1,569
Transaction costs for issues net of tax		-	-	(117)
Employee shares issued on exercise of options	(d)	1,504,512	0.0¢	-
Balance at 30 June 2010		182,248,372		- 37,888
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	1,547,761	19.0	294
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	538,918	19.9	107
Share Placement	(b)	26,100,000	19.5	5,090
Share Purchase Plan	(c)	4,735,540	18.9	895
Transaction costs for issues net of tax		-	-	(62)
Issue of shares for payment of interest	(e)	496,258	18.4	91
Balance at 30 June 2011		215,666,849		44,303

(a) Dividend Reinvestment Plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount as determined by the Directors but no more than 5% to the market price.

Issues pursuant to the Dividend Reinvestment Plan are:

Date	Number of Shares	Issue Price
31 March 2010	1,924,999	19.0 cents
30 September 2009	2,173,141	20.0 cents
31 March 2011	538,918	19.9 cents
30 September 2010	1,547,761	19.0 cents

(b) Share Placement

A placement of 15,000,000 ordinary shares was made to institutional and sophisticated investors at 20 cents per share fully paid to raise \$3,000,000 cash in the financial year ending 30 June 2010.

A placement of 26,100,000 ordinary shares was made to institutional and sophisticated investors at 19.5 cents per share fully paid to raise \$5,090,000 cash in the financial year ending 30 June 2011.

(c) Share Purchase Plan

Pursuant to the share purchase plan 8,257,434 ordinary shares were issued to shareholders who subscribed at 19 cents per share fully paid to raise \$1,569,000 cash in the financial year ending 30 June 2010.

Pursuant to the share purchase plan 4,735,540 ordinary shares were issued to shareholders who subscribed at 18.9 cents per share fully paid to raise \$895,000 cash in the financial year ending 30 June 2011.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. CONTRIBUTED EQUITY (cont)

(d) Employee Shares issued on exercise of options

Shares were issued to employees of the group pursuant to Senior Employee Option Plans. The shares were issued fully paid at no cost to the employee on exercise of the options.

(e) Shares issued in payment of interest

Shares were issued to Amcor Packaging (Australia) Pty Ltd pursuant to the Distribution Agreement on interest owing on a loan of \$2,250,000. Refer note 33 for further information.

(f) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(g) Options

As at 30 June 2011 there were no options on issue (2010: 3,000,000 exercisable at 25 cents each) to purchase ordinary shares in the parent entity. The options expired on 30 June 2011. Refer note 29 for information regarding these options.

(h) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a cost effective cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise or retire debt finance or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by net debt and total equity. Net debt is calculated as total interest bearing borrowings as shown in the statement of financial position less cash and cash equivalents. During the year ended 30 June 2011 the Group did not alter its capital management policy.

The gearing ratios at 30 June 2011 and 30 June 2010 were as follows:

	2011	2010
	\$'000	\$'000
Total borrowings	66,006	65,906
Less cash and cash equivalents	(6,206)	(3,934)
Net debt	59,800	61,972
Total equity	50,805	45,330
Gearing ratio	54%	58%
	2011	2010
	\$'000	\$'000
23. RESERVES		
Share-based payments reserve	491	491
Movement		
Balance at 1 July	491	118
Option expense for year	-	373
Balance at 30 June	491	491

Nature and purposes of reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees.

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	2011	2010
	\$'000	\$'000
24. RETAINED PROFITS		
Retained earnings at the beginning of the year	6,951	6,174
Profit for the year	1,389	3,813
Dividends paid or provided	(2,329)	(3,036)
Retained earnings at the end of the year	6,011	6,951
25. CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flows from Operating Activities with Profit for the Year		
Profit for the year	1,389	3,813
Depreciation/amortisation	12,618	11,605
Net (gain)/loss on disposal of property, plant and equipment	(658)	(799)
Non-cash employee benefits expense - share based payments	-	373
Non-cash interest expense payment by issue of shares	91	-
Fair value adjustment to financial liabilities	(4)	(5)
Changes in operating assets and liabilities, net of effects from acquisitions and disposals:		
(Increase)/decrease in trade and other receivables	(4,320)	(2,852)
(Increase)/decrease in prepayments and other assets	(400)	282
(Increase)/decrease in inventories	(380)	(1,107)
(Increase)/decrease in tax assets	178	(984)
(Decrease)/increase in trade and other payables	2,711	(943)
(Decrease)/increase in tax liabilities	660	34
(Decrease)/increase in other liabilities	(223)	569
(Decrease)/increase in provisions	409	191
Cash flows from operating activities	12,071	10,177
(b) Non-Cash Financing and Investing Activities		
Acquisition of plant and equipment by means of finance leases	7,883	1,501
Dividends satisfied by issue of shares	401	801
Interest satisfied by issue of shares	91	-

(c) Purchase of businesses

On 10 February 2011 the Group entered into a contract for the acquisition of the assets of a Transport business in Mareeba, Queensland. This business is now operated as part of the Lindsay Transport group.

Details of the fair value of the assets acquired are as follows:

	2011
	\$'000
Purchase consideration – paid in cash (net outflow)	770
Fair value of net assets acquired	
- Property, plant and equipment	770

The fair value of the assets acquired was determined by reference to market values for property, plant and equipment. The acquiree's carrying amount, revenue and net profit prior to purchase has not been disclosed as it would be impractical to do so as this information is not available due to the assets being acquired rather than the entity and, as such, the Group does not control the vendor's accounting records. It is not practical to disclose the amount of the acquiree's profit or loss since acquisition date as the business assets have been subsumed within Lindsay Transport's operations.

