LINDSAY AUSTRALIA LIMITED

ABN 81 061 642 733

ANNUAL REPORT

FINANCIAL YEAR ENDED

30 JUNE 2012

Lindsay Australia Limited ABN 81 061 642 733

ANNUAL REPORT
FOR THE YEAR ENDED 30 June 2012

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
Register of Securities	Computershare Investor Services Pty Ltd 117 Victoria Street, West End, Brisbane, Queensland, 4000 Telephone: 1300 552 270 www.computershare.com.au
Registered and Principal Administrative Office	44b Cambridge Street, Rocklea, Queensland, 4106 Telephone: (07) 3240 4900 Fax: (07) 3054 0240 www.lindsayaustralia.com.au
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.

Contents

Lindsay Australia is an integrated transport, logistics and rural supply company with a specific focus on servicing major customers in the food processing, food services, fresh produce, rural and horticultural sectors.

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 2012.

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 69.

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.

Mr Pressler 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 54.

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.

Mr Lindsay has been Managing Director and Chief Executive Officer of Lindsay Australia since 2002.

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

Mr Richard Andrew Anderson AO, *Non-executive Director.* Age 66.

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

Mr Gregory Damien Farrell*, Non-executive Director*. Age 54.

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 61.

Mr Hancock has been a solicitor since 1973, specialising in the areas of employment and industrial relations, and commercial and corporate matters. As the Queensland Managing Director of McPherson + Kelley, a National Law Firm, and as the principal of other legal firms he has provided legal advice to the Company for the past 20 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 fellow of the Australian Institute of Company Directors.

Mr Hancock 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 30 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.

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)	G D Farrell (Chairman)	L R Hancock (Chairman)
J F Pressler	J F Pressler	J F Pressler
L R Hancock	R A Anderson	R A Anderson
G D Farrell	L R Hancock	G D Farrell
		M K Lindsay

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	11,004,927
R A Anderson	352,314
G D Farrell	29,714,076
L R Hancock	4,374,215

Dividends Paid or Recommended

No final dividend has been declared for the year ended 30 June 2012.

An interim dividend for the year ended 30 June 2012 of 0.7 cents per share fully franked ($1,516,000) was paid on 30 March 2012. A final dividend for the year ended 30 June 2011 of 0.2 cent per share fully franked ($433,000) was paid on 30 September 2011.

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 888 full and part-time staff as at 30 June 2012 (2011:850).

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 on a periodic basis.

Operating Results for the Year

For the year ended 30 June 2012 the Group earned a net profit after tax of $25,000. This was a significant decrease on the previous year where a net profit after tax of $1.39 million was earned. This is a disappointing result for the group. During the financial year bad debts of $5.7 million (after tax $3.99 million) were provided for or written off. Of these approximately $5.2 million relate to a previous major customer that entered into administration and an associated entity that was placed in liquidation during the year. These bad debts have had a material effect on the group's financial performance for the 2012 financial year. Without these debts the company would have recorded an after tax profit of approximately $4 million.

Revenue for the year was $260.4 million, this was an increase of 9.3% over the previous year. Both Transport and Rural increased sales.

The operating results for the Group are summarised as follows:

	2012 $000's	**% of Sales Revenue**	2011 $000's	% of Sales Revenue
Sales revenue	**256,632**		233,636	
Other revenue	**3,417**		2,921	
Interest	**351**		1,650	
Total revenue (as per Statement of Comprehensive Income)	**260,400**		238,207	
Other income	**158**		658	
Earnings before interest, tax, depreciation and amortisation	**17,592**	**6.9**	17,787	7.6
Less (plus)				
• Depreciation and amortisation	**13,197**	**5.1**	12,618	5.4
• Interest paid	**4,694**	**1.8**	4,998	2.1
• Interest received	**(351)**	**0.1**	(1,650)	0.7
Profit before tax(as per Statement of Comprehensive Income)	**52**	**-**	1,821	0.8
Income tax expense (as per Statement of Comprehensive Income)	**(27)**	**-**	(432)	0.2
Profit after tax (as per Statement of Comprehensive Income)	**25**	**-**	1,389	0.6

Earnings before interest, tax, depreciation and amortisation (EBITDA) were lower at 6.9% of revenue compared with last year of 7.6% of sales revenue. The impact of the bad debt expense was 2.2% of sales revenue. Without this EBITDA would have been 9.1% of revenue compared with 7.6% for 2011.

