LINDSAY AUSTRALIA LIMITED ABN 81 061 642 733

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CHAIRMAN'S ADDRESS

Annual General Meeting
26 October 2011

For the year ended 30 June 2011 the Lindsay Australia 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. The 2011 financial year saw difficult trading conditions for the November to April period. This was a result of adverse weather events resulting in reduced sales, reduced capacity utilisation and increased operating costs.

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

Dividends paid out of profits for the year ended 30 June 2011 totalled 0.7 cents per share. Your Directors elected to increase the payout rate this year so as a final dividend could be paid.

Revenue for the Group was $238 million compared with $220 million in the previous year.

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

A higher than average wet season in Australia resulted in many parts of Australia being flooded at different times or at the same time. The Southeast Queensland floods completely inundated Rocklea Transport depot. Other sites were partially inundated including our Gatton Rural store, and Rural warehouse and corporate head office in Rocklea in Brisbane.

Alternative premises were sourced and occupied by Brisbane Transport, Rural Purchasing and corporate head office within 24 hours of the peak of the flood. These premises were occupied for approximately 5 weeks until sufficient repairs were undertaken to allow reoccupation of our sites. It was not until early May before work was completed at all sites.

During this period our employees operated in difficult work conditions and I am pleased to say, responded well to this challenge. The widespread flooding also impacted on our drivers who were forced to take alternative routes or were held up waiting for floodwater to subside. During this period we managed to meet our customer's expectations in getting their produce or goods to final destinations.

I have personally thanked a number of our employees for their effort and commitment during this time.

Transport
Revenue from transport including internal revenue was $160 million compared with $140 million last year, an increase of 14%. Revenues from our ten largest customers by value increased by approximately 13%. These customers contribute approximately half of Transport revenues.

Transport's divisional contribution was $9.2 million compared with $9.74 million earned last year. Transport's divisional contribution was impacted by a period of poor trading resulting from extreme weather events. High rainfall from November to February in Australia impacted on the volume of produce freight that was expected to be carried during this period and increased operating costs.

Cyclone Yasi devastated the Queensland coast in early February and wiped out the coastal banana crops. This impacted on revenue and operating cost for transport operations in and out of North Queensland. As part of the Group response to this natural disaster, CLC Produce based at Mareeba on the Atherton Tableland was purchased in February 2011. This area was only slightly affected by Cyclone Yasi and provided freight out of North Queensland; however the level of freight was below that existing before cyclone Yasi. Banana production has restarted and volumes are expected to be back to pre-cyclone levels by early 2012.

We have continued to experience strong growth in the Melbourne market.

Competitor and customer pricing pressure were also evident during the financial year and have made revenue per kilometre travelled growth difficult.

The impact of the overall competitive pressure in the transport sector in which we operate however 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.

Rural

Revenue from rural merchandising was $79 million compared with $81 million last year. Sales for the year declined by approximately 2.3% compared with 2010. Rural earned a divisional contribution of $3.53 million compared with last year of $4.1 million. The loss of margin on sales accounted for approximately 50% of the fall in the divisional contribution margin of $547,000 from 2010.

The sales fall is due to the net result of changes in the sales mix and the sales achieved from new locations that were opened during the year. Outlets were opened at Murwillumbah and Coffs Harbour during the year which tends to have a lower margin sales mix.

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 in Emerald during the year increased with citrus volumes from replanted trees now growing after the destruction of all trees in Emerald as a result of citrus canker in 2005.

Since the end of the financial year a low cost outlet has been opened in Mareeba and the Shepparton store has relocated.

Rural remains well positioned to grow and additional outlets can be added without any significant overhead costs.

Capital

During the financial year a further 33.42 million ordinary shares have been issued raising \$6.41 million net of costs. These capital raisings have strengthened the company's capital base.

Outlook

The high rainfalls that have been experienced in most of the produce areas that we operate in translates well for both our Transport and Rural divisions. North Queensland banana volumes continue to recover from Cyclone Yasi.

For the first quarter Transport revenue including internal revenue has increased approximately 8% on the September quarter last year. Rural sales have increased approximately 10% on last year.

Transport's divisional contribution has increased by approximately 30% for the first quarter compared with last year. Rural's divisional contribution has increased by approximately 10% on last year.

At present we expect our after-tax profit for the half-year 31 December 2011 to be in the range of \$3.15 million to \$3.85 million. This compares with an after tax profit of \$2.48 million achieved last year.

Shareholders should be aware that this forecast is based on the results of current trading and the assumption that there will be no adverse changes in trading conditions for the remainder of the half year.

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

Thankyou Ladies and Gentlemen