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	2011 ¢	2010 ¢
26. EARNINGS PER SHARE		
Basic earnings per share	0.7	2.2
Diluted earnings per share	0.7	2.2
	\$'000	\$'000
Earnings used in calculating basic and diluted earnings per share – net profit	1,389	3,813
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	207,826,980	174,655,011
Effect of dilutive securities:		
-Employee share options	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	207,826,980	174,655,011

Information relating to the calculation of basic and diluted earnings per share is as follows:

- Options granted to employees under the Employee Share Option Plan are considered to be potential ordinary shares. The options granted have not been included in the determination of basic earnings per share. The options are also not included in the calculation of diluted earnings per share because they were not considered dilutive for the years ended 30 June 2011 and 30 June 2010. Details relating to the options are set out in note 29.

	2011 \$	2010 \$
27. AUDITOR'S REMUNERATION		
During the year the auditor of the parent entity earned the following remuneration:		
Audit or review of financial reports	125,800	128,900
Taxation and other services	22,300	33,480
Total remuneration	148,100	162,380

There was no other remuneration paid to related practices of the auditor.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2011 \$	2010 \$
Short-term employee benefits	1,529,550	1,304,082
Long-term employee benefits	69,181	19,106
Post-employment benefits	250,215	291,250
Share-based payments	-	202,656
	1,846,946	1,817,094

Detailed remuneration disclosures are provided in the remuneration report contained in the directors' report.

(b) Equity holdings of key management personnel

The share and option holdings disclosed for key management personnel are calculated in accordance with *AASB 124 Related Party Disclosures*. Accordingly, the holdings for each key management person include holdings of the individual (whether held directly, indirectly or beneficially) as well as the holdings of their related parties (whether held directly, indirectly or beneficially). As a result, where key management personnel have related parties in common, the holdings of the related parties may be included in the holdings of all relevant key management personnel, ie holdings may be included more than once in the disclosure.

(i) Options provided as remuneration and shares issue on exercise of such options

Details of options provided as remuneration and share issued on exercise of such options, together with the terms and conditions of the options, can be found in the remuneration report which is contained in the directors' report.

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28. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(ii) Option holdings

There were no options held during the 2011 financial year by key management personnel of the Group, including their personally related parties. The number of options over ordinary shares in the Company held during the prior financial year by each director of Lindsay Australia Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2010 OPTIONS	Balance at 1 July 2009	Granted as compensation	Net change other	Exercised	Balance at 30 June 2010
Directors of Lindsay Australia Limited					
J F Pressler	-	-	-	-	-
M K Lindsay	-	658,936	-	(658,936)	-
R A Anderson	-	-	-	-	-
S S Doumany	-	-	-	-	-
G D Farrell	-	-	-	-	-
L R Hancock	-	-	-	-	-
T K Lindsay	-	658,936	-	(658,936)	-
Other key management personnel of the Group					
A W Bunker	-	131,788	-	(131,788)	-
G A Johnston	-	168,688	-	(168,688)	-
T G Lindsay	-	658,936	-	(658,936)	-

(iii) Shareholdings

The number of ordinary shares in the Company held during the financial year and prior year by each director of Lindsay Australia Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2011 SHARES	Balance at 1 July 2010	Net change other	Held at retirement	Balance at 30 June 2011
Directors of Lindsay Australia Limited				
J F Pressler	2,639,275	2,436	-	2,641,711
M K Lindsay	42,267,874	229,366	-	42,497,240
R A Anderson	385,896	(9,582)	-	376,314
S S Doumany	155,790	-	(155,790)	-
G D Farrell	28,804,460	909,616	-	29,714,076
L R Hancock	4,258,976	161,231	-	4,420,207
T K Lindsay	42,422,174	1,921	(42,424,095)	-
Other key management personnel of the Group				
A W Bunker	321,063	18,441	-	339,504
G A Johnston	471,861	39,640	-	511,501
T G Lindsay	41,574,023	229,366	-	41,803,389

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28. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

2010 SHARES	Balance at 1 July 2009	Received during year on exercise of options	Net change other	Balance at 30 June 2010
Directors of Lindsay Australia Limited				
J F Pressler	2,635,723	-	3,552	2,639,275
M K Lindsay	40,742,505	658,936	866,433	42,267,874
R A Anderson	218,000	-	167,896	385,896
S S Doumany	40,000	-	115,790	155,790
G D Farrell	26,315,874	-	2,488,586	28,804,460
L R Hancock	4,197,192	-	61,784	4,258,976
T K Lindsay	40,891,709	658,936	871,529	42,422,174
Other key management personnel of the Group				
A W Bunker	168,271	131,788	21,004	321,063
G A Johnston	234,598	168,688	68,575	471,861
T G Lindsay	40,439,295	658,936	475,792	41,574,023

All equity transactions with Directors and other key management personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

No shares were granted as remuneration during the last two financial years.