Capital expenditure on plant and equipment this financial year of $17.3 million is approximately $1.6 million higher than in 2011. The Group has continued its investment in B/double trailer combinations. Capital expenditure is forecast to be lower in the 2013 financial year at $9.4 million.

The Group has incurred a significant bad debt expense principally in respect of a long standing major customer and an associated entity in this financial year. The bad debt expense (either written off or provided for) is as follows:

	$000's
Major customer	3,477
Associated entity	1,692
	5,169
Other Customers	517
Bad debt expense	5,686

As at balance date an amount of $3,998,000 owing by the customer is shown as a loan receivable. A provision for impairment of $750,000 has been recognised in respect of this amount. The amount of $3.248 million is considered the minimum amount receivable. The actual amount received will depend on the realisation of a property over which the Group has registered charges. Other asset realisations of the customer are being undertaken by the administrators of the Deed of Company Arrangement, however no value for the realisations has been included in the Group's assessment of the recoverability of the loan receivable.

The Group held first and second registered mortgages over real property owned by guarantors of the debt owed to the Group and a second registered circulating charge (previously a fixed and floating charge) over the assets of the customer. The amount of the credit provided and its recoverability have been based on the amount of security held and the trading history of the major customer. A major trading bank has challenged the Group's priority to the security over the properties over which the Group held first registered mortgages. The Group is in the process of resolving this issue. The extent of any recovery of the loan receivable above the minimum amount of $3.248 million has not been determined.

Transport

Key operating statistics were:

	2012 $000's	2011 $000's
Total divisional sales including inter-segment sales	**177,540**	159,953
Divisional profit	**13,727**	9,209
Profit margin percentage	**7.7%**	5.8%

Although the trading environment faced by the Transport division during the 2012 financial year remained challenging, the division achieved strong growth in sales and divisional profitability. Pricing pressures from competitors and some of our customers persists requiring constant focus on both our revenue and cost bases.

Transport's contribution at $13.7 million was $4.5 million above the result achieved in 2011, an increase of 49%. Sales revenue increased 11% over last year. Revenue has increased as a result of increased volumes out of most capital cities and produce areas and an increase in applicable fuel levies. The prior year experienced severe wet weather and Cyclone Yasi which reduced produce volumes.

This increased revenue was serviced in part by increased use of sub-contractors. Revenue from sub-contractors increased 46% while the overall cost of linehaul sub-contractors grew by 45%. As part of the Transport's growth strategy alliances have been established with key sub-contractors who work closely with the Group allowing additional work to be sourced and serviced without having to increase company equipment.

Revenue from our ten largest customers by value increased by approximately 14.8%. Our top 10 customers contribute approximately 45% of Transport revenues.

Transport achieved strong growth out of North Queensland with revenue increasing by 75% on the revenue achieved the previous year of $10.8 million. The growth in Mareeba operations that were acquired in February 2011 were particularly encouraging. The small Maclean depot was closed and the Childers operation relocated to Bundaberg depot during the year.

Fleet kilometres travelled during 2012 of approximately 50.6 million decreased by 5.2% compared with 2011. Higher capacity utilisation and the flexibility provided by use of sub-contractors have resulted in this reduction in kilometres not adversely impacting divisional performance. This increased capacity utilisation is a result of two underlying factors. These factors are the Group's continued investment in higher yielding B/Double trailer combinations and the increase in the average load factor per vehicle movement. Transport achieved growth of approximately 9% in one of our key performance indicators, the revenue per kilometre travelled. Fuel cost increased 12.7% per kilometre however fuel levies increased to recover this cost increase.

Linehaul labour costs per kilometre increased generally in line with our labour agreements. Other labour costs excluding mechanical labour increased 4% compared with an overall increase in revenue of 11%. Our labour agreements are currently being renegotiated.

Vehicle operating costs (including repairs and maintenance, tyres, mechanical labour costs, registration and insurance) but excluding fuel decreased by 3.5% on the prior year. We are experiencing difficulties in obtaining mechanical labour as a result of the demand for these skills coming from the mining and resources sector.

During the financial year the Group's vehicle allocation and tracking function was moved to a new software platform. The new platform will provide greater integration with customer consignment requirements. Additional in-vehicle tracking, monitoring and communication products are being trailed and the fleet maintenance system will be upgraded in the 2013 financial year.