(c) Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

(d) Other transactions and balances with key management personnel

	2011 \$	2010 \$
Amounts recognised as revenues and expenses:		
Revenues		
Cartage revenue received / receivable from entities associated with GD Farrell	2,273,316	2,411,203
Sale agricultural equipment to entities associated with GD Farrell	-	42,080
Purchase of stock by MK Lindsay	3,918	1,108
	2,277,234	2,454,391
Expenses		
Rental of premises from entities associated with MK Lindsay, TK Lindsay and TG Lindsay	1,227,776	1,285,360
Fees for legal services provided by entities associated with LR Hancock	110,404	59,180
Fuel purchased from entities associated with TK Lindsay	9,372	30,746
Interest on loan owing to TK Lindsay	4,730	50,038
	1,352,282	1,425,324
Amounts of capital transactions		
Repayment of loan owing to TK Lindsay	747,609	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

	2011 \$	2010 \$
Amounts receivable / payable to key management personnel and their related parties at balance date		
Current receivables – trade debtors	509,433	350,751
Current payables – trade creditors and accruals	14,826	6,457
Other loans – current *	-	747,609
	14,826	754,066

* On 16 December 2007 5,980,873 convertible notes at 25 cents were redeemed at the noteholder's option by way of a loan. The interest rate payable on the loan is the 90 day bank bill rate plus 1.5% per annum. The loan was repaid on 5 August 2010

The Directors believe transactions with key management personnel were on commercial terms and conditions (unless otherwise stated). Current receivables and payables are unsecured, to be settled cash and are on the same terms and conditions as non-related parties as disclosed elsewhere in this report.

29. SHARE-BASED PAYMENTS

(a) Tax Exempt Share Acquisition Plan

The establishment of the Tax Exempt Share Acquisition Plan was approved by shareholders on 5 November 2004. Participation in the plan is open to all employees. The company however does not intend to make any offers under this plan to Directors or senior executives. The plan is in accordance with the Employee Share Scheme provisions of Division 13A of the *Income Tax Assessment Act 1936*, which allows the issue of up to a maximum of \$1,000 worth of shares to employees which will be tax exempt for the employees. It is expected that shares will be issued for no consideration. Offers under the plan must be made to at least 75% of full time and long term part time employees. There have been no shares issued pursuant to the plan since its approval.

(b) Employee Share Option Plans

Employees eligible to participate in the plans are generally those of manager level and above (including executive Directors) who are designated by Directors. Options are granted under the plan for no consideration. The exercise price which is payable in cash will be the amount specified by Directors at the time of issue. The exercise period is the period specified by Directors at the time of issue. The options vest based on service or performance criteria as specified by Directors. Options issued under the plans may not exceed 5% of the total number of issued shares of the company at the date of issue.

Options lapse if prior to or during the exercise period the employee is terminated or resigns. If a person dies, becomes disabled, or is made redundant prior to the exercise period the option lapses. If a person dies, becomes disabled or is made redundant during the exercise period special rules apply that allow options to be exercised. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Lindsay Australia Limited. Amounts receivable on the exercise of options are recognised as share capital. The exercise period of the options was between the vest date and expiry date.

Options granted under the plans are as follows:

Options granted on 30 July 2009

Tranche	Fair value per option (cents)	Vest date	Expiry Date	Number issued	Number forfeited	Number exercised
First	18.0¢	30 July 2009	31 August 2009	211,530	6,590	204,940
Second	17.7¢	2 October 2009	31 October 2009	211,530	6,590	204,940
Third	17.3¢	2 January 2010	31 January 2010	211,530	6,590	204,940
Fourth	17.0¢	2 April 2010	30 April 2010	211,530	17,134	194,396

There were no options granted on 30 July 2009 on issue at 30 June 2010.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. SHARE-BASED PAYMENTS (cont)

Options granted on 30 November 2009
2010

Tranche	Fair value per option (cents)	Vest date	Expiry Date	Number issued	Number exercised
First	23¢	30 November 2009	30 November 2009	167,234	167,234
Second	23¢	30 November 2009	30 November 2009	167,234	167,234
Third	22.8¢	2 January 2010	31 January 2010	167,234	167,234
Fourth	22.3¢	2 April 2010	30 April 2010	167,234	167,234

There were no options granted on 30 November 2009 on issue at 30 June 2010. The issue of 658,936 of the above options were approved by shareholders in General Meeting.

Options granted on 8 April 2010
2010

A grant of 26,360 options was made at no consideration exercisable at nil cents for fully paid ordinary shares with immediate vesting and were exercised on grant of option. These options were valued at the market price of the shares on day of issue at 20 cents per option.

Options granted on 17 November 2007

Fair value per option (cents)	Vest date	Expiry date	Balance at start of year	Forfeited during the year	Lapsed during the year	Balance at end of year
2011			Number	Number	Number	Number
6.37¢	1 July 2010	30 June 2011	3,000,000	-	(3,000,000)	-
2010						
6.37¢	1 July 2010	30 June 2011	3,200,000	(200,000)	-	3,000,000

All options issued lapsed on 30 June 2011. At 30 June 2010 no options had vested nor were they exercisable.

Model inputs for option valuations

The fair value at grant date for the various issues was independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share (based on historical volatility), the expected dividend yield and the risk free interest for the term of the option.

The model inputs for options granted under the plans are listed below.

Model input	Options granted 19 November 2007	Options granted 30 July 2009	Options granted 30 November 2009
Consideration for grant	\$0.0	\$0.0	\$0.0
Vest date	1 July 2010	As detailed in above table	As detailed in above table
Vesting condition	Must be employed at vest date	Must be employed at vest date	Must be employed at vest date
Exercise price per option	25 cents	0.0 cents	0.0 cents
Expiry Date	30 June 2011	As detailed in above table	As detailed in above table
Share price at grant date	23 cents	18 cents	23 cents
Expected volatility at grant date	51.8%	76.4%	60.8%
Expected dividend yield at grant date	6.5%	8.88%	8.88%
Risk free rate at grant date	6.37%	3.06-3.25%	3.5-3.95%

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29. SHARE-BASED PAYMENTS (cont)

Expense arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2011	2010
	\$'000	\$'000
Options issued under Employee Share Option Plans	-	373

30. SUBSIDIARIES

The Group consists of the ultimate parent entity Lindsay Australia Limited and its wholly owned subsidiaries. Set out below are the names of the subsidiaries which are included in the consolidated financial statements shown in this report. All entities were incorporated in Australia.

Name	Class Shares/Units	Equity Holding %	
		2011	2010
Lindsay Brothers Holdings Pty Ltd (a), (d)	Ordinary	100	100
Lindsay Transport Pty Ltd (a), (d)	Ordinary	100	100
Lindsay Brothers Management Pty Ltd (a), (d)	Ordinary	100	100
Lindsay Brothers Fuel Services Pty Ltd (a)	Ordinary	100	100
Lindsay Brothers Hire Pty Ltd (a)	Ordinary	100	100
Lindsay Brothers Plant & Equipment Pty Ltd (a)	Ordinary	100	100
P & H Produce Pty Ltd	Ordinary	100	100
P & H Produce Trust	Ordinary	100	100
Lindsay Rural Pty Ltd (b), (d)	Ordinary	100	100
Skinner Rural Pty Ltd (c), (d)	Ordinary	100	100
Croptec Fertilizer and Seeds Pty Ltd (c)	Ordinary	100	100

- (a) Lindsay Brothers Holdings Pty Ltd (LBH) is the parent entity of Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd, Lindsay Brothers Fuel Services Pty Ltd, Lindsay Brothers Hire Pty Ltd, and Lindsay Brothers Plant and Equipment Pty Ltd. Accordingly, the parent entity's interest in these entities (other than LBH) is indirect.
- (b) Lindsay Rural Pty Ltd is 50% owned by P&H Produce Trust and 50% owned by the parent entity.
- (c) These companies are subsidiaries of Lindsay Rural Pty Ltd.
- (d) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 32.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 SEGMENT INFORMATION

Description of 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.

The segments are determined by the type of product or service provided to customers and the operating characteristics of each segment. The Group operated in these business segments for the whole of the 2011 and 2010 years. All Group revenue is derived from customers within Australia.

Basis of accounting for purposes of reporting segments

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.

Major customers

No customer of the Group account for more than 10% of external revenue (2010: nil). The largest individual customer accounts for 8.0% of external revenues (2010: 7.3%).

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31. SEGMENT INFORMATION (cont)

2011	Transport	Rural	Total
	\$'000	\$'000	\$'000
Revenue			
External sales	155,731	77,905	233,636
Inter-segment sales	2,542	235	2,777
Other revenue	1,680	642	2,322
Other income	658	-	658
Total segment revenue/income	160,611	78,782	239,393
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			(2,777)
Interest revenue			1,650
Corporate/unallocated revenue			616
Total revenue/income			238,882
Segment net profit before tax	9,209	3,528	12,737
Reconciliation of segment profit to group net profit before tax			
Corporate/unallocated			(5,918)
Finance costs			(4,998)
Net profit before income tax			1,821
Income tax expense			(432)
Profit for year			1,389
Depreciation and amortisation	11,845	305	12,150
Corporate/unallocated cost			468
			12,618
2010			
Revenue			
External sales	137,032	79,843	216,875
Inter-segment sales	2,364	39	2,403
Other revenue	869	730	1,599
Other income	797	2	799
Total segment revenue/income	141,062	80,614	221,676
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			(2,403)
Interest revenue			1,232
Corporate/unallocated revenue			592
Total revenue/income			221,097
Segment net profit before tax	9,737	4,075	13,812
Reconciliation of segment profit to group net profit before tax			
Corporate/unallocated			(5,623)
Finance costs			(4,349)
Net profit before income tax			3,840
Income tax expense			(27)
Profit for year			3,813
Depreciation and amortisation	10,949	365	11,314
Corporate/unallocated cost			291
			11,605

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32 DEED OF CROSS GUARANTEE

Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd, Lindsay Rural Pty Ltd, and Skinner Rural Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. This deed of cross guarantee was entered into during the 2006 financial year and an amendment to join Skinner Rural Pty Ltd as a party to the deed was entered into during the 2008 financial year.

(a) Consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings/accumulated losses

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Lindsay Australia Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained profits for the year ended 30 June 2011 of the Closed Group consisting of Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd, Lindsay Rural Pty Ltd and Skinner Rural Pty Ltd.

	2011	2010
	\$'000	\$'000
Statement of comprehensive income		
Revenues	238,222	220,262
Other income	42	231
Purchases and changes in inventories	(64,265)	(66,234)
Fuel and oil costs	(33,665)	(28,487)
Repairs and maintenance	(11,743)	(11,815)
Subcontractors	(24,186)	(17,220)
Employee benefits	(57,433)	(52,841)
Depreciation and amortisation	(1,197)	(1,183)
Finance costs	(850)	(725)
Insurance	(1,470)	(1,186)
Management fees	(15,002)	(13,472)
Pallet charges	(1,403)	(1,464)
Operating lease rental	(5,249)	(4,654)
Professional fees	(759)	(575)
Other expenses	(19,274)	(16,835)
Profit before income tax	1,768	3,802
Income tax expense	(558)	(1,217)
Profit for the year	1,210	2,585
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,210	2,585
Summary of movements in consolidated retained earnings / (accumulated losses)		
Retained earnings/accumulated losses at the beginning of the financial year	34	484
Profit for the year	1,210	2,585
Dividends provided for or paid	(2,329)	(3,035)
Retained earnings at the end of the financial year	(1,085)	34

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32. DEED OF CROSS GUARANTEE (cont)

(b) Statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2011 of the Closed Group consisting of Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd, Lindsay Rural Pty Ltd, and Skinner Rural Pty Ltd.