The outlook for produce volumes in the 2013 year remains encouraging with a possible industry wide capacity shortage in refrigerated transport sector and further rationalisation with either operators downsizing or alternatively exiting the refrigerated transport industry sector.

A carbon tax was introduced on 1 July 2012, however this carbon tax has been 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.

Rural

Key operating statistics were:

	2012 $000's	2011 $000's
Total sales revenue including inter-segment sales	**84,219**	78,782
Divisional profit	**3,690**	3,528
Profit margin percentage	**4.4%**	4.5%

Divisional profit increased by 4.6% on a similar profit margin percentage.

Sales for the year increased by approximately 7% compared with 2011. By product category volume growth is impacted by seasonal factors. The overall sales increase is a mix of growth in packaging, fertiliser and nutrient sales partly offset by reduction chemical and seed sales. Sales growth potential for the Rural division is strong particularly in North Queensland as it fully recovers from the affects of Cyclone Yasi and the increasing emergence of this area as a major horticultural producer in Australia.

Sales for June of each financial year were very strong. June sales are over 50% higher than the average monthly sales for the other 11 months of the financial year. Sales in Emerald during the year increased with citrus volumes now increasing strongly as trees mature. All citrus trees in Emerald were destroyed as a result of citrus canker in 2004. Increasing emphasis is also being placed on the broad acre market in Emerald as this area has sufficient water for a number of years.

An outlet has been opened in Mareeba during the year and outlets opened during the previous financial year have shown promising sales growth in 2012. The success of our low cost start up model is encouraging. We have three outlets in this model and two are expected to transition into full store operations in the 2013 financial year. We expect to open two more low cost outlets during the current financial year. The Mundubbera store was restructured at the end of the financial year. The stand alone premises have been closed and the Rural operations relocated to the Group's Transport depot.

Since the end of the financial year part of our Victorian operations have been restructured as the sales outlook in this area is not strong in the short term. Four locations have been consolidated into two outlets.

The Rural division has also gained contracts to sell products into the Central Queensland mining industry. This entails the importation of the products into our Brisbane distribution centre and subsequent transportation by the Group's Transport division to Central Queensland. Sales of approximately $4.5 million are expected during the 2013 financial year.

The Rural division continues to provide excellent service to existing and potential customers. Consistent with the provision of this service is increased agronomy services that we are providing to customers. During the year Rural also entered into a number of distribution agreements with some key suppliers of rural imports.

Capital

During the year 1,906,732 ordinary shares were issued as a consequence of shareholders reinvesting their dividends of $195,000 and shares issued to Amcor Packaging (Australia) Pty Ltd in payment of interest of $133,000 on a loan to the company.

Earnings per Share

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

Financial Condition

At 30 June 2012 the consolidated entity's working capital ratio was 1.19 (2011:1.25) and its net debt to the total of net debt and shareholders' funds (gearing) ratio was 0.56 (2011:0.54). The ratios reflect the structure of the consolidated entity with over 85% of the total borrowings of $65.7 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 2012 had additional un-drawn equipment finance facilities of $10.8 million and available bank overdraft of $1.6 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.

Likely Developments and Expected Results

The Directors foresee that the 2013 financial year will result in substantially improved profitability. Potential further acquisitions and or expansions for the Rural and Transport divisions remain a focus. New customers and additional freight will be pursued by Transport.

The Directors consider that total revenue for Financial Year 2013 from existing operations will be approximately $285 million.

Transport's focus is to:

- obtain higher yielding freight, and additional freight revenue in the January to April period of each year,
- improve capacity utilisation, and
- maintaining inflation adjusted operating cost structures.

Rural's focus is to:

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

Profit for the Group is forecast to increase in FY2013 as a consequence of:

- increased sales by both Transport and Rural,
- increased capacity utilisation,
- increased sales margins on some selected products, and
- a reduction in bad debt expense.

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.

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	16	16	4	4	2	2	1	1
M K Lindsay	16	16	-	-	-	-	2	1
R A Anderson	16	16	4	4	2	2	2	2
G D Farrell	16	14	2	2	2	2	1	1
L R Hancock	16	16	4	4	-	-	2	2

* held during the time the Director was a member of the committee

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 $21,105.