	2011	2010
	\$'000	\$'000
Current assets		
Cash and cash equivalents	6,206	3,934
Trade and other receivables	40,975	36,940
Inventories	12,766	12,386
Tax assets	222	628
Other	2,723	2,323
Total current assets	62,892	56,211
Non-current assets		
Other receivables	12,957	12,242
Available-for-sale financial assets	38	56
Property, plant and equipment	5,134	5,705
Deferred tax assets	1,469	1,346
Intangible assets	7,718	7,761
Total non-current assets	27,316	27,110
Total assets	90,208	83,321
Current liabilities		
Trade and other payables	22,474	19,877
Borrowings	9,009	5,797
Provisions	4,245	3,877
Other	7,107	8,746
Total current liabilities	42,835	38,297
Non-current liabilities		
Borrowings	2,250	5,274
Provisions	881	840
Other	533	497
Total non-current liabilities	3,664	6,611
Total liabilities	46,499	44,908
Net assets	43,709	38,413
Equity		
Contributed equity	44,303	37,888
Reserves	491	491
Retained profits	(1,085)	34
Total equity	43,709	38,413

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33. COMMITMENTS

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2011 \$'000	2011 \$'000	2011 \$'000	2010 \$'000	2010 \$'000	2010 \$'000
Less than one year	12,166	2,001	10,165	15,982	2,011	13,971
Between one and five years	23,981	2,163	21,818	22,059	2,034	20,025
	36,147	4,164	31,983	38,041	4,045	33,996

Finance leases comprise leases of items of plant and equipment under normal commercial finance lease terms and conditions. Finance leases do not contain any contingent rental components. No items subject to finance lease are subleased. Under the leases there are no escalation clauses and there is an option to acquire the leased assets at the end of the term.

	2011 \$'000	2010 \$'000
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements are payable inclusive of GST as follows:		
- not later than 1 year	5,322	4,048
- later than 1 year but not later than 5 years	12,104	9,070
- later than 5 years	4,877	2,702
	22,303	15,820

Operating leases primarily comprise leases of premises under normal commercial operating lease terms and conditions. These include rentals, in certain cases, being subject to periodic review for market and/or for CPI increases as well as options for renewal.

There are no significant items subject to operating leases that are subleased. Consolidated operating lease commitments include \$3,197,000 (2010: \$2,158,000) for leases of premises from entities associated with MK Lindsay, TK Lindsay and TG Lindsay.

	2011 \$'000	2010 \$'000
Capital Commitments		
Commitments for capital expenditure (property, plant and equipment) contracted for but not recognised in the financial statements are payable as follows:		
- not later than 1 year	104	3,711

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. COMMITMENTS (cont)

	2011	2010
	\$'000	\$'000
Remuneration and Consultancy Commitments		
Commitments for the payment of salaries and other remuneration under long-term employment or consultancy contracts in existence at the reporting date but not recognised as liabilities, payable:		
- not later than 1 year	303	160
- later than 1 year but not later than 5 years	268	138
	571	298

Remuneration commitments comprise the minimum amounts payable under termination under long-term service and consultancy agreements.

Distribution Agreement

On 13 July 2009 the Group executed a Distribution Agreement with Amcor Packaging (Australia) Pty Ltd (Amcor). This agreement replaced the previous agreement of 24 July 2002. The agreement provides for the Group to exclusively purchase corrugated packaging products from Amcor Packaging for resale to its customers throughout Australia. The term of the agreement is to 30 June 2016 with options for extension. The Group and Amcor will work co-operatively to develop sales throughout Australia.

The agreement provides that a range of rebates are payable for achieving certain levels of sales in each financial year. The agreement also provides a framework for price increases, product delivery times and lease of carton erection machines.

Amcor paid the Group a signing fee of \$2.25 million on execution. Interest is payable on the signing fee on an annual basis. The fee is repayable at the end of the term unless rolled over into a new agreement. At the company's option (and subject where necessary to the company obtaining any necessary shareholder approvals), the interest payments and the repayment of the signing fee may be discharged by the issue of shares in the company.

The agreement also provides a right of first refusal for Amcor to buy the Rural business during the term of the agreement on terms no less favourable than those that would be offered to a third party, should the company wish to sell or assign its interest in the Rural business.

34. SUBSEQUENT EVENTS

On 1 July 2011 the Company issued 696,850 shares at 19.05 cents per share pursuant to the Distribution Agreement to Amcor Packaging (Australia) Pty Ltd in satisfaction of interest owing on the signing fee.

	2011	2010
	\$'000	\$'000
35. CONTINGENT LIABILITIES		
Guarantees to secure lease obligations	893	676

Cross guarantees have been given as described in note 32.

From time to time the consolidated entity is subject to claims and litigation during the normal course of business. The Directors have given consideration to such matters and are of the opinion that there are no further material contingent liabilities as at the reporting date that are likely to arise.

Other than above to the Directors' knowledge no matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Lindsay Australia Limited ABN 81 061 642 733
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. PARENT COMPANY INFORMATION

Information relating to Lindsay Australia Limited is as follows

	2011 \$'000	2010 \$'000
Summary financial information		
Statement of financial position		
Current assets	5,583	2,414
Total assets	62,901	63,187
Current liabilities	14,183	17,202
Total liabilities	16,918	22,896
Issued capital	44,303	37,888
Retained earnings	1,188	1,912
Share based payments reserve	491	491
Total shareholders' equity	45,983	40,291
Profit of the parent entity	1,605	3,168
Total comprehensive income of the parent entity	1,605	3,168
Contingent liabilities of the parent entity	-	-
Contractual commitments	-	125

Guarantees entered into by parent entity

The parent entity has provided financial guarantees in respect of bank overdrafts, financial leases, and bank loans of subsidiaries amounting to \$24,374,000 (2010: \$24,516,000) secured by registered mortgages over property and other assets. The parent entity has also given unsecured guarantees in respect of financial leases of subsidiaries amounting to \$33,900,000 (2010: \$31,560,000).

In addition, there are cross guarantees given by Lindsay Australia Limited, Lindsay Brothers Holdings Limited, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd, Lindsay Rural Pty Ltd and Skinner Rural Pty Ltd as described in note 32. No deficiencies of assets exist in any of these companies.

No liability has been recognised in relation to these financial guarantees in accordance with the policy set out in note 1(u) as the present value of the difference in net cash flows is not significant.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001*; and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; 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; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32.

Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



John F Pressler
Chairman

Brisbane, Queensland
25 August 2011

Independent Auditor's Report to the Members of Lindsay Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Lindsay Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial report of Lindsay Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Lindsay Australia Limited for the year ended 30 June 2011 complies with Section 300A of the *Corporations Act 2001*.

JOHNSTON RORKE
Chartered Accountants



RCN WALKER
Partner

Brisbane, Queensland
25 August 2011

CORPORATE GOVERNANCE STATEMENT

The board of Directors of Lindsay Australia Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Lindsay Australia Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Lindsay Australia Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- | | |
|--------------|--|
| Principle 1. | Lay solid foundations for management and oversight |
| Principle 2. | Structure the board to add value |
| Principle 3. | Promote ethical and responsible decision making |
| Principle 4. | Safeguard integrity in financial reporting |
| Principle 5. | Make timely and balanced disclosure |
| Principle 6. | Respect the rights of shareholders |
| Principle 7. | Recognise and manage risk |
| Principle 8. | Remunerate fairly and responsibly |

Lindsay Australia Limited's Corporate Governance practices recognise the Company's market capitalisation and the complexity of its operations.

Departures from the Council's recommendations are as follows:

- | | | |
|--------------------|----|--|
| Principle | 1. | Lay solid foundations for management and oversight – Recognise and publish the respective roles and responsibilities of the board and management.

<i>During the financial year the Company was governed in accordance with its Corporate Governance Charter adopted by the board. The Corporate Governance Charter is published on the Company's website. A revised Corporate Governance Charter was adopted on 2 July 2011.</i> |
| Recommendation 1.1 | | The company should establish the functions reserved to the board and those delegates to senior executives and disclose those functions.

<i>The Corporate Governance Board charter reserves powers for the board. Functions not reserved to the Board are delegated to senior management.</i> |
| Recommendation 1.2 | | The company should disclose the process for evaluating the performance of senior executives.

<i>The process and outcomes of the evaluation is disclosed in the Remuneration Report contained in the Directors' Report. The Remuneration Committee Charter also discloses additional information in respect to evaluation the performance of senior executives.</i> |
| Principle | 2. | Structure the board to add value – Have a board of an effective composition, size, and commitment to adequately discharge its responsibilities and duties. |
| Recommendation 2.1 | | A majority of the board should be independent directors.

<i>The Company has not complied with this recommendation. The following Directors are not considered to be independent:</i>
<i>- G D Farrell – substantial shareholder,</i>
<i>- M K Lindsay – Chief Executive Officer and substantial shareholder,</i>
<i>- T K Lindsay – substantial shareholder (Director to 17 November 2010), and</i>
<i>- L R Hancock – a principal of a material professional advisor.</i>

<i>The independent Directors are:</i>
<i>- J F Pressler,</i>
<i>- R A Anderson, and</i>
<i>- S S Doumany (Director to 17 November 2010).</i>

<i>The board does not consider the expense of increasing the number of independent directors so that a majority of independent directors is obtained is justified.</i> |
| Recommendation 2.2 | | The chair should be an independent director.