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 impartially 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 2012:

	2012 $	2011 $
Tax compliance services	**20,940**	22,300

Remuneration Report (Audited)

The Remuneration Report details the nature and amount of remuneration for non-executive Directors, executive Director and other key management personnel of Lindsay Australia Limited and its controlled entities.

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 Group'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 Group.

Remuneration Committee

The board's Remuneration Committee is responsible for determining and reviewing compensation arrangements for Directors and executives of the Group. To assist in achieving this objective, the Remuneration Committee takes into account the nature and amount of executive Directors' and officers' emoluments and the Group'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 2012 was $283,400 (2011: $283,341).

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 2012 and 30 June 2011 are provided later in this report.

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 Group. In the 2012 and 2011 financial years 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 the Group 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 2012 and 30 June 2011 are provided later in this report.

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

Name	Position	Appointment Date
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
G D Farrell	Director (Non-Executive)	17 November 2005
L R Hancock	Director (Non-Executive)	13 September 2002

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

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (cont)

All of the above persons were key management personnel during the year ended 30 June 2012. 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

The persons listed 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. 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.

		Short-term benefits		**Long-term benefits**	**Post-employment benefits**	**Total**
	Directors' fees	Cash salary and fees	Non-monetary benefits	Long service leave	Superannuation	
	$	$	$	$	$	$
Non-executive Directors						
J F Pressler (Chairman)						
2012	53,560	-	-	-	33,640	87,200
2011	43,560	-	-	-	32,740	76,300
R A Anderson						
2012	60,000	-	-	-	5,400	65,400
2011	50,000	-	-	-	4,500	54,500
S S Doumany						
2011 (1)	20,833	-	-	-	1,875	22,708
G D Farrell						
2012	60,000	-	-	-	5,400	65,400
2011	50,000	-	-	-	4,500	54,500
L R Hancock						
2012	60,000	-	-	-	5,400	65,400
2011	45,833	-	-	-	8,667	54,500
T K Lindsay						
2011 (1)	20,833	-	-	-	-	20,833
Sub-Total 2012	**233,560**	**-**	**-**	**-**	**49,840**	**283,400**
Sub-Total 2011	**231,059**	**-**	**-**	**-**	**52,282**	**283,341**

There was no performance related remuneration paid during the current or prior financial year.

(1) up to retirement on 17 November 2010

C DETAILS OF REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL (cont)

		Short-term benefits		Long-term benefits	Post-employment benefits	Total
	Directors' fees	Cash salary and fees	Non-monetary benefits	Long service leave	Superannuation	
	$	$	$	$	$	$
Executive Director and other key management personnel						
M K Lindsay (Managing Director & Chief Executive Officer)						
2012	-	580,785	-	9,302	45,530	635,617
2011	-	555,537	(2,932)	32,012	63,564	648,181
A W Bunker (Commercial Manager Transport)						
2012	-	163,835	-	3,070	37,041	203,946
2011	-	173,078	-	12,156	32,274	217,508
G A Johnston (Chief Financial Officer & Company Secretary)						
2012	-	238,871	-	4,180	44,056	287,107
2011	-	244,471	-	8,607	48,233	301,311
T G Lindsay (General Manager Transport)						
2012	-	272,955	19,570	4,895	39,885	337,305
2011	-	308,949	19,388	16,406	53,862	398,605
Total 2012	**233,560**	**1,256,446**	**19,570**	**21,447**	**216,352**	**1,747,375**
Total 2011	**231,059**	**1,282,035**	**16,456**	**69,181**	**250,215**	**1,848,946**

There was no performance related remuneration paid during the current or prior financial year.

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

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. There were on grant of options affecting performance in the current, prior or a future reporting period.

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
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
2012	1,747,375	-	0.7	17

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

John F Pressler
Chairman of Directors
Brisbane, Queensland
24 August 2012

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30
Central Plaza 1
345 Queen Street
Brisbane Qld 4000

Tel: 07 3222 8444
Fax: 07 3221 7779

Postal Address:
GPO Box 1144
Brisbane Qld 4001

www.jr.com.au
jr@jr.com.au

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 2012, 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
24 August 2012

Lindsay Australia Limited ABN 81 061 642 733

ANNUAL FINANCIAL REPORT – 30 June 2012

CONTENTS

Financial Statements:

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 24 August 2012. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Revenues	4	**260,400**	238,207
Other Income	5	**158**	658
Expenses			
Changes in inventories	6	**(355)**	524
Purchase of inventories	6	**(67,346)**	(64,789)
Fuel and oil costs		**(35,674)**	(33,665)
Repairs and maintenance		**(11,147)**	(11,743)
Subcontractors		**(34,307)**	(24,186)
Employee benefits expense		**(58,932)**	(57,433)
Depreciation and amortisation	6	**(13,197)**	(12,618)
Finance costs		**(4,694)**	(4,998)
Insurance		**(1,264)**	(1,470)
Registrations		**(3,383)**	(2,910)
Pallet charges		**(1,440)**	(1,403)
Operating lease rentals	6	**(5,511)**	(4,993)
Professional fees		**(860)**	(703)
Bad debt expense	6	**(5,686)**	(66)
Other expenses		**(16,710)**	(16,591)
Profit before income tax		**52**	1,821
Income tax expense	7	**(27)**	(432)
Profit for the year	24	**25**	1,389
Other comprehensive income		**-**	-
Total comprehensive income for the year		**25**	1,389

		Cents	Cents
Basic earnings per share	26	**-**	0.7
Diluted earnings per share	26	**-**	0.7

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 2012

	Note	2012 $'000	2011 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	**3,178**	6,206
Trade and other receivables	10	**39,459**	40,977
Inventories	11	**12,598**	12,766
Current tax assets		**134**	222
Other	12	**2,931**	2,722
TOTAL CURRENT ASSETS		**58,300**	62,893
NON-CURRENT ASSETS			
Available-for-sale financial assets	13	**25**	25
Property, plant and equipment	14	**79,914**	77,279
Intangible assets	16	**7,917**	7,880
TOTAL NON-CURRENT ASSETS		**87,856**	85,184
TOTAL ASSETS		**146,156**	148,077
CURRENT LIABILITIES			
Trade and other payables	17	**21,919**	22,358
Borrowings	18	**21,147**	22,793
Provisions	20	**4,475**	4,245
Other	21	**1,398**	1,188
TOTAL CURRENT LIABILITIES		**48,939**	50,584
NON-CURRENT LIABILITIES			
Borrowings	18	**44,561**	43,213
Deferred tax liabilities	19	**2,088**	2,061
Provisions	20	**842**	881
Other	21	**517**	533
TOTAL NON-CURRENT LIABILITIES		**48,008**	46,688
TOTAL LIABILITIES		**96,947**	97,272
NET ASSETS		**49,209**	50,805
EQUITY			
Contributed equity	22	**44,631**	44,303
Reserves	23	**491**	491
Retained earnings	24	**4,087**	6,011
TOTAL EQUITY		**49,209**	50,805

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 2012

	Contributed equity	Share based payments reserve	Retained profits	Total equity
	$'000	$'000	$'000	$'000
At 1 July 2010	37,888	491	6,951	45,330
Profit for the 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**
Profit for the year	**-**	**-**	**25**	**25**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**25**	**25**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transactions costs	**133**	**-**	**-**	**133**
Dividends reinvested /(paid) during year	**195**	**-**	**(1,949)**	**(1,754)**
At 30 June 2012	**44,631**	**491**	**4,087**	**49,209**

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 2012

	Note	2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		**281,783**	256,074
Payments in the course of operations		**(262,874)**	(241,194)
Interest received		**351**	1,654
Income taxes refund		**88**	406
Finance costs paid		**(4,539)**	(4,869)
Net cash provided by operating activities	25(a)	**14,809**	12,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**1,728**	2,786
Proceeds from disposal of available-for-sale financial assets		**-**	18
Payments for property, plant and equipment		**(2,995)**	(7,791)
Payments for intangibles		**(224)**	(232)
Payments for acquisition of business assets	25(c)	**-**	(770)
Net cash (used in) investing activities		**(1,491)**	(5,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issues of shares		**-**	5,985
Proceeds from borrowings		**4,553**	10,257
Repayment of borrowings		**(9,980)**	(10,465)
Repayment of lease liabilities		**(9,141)**	(9,895)
Share issue transaction costs		**-**	(89)
Dividends paid		**(1,754)**	(1,928)
Net cash (used in) financing activities		**(16,322)**	(6,135)
(Decrease) in cash and cash equivalents		**(3,004)**	(53)
Cash and cash equivalents at beginning of financial year		**2,746**	2,799
Cash and cash equivalents at end of financial year	9	**(258)**	2,746

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

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 and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Lindsay Australia Limited is a for-profit entity for the purpose of preparing financial statements.