<i>The Company complies with this recommendation. Mr J.F. Pressler, an independent director, is the Chair.</i> |

CORPORATE GOVERNANCE STATEMENT (Cont)

Recommendation 2.3	<p>The role of chair and chief executive officer should not be exercised by the same individual.</p> <p><i>The Company complies with this recommendation. Mr M.K. Lindsay is the Chief Executive Officer.</i></p>
Recommendation 2.4	<p>The board should establish a nomination committee.</p> <p><i>The Company does not have a nomination committee. The board believes that due to the Company's relatively small size a nominations committee is not necessary as the board can undertake all functions normally delegated to a nomination committee. The Corporate Governance Board Charter contains procedures for the appointment and resignation of Directors.</i></p>
Recommendation 2.5	<p>The company should disclose the process for evaluating the performance of the board, its committees and individual directors.</p> <p><i>The Company's Corporate Governance Charter details the procedures for performance reviews and evaluation.</i></p>
Principle 3.	<p>Promote ethical and responsible decision-making</p>
Recommendation 3.1	<p>Establish a code of conduct and disclose the code or a summary of the codes as to:</p> <p>3.1.1 the practices necessary to maintain confidence in the company's integrity,</p> <p>3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders, and</p> <p>3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p> <p><i>A formal Code of Ethics forms part of the Corporate Governance Charter.</i></p>
Recommendation 3.2	<p>Disclose the policy concerning diversity.</p> <p><i>The Diversity Policy is published on the company's web site.</i></p>
Principle 4.	<p>Safeguard integrity in financial reporting – have a structure to independently verify and safeguard the integrity of the company's financial reporting.</p>
Recommendation 4.1	<p>The board should establish an audit committee.</p> <p><i>The Company has established an Audit Committee.</i></p>
Recommendation 4.2	<p>Structure the audit committee so that it consists of:</p> <ul style="list-style-type: none">• only non-executive directors,• a majority of independent directors,• an independent chairperson, who is not chairperson of the board, and• at least three members. <p><i>The Company complies with this recommendation.</i></p>
Recommendation 4.3	<p>The audit committee should have a formal charter.</p> <p><i>The Company has a formal charter for the Audit Committee.</i></p>
Principle 5.	<p>Make timely and balanced disclosure – Promote timely and balanced disclosure of all material matters concerning the company.</p>

CORPORATE GOVERNANCE STATEMENT (Cont)

- Recommendation 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.
- The Company complied with the continuous disclosure requirements of Chapter 3 of the Australian Securities Exchange Listing Rules. The Corporate Governance Charter contains additional requirements. The continuous disclosure obligations are reviewed at each board meeting.*
- Principle 6. **Respect the rights of shareholders** – and facilitate the effective exercise of those rights.
- Recommendation 6.1 Design and disclose a communication strategy to promote effective communication with shareholders and encourage participation at general meetings.
- The Corporate Governance Charter contains the requirements of this obligation. The Company complied with the Corporations Act 2001 and the requirements of the ASX Listing Rules during the year.*
- Principle 7. **Recognise and manage risk** – establish a sound system of risk oversight and management and internal control.
- Recommendation 7.1 The company should establish policies for the oversight and management of material business risk and disclose a summary of those policies.
- Part of the responsibilities of the Audit and Risk Committee is to monitor risk. The Company does not have an internal audit function. The board considers that due to the relatively small size of the Company such a function would not be cost effective. The company has policies and procedures to monitor and manage material risks. Details of financial risks are provided in note 2 to the Financial Statements. Policies and procedures have also been established for fatigue management, vehicle maintenance, workplace health and safety and inventory control. A business risks checklist is reviewed at each meeting of the board.*
- Recommendation 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
- Management are required to report on material business risks at each meeting of Directors. The Corporate Governance Charter is published on the Company's website.*
- Recommendation 7.3 The chief executive officer and the chief financial officer should state to the board in writing that:
- 7.3.1 the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board, and
- 7.3.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- The chief executive officer and chief financial officer have provided the written statements required by 7.3.1 and 7.3.2.*
- Principle 8 **Remunerate fairly and responsibly** – ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.
- The remuneration policy is disclosed in the Remuneration Report contained in the Directors' Report. There were no material changes to that policy during the year. Due to the relatively small size of the Company the only direct link between remuneration and performance of the Company for the Chief Executive Officer and Senior Executive staff is by the potential issue of options over shares. There were no employee options on issue at 30 June 2011 and 30 June 2010 held by key management personnel. Options were issued to key management personnel and other senior executives during the year ended 30 June 2010. At any review the performance of the Company and the contribution by particular executives form part of the process. Details of the remuneration of the Directors and the key management personnel of the Group is disclosed in the Remuneration Report.*

CORPORATE GOVERNANCE STATEMENT (Cont)

Recommendation 8.1 The board should establish a remuneration committee.

The Company has established a Remuneration Committee. The Remuneration Committee has a formal charter.

Recommendation 8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

The guidelines for non-executive director remuneration published by the Council are:

8.2.1 Non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity); they should not participate in schemes designed for the remuneration of executives.

8.2.2 Non-executive directors should not receive options or bonus payments.

8.2.3 Non-executive directors should not be provided with retirement benefits other than statutory superannuation.

The Company complies with this recommendation. Refer also to the Remuneration Report contained in the Directors' Report.

For further information on corporate governance policies adopted by Lindsay Australia Limited, refer to our website: www.lindsayaustralia.com.au

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of the annual report are included in the Directors' Report. Directors of Lindsay Australia Limited are considered to be independent when they are independent of management and free from any material business or other relationship that could interfere with – or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, a factor is considered "material" if it is greater than 5% of either sales or purchases of the Group.

In accordance with the definition of independence detailed on the Company's website, the following directors of Lindsay Australia Limited are considered to be independent:

J F Pressler
R A Anderson
S S Doumany (Retired 17 November 2010)

There are procedures in place, agreed by the board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director at the date of this report is as follows:

Name	Term in Office	Name	Term in Office
J F Pressler	15 Years	G D Farrell	6 Years
M K Lindsay	15 Years	L R Hancock	9 Years
R A Anderson	9 Years		

For additional details regarding board appointments, please refer to the Company's Corporate Governance Charter.