Changes in Accounting Standards and Regulatory requirements

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 2012 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.

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.

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 acquire 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.

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-derivates 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 or 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.

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:

Classification	*Rate*	*Depreciation Basis*
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, indentified according to operating segments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(n) Intangible assets (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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(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.

(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.

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 9 *Financial Instruments – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013*	1 Jul 2013*
AASB 10 *Consolidated Financial Statements*	1 Jan 2013	1 Jul 2013
AASB 11 *Joint Arrangements*	1 Jan 2013	1 Jul 2013
AASB 12 *Disclosure of Interests in Other Entities*	1 Jan 2013	1 Jul 2013
AASB 127 *Separate Financial Statements - revised*	1 Jan 2013	1 Jul 2013
AASB 128 *Investments in Associates and Joint Ventures - revised*	1 Jan 2013	1 Jul 2013
AASB 13 *Fair Value Measurement*	1 Jan 2013	1 Jul 2013
AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*	1 Jan 2012	1 Jul 2012
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	1 Jul 2013	1 Jul 2013
AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*	1 Jul 2012	1 Jul 2012
AASB 119 *Employee Benefits – revised*	1 Jan 2013	1 Jul 2013
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 Jan 2013	1 Jul 2013
AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*	1 Jan 2014	1 Jul 2014
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*	1 Jan 2013	1 Jul 2013

**The IASB has amended IFRS 9 to defer the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. The AASB is yet to issue a similar amendment.*

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

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 profit or loss. The Group is yet to assess the impact of the new standard. In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. There will be no impact on the Group's accounting for financial liabilities, as the Group does not have any liabilities at fair value through profit or loss.

AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128 – These new and revised standards are a suite of five standards dealing with consolidation, joint venture arrangements and related disclosures. The main features are –

- AASB 10 – Introduces a new control model and replaces parts of AASB 127 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(x) New accounting standards and interpretations (cont)

- AASB 11 – Replaces AASB 131 Interests in Joint Ventures and uses the principle of control from AASB 10 to define joint control. It also removes the option to account for jointly controlled entities using proportionate consolidation.

- AASB 12 – Requires disclosure of information pertaining to an entity's interests in subsidiaries, joint arrangement, associates and structures entities, including significant judgements and assumptions.

- AASB 127 – This amended standard deals only with separate financial statements, with the consolidated financial statement requirements having moved to AASB 10. It carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

- AASB 128 – Only limited amendments have been made to this standard including accounting for associates and joint ventures held for sale and changes in interests held in associates and joint ventures.
  The Group does not expect the new standards to have a significant impact on its composition and the related disclosures.

AASB 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 whether any of its current measurement techniques will require revision due to the new guidance, however, it is anticipated that disclosures may be more extensive.

AASB 2010-8 – This amendment to AASB 112 Income Taxes provides a rebuttable presumption that the recovery of the carrying amount of an investment property carried at fair value in accordance with AASB 140 Investment Property, will be through sale. As the Group currently does not hold investment property, there will be no impact on any amounts recognised in the financial statements.

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 amounts recognised in the financial statements.

AASB 2011-9 – 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.

AASB 119 – 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.

AASB 2012-2 and AASB 2012-3 – The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments to AASB 7 increase the disclosure about offset positions, including the gross position and the nature of the arrangements. The Directors have not yet assessed the impact of the amendments, if any.

AASB 2012-5 – These amendments introduce various changes to AASBs. The Directors have not yet assessed the impact of the amendments, if any.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(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.

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

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 significant and / or overdue debtors are provided to the board of Directors for review.

The Group holds the following financial instruments:

	2012 $'000	2011 $'000
Financial assets		
Cash and cash equivalents (1)	**3,178**	6,206
Trade and other receivables (1)	**39,459**	40,977
Available-for-sale financial assets	**25**	25
	42,662	47,208
Financial liabilities		
Trade and other payables (2)	**21,919**	22,358
Borrowings (2)	**65,708**	66,006
	87,627	88,364

(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 $3 million (4.51%) (2011 - $2.2 million (3.38%)) of its inventory from overseas sources in overseas currency. 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 enters 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$42,000 (2011: US$625,000) and had a fair value of AU$1,000 at 30 June 2012 (30 June 2011: AU$50,000).

The Group's exposure to foreign exchange movements at 30 June 2012 and 30 June 2011 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 2012 and 30 June 2011 is not significant.

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 2012 and 2011, 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 11.1% (2011: 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			
	2012	2011	**2012**	2011
	%	%	**$'000**	$'000
Cash and cash equivalents	**1.2**	3.9	3,178	6,206
Borrowings				
Bank overdraft	**9.4**	10.5	**3,436**	3,460
Bank bills	**5.5**	6.1	**1,594**	3,426
Other loans	**6.0**	5.9	**2,250**	2,250
			7,280	9,136

The Group's main interest rate risk arises from borrowings, cash and debtors. At 30 June 2012, 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 $29,000 lower/higher (2011 – change of 1%: $21,000 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.

There are a number of individually significant receivables. These include loan receivable (see note 10(c)) of $3,248,000 (2011 $7,177,000) and Government fuel rebates/subsidies receivable (refer note 10) of $382,000 (2011: $386,000). 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 2012 the largest 10 debtors comprised approximately 38% (2011: 40%) of total trade debtors (the largest individual debtor alone comprised 10% (2011:9%) 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 70% (2011: 74%).

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

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:

	2012	2011
	$'000	$'000
Available facilities		
Bank overdraft	**5,000**	5,000
Bank bills	**1,602**	3,453
Bank loans	**2,168**	2,056
Equipment finance facilities	**67,064**	63,655
Amounts utilised		
Bank overdraft	**(3,436)**	(3,460)
Bank bills (at face value)	**(1,602)**	(3,453)
Bank loans	**(2,168)**	(2,056)
Bank loans-equipment finance facilities	**(19,143)**	(22,831)
Other equipment finance facilities	**(37,117)**	(31,983)
Unused facilities	**12,368**	10,381

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

Quarterly principal repayments of $51,000 (2011: $51,000) are required over the term of the facility to January 2014. In addition in the 2012 year 3 quarterly payments of $478,000 and a final payment of $213,000 were required to be made in respect of a bill line which was repaid during the year. 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.

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 2012						
Non-interest bearing	21,919	-	-	-	21,919	21,919
Variable rate	3,829	1,540	2,543	-	7,912	7,280
Fixed rate	21,081	21,715	23,054	-	65,850	58,428
Total	**46,829**	**23,255**	**25,597**	**-**	**95,681**	**87,627**
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**

(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 including lease 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.

	2012 $'000	2011 $'000
4. Revenues		
Sales revenue		
Freight cartage	**172,932**	154,317
Sale of goods	**83,700**	79,319
	256,632	233,636
Other revenue		
Insurance recoveries	**1,029**	545
Rents and sub-lease rentals	**530**	390
Interest	**351**	1,650
Other	**1,858**	1,986
	260,400	238,207

5. OTHER INCOME		
Net gain on disposal of property, plant and equipment	**158**	658

6. EXPENSES		
Profit before income tax includes the following specific expenses:		
Cost of goods sold	**67,701**	64,265
Depreciation		
Freehold buildings	**38**	49
Plant and equipment	**7,063**	6,291
Leasehold improvements	**100**	53
Amortisation		
Plant and equipment under finance lease	**5,809**	6,049
Computer software	**187**	176
Total depreciation and amortisation	**13,197**	12,618
Defined contribution superannuation expense	**3,330**	3,339
Impairment losses – trade receivables and loan receivables	**5,686**	66
Impairment losses – inventory	**95**	21
Rental expenses relating to operating leases		
Minimum lease payments	**5,480**	4,897
Contingent rentals	**31**	96
Total rental expense relating to operating leases	**5,511**	4,993

	2012 $'000	2011 $'000
7. INCOME TAX		
(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**46**	422
Under (over) provision in prior years	**(19)**	10
	27	432
Deferred tax is attributable to:		
(Increase) in deferred tax assets (note 15)	**(195)**	(242)
Increase in deferred tax liabilities (note 19)	**241**	664
	46	422
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	**52**	1,821
Tax at the Australian tax rate of 30% (2011: 30%)	**16**	546
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Investment allowance	**-**	(152)
Sundry items	**30**	28
	46	422
Under (over) provision in prior years	**(19)**	10
Income tax expense	**27**	432
(c) Tax losses		
Unused tax losses for which deferred tax assets have not been recognised at 30%	**273**	279

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

	2012 $'000	2011 $'000
8. FRANKING CREDITS / DIVIDENDS		
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	**6**	706

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 $nil (2011 - $185,000).

Dividends paid	2012 $'000	2011 $'000
Interim dividend for the year ended 30 June 2012 of 0.7 cents per share fully franked (at 30%) paid in full on 30 March 2012 (2011: 0.5 cent per share fully franked (at 30%) paid in full on 31 March 2011)	**1,516**	1,076
Interim dividends paid in cash or satisfied by the issue of shares under the dividend re-investment plan during the years ended 30 June 2012 and 2011 were as follows:		
Paid in cash	**1,364**	969
Satisfied by issue of shares	**152**	107
	1,516	1,076
Final dividend for the year ended 30 June 2011 of 0.2 cent per share fully franked (at 30%) paid in full on 30 September 2011 (2010: 0.6 cent per share fully franked (at 30%) paid in full on 30 September 2010)	**433**	1,253
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 2012 and 2011 were as follows:		
Paid in cash	**390**	959
Satisfied by issue of shares	**43**	294
	433	1,253
Dividends not recognised at year end In addition to the above dividends, since year end the Directors have not recommended the payment of a final dividend. (2011 – 0.2 cents per share) fully franked based on tax paid at 30% recommended.	**-**	433

9. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**3,178**	6,206
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	**3,178**	6,206
Bank overdrafts	**(3,436)**	(3,460)
	(258)	2,746

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

	2012 $'000	2011 $'000
10. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	**34,430**	31,901
Provision for impairment of receivables	**(236)**	(231)
	34,194	31,670
Loan receivable – secured (see note (c) below)	**3,998**	7,177
Provision for impairment of loan receivable	**(750)**	-
Fuel rebates/subsidies	**382**	386
Future GST recoverable	**371**	327
Other receivables	**1,264**	1,417
	39,459	40,977

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 2012 current trade receivables of the Group with a nominal value of $279,000 (2011 - $254,000) were impaired. The amount of the provision was $236,000 (2011 - $231,000). 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:

	2012 $'000	2011 $'000
1 to 2 months	**2**	23
3 to 4 months	**90**	11
Over 4 months	**144**	197
	236	231
Movements in the provision for impairment of receivables are as follows:		
At 1 July	**231**	167
Provision for impairment recognised during the year	**2,246**	83
Receivables written off during the year as uncollectible	**(2,241)**	(19)
At 30 June	**236**	231

The creation and release of the provision for impaired receivables has been included in "bad debt expense" 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 2012 trade receivables of $8,559,000 (2011 - $8,976,000) 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:

	2012 $'000	2011 $'000
1 to 2 months	**7,952**	7,388
3 months	**228**	240
Greater than 3 months	**379**	1,348
	8,559	8,976

10. TRADE AND OTHER RECEIVABLES (cont)

The other classes within trade and other receivables other than loan receivable 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 88% (2011: 82%) have been received within one month of end of year. The Group does not hold any collateral in relation to these receivables.

(c) Loan receivable - secured

During the 2012 financial year the Group stopped trading with a major customer who was in default of their trading terms. The Group holds a claim against funds held in a trust account and a second registered mortgage over farming land as a security against the receivable. At balance date the amount owed by the customer of $3,248,000 (net of provision for impairment of $750,000) (2011: $7,177,000). The Directors are confident that the net amount after impairment charge owed by the customer will be recovered.

(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.

	2012	2011
	$'000	$'000
11. INVENTORIES		
Raw materials and stores – at cost	**1,574**	1,366
Finished goods – at cost	**11,273**	11,628
	12,847	12,994
Provision for obsolescence	**(249)**	(228)
	12,598	12,766

Of the above inventory raw materials and stores are expensed and not charged to cost of sales.

12. OTHER CURRENT ASSETS		
Prepayments	**2,931**	2,722

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Unlisted equity securities	**25**	25

Unlisted equity securities are traded in inactive markets.

	2012 $'000	2011 $'000
14. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land and Buildings		
Land - at cost	