Nomination Committee

The Company does not have a nomination committee. The Directors consider that due to the relatively small size of the Company it is not necessary to have a nomination committee. Functions that are usually performed by the nomination committee are performed by the board.

CORPORATE GOVERNANCE STATEMENT (Cont)

Audit and Risk Committee

The board has established an audit and risk committee, which operates under a charter approved by the board. The charter is contained in the company's Corporate Governance Statement which is available on the company's website. It is the board's responsibility to ensure that an effective internal control framework and risk identification process exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board has delegated the responsibility for the establishment and maintenance of a framework of internal controls and ethical standards for the management of the consolidated entity to the audit and risk committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the audit and risk committee are non-executive Directors. A majority of the Directors are independent.

The members of the audit committee during the year were:

R A Anderson (Independent Director) Chair
J F Pressler (Independent Director)
L R Hancock

For details of the qualifications of members of the audit and risk committee refer to the Directors' Report.

For details on the number of meetings of the audit and risk committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Remuneration Committee

The board has established a Remuneration Committee, which operates under a charter established by the board. The charter is contained in the Company's Corporate Governance Statement which is available on the company's website. It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive Directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives,
- attraction of quality management to the Company, and
- performance incentives which allow executives to share the rewards of the success of Lindsay Australia Limited.

For details on the amount of remuneration and all monetary and non-monetary components for each of the key management personnel during the year and for all Directors, refer to the Remuneration Report contained in the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of Lindsay Australia Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

The board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the chief executive officer and the key management personnel. The board has established a remuneration committee, comprising three non-executive Directors. Members of the remuneration committee throughout the year were:

S S Doumany - Chair (retired 17 November 2010)
G D Farrell - Chair (from 18 November 2010)
J F Pressler
R A Anderson

For details on the number of meetings of the remuneration committee held during the year and the attendees at those meetings, refer to the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (Cont)

Environmental and Occupational Health and Safety Committee

The board has established an environmental and occupational health and safety committee. It is the board's responsibility to ensure that the Company observes all regulatory compliance, is proactive in achieving environmental outcomes consistent with sustainable development, and to provide a safe workplace by identifying and managing risks in the workplace. The board has delegated the responsibility for these functions to the environmental and occupational health and safety committee. The members of the committee during the year were:

L R Hancock - Chair
S S Doumany (retired 17 November 2010)
R A Anderson (from 18 November 2010)
M K Lindsay

For details on the number of meetings of the environmental and occupational health and safety committee held during the year and the attendees at those meetings, refer to the Directors' Report.

SHAREHOLDER INFORMATION

Information relating to security holders as at 31 July 2011.

SHARES**Distribution of Shareholders**

	Number of Shareholders	Number of Shares
1- 1,000	59	18,833
1,001 – 5,000	200	633,677
5,001 – 10,000	171	1,390,474
10,001 – 100,000	621	20,759,930
100,001 and over	155	193,561,085
Total	1,206	216,363,699

Number of holdings less than a marketable parcel of shares – 153

Top Twenty Shareholders

Name	Number of Shares	% of Issued Shares
Washington H Soul Pattison & Company Limited	36,149,982	16.71
Mulawa Holdings Pty Ltd	27,794,450	12.85
Amcor Packaging (Australia) Pty Ltd	25,438,404	11.76
Thomas Kelsall Lindsay & Thomas Glen Lindsay (Lindsay Brothers S/F A/C)	10,251,685	4.74
Rainrose Pty Ltd	8,526,891	3.94
Michael Kim Lindsay & Dianne Joan Lindsay (Lindsay Family S/F A/C)	5,610,325	2.59
BKI Investment Company Limited	5,390,899	2.49
Ankla Pty Ltd	3,488,074	1.61
RM & DM Pell Pty Limited (Pell Family Super Fund A/C)	3,387,619	1.57
K & D Lindsay Pty Ltd (D Lindsay Family A/C)	3,294,617	1.52
Barolin Nominees Pty Ltd (Magnum Unit Account)	2,637,375	1.22
Thomas Glen Lindsay	2,612,506	1.21
Greta Marjorie Lindsay (The Greta Lindsay No 2 A/C)	2,295,218	1.06
Proco Pty Ltd (The Cosoff Super Fund Acc)	2,100,000	0.97
Andrew David Lindsay	2,052,440	0.95
Janala Pty Ltd	1,919,626	0.89
Maria Gail Orr	1,810,000	0.84
Yesor Pty Ltd (The Orr Super Fund A/C)	1,790,000	0.83
SCSJB Pty Limited (Hordern Family Super Fund A/C)	1,757,448	0.81
Milton Corporation Limited	1,600,000	0.74
	149,907,559	69.28

SHAREHOLDER INFORMATION (Cont)

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 617B of the Corporations Act 2001 are:

Name	Number of Shares	% of Issued Shares
Mulawa Holdings Pty Ltd	29,714,076	13.73
Amcor Packaging (Australia) Pty Ltd	25,438,404	11.76
Washington H Soul Pattison & Company Limited	36,149,982	16.71
Thomas Kelsall Lindsay	11,331,069	5.24
Thomas Glen Lindsay	13,764,191	6.36
Mizikovsky Group	12,709,331	5.87

Voting Rights of Ordinary Shares

The holders of ordinary shares in the Company are entitled at any general meeting, either in person or by proxy, on a show of hands, to one vote, and on a poll to one vote for each fully paid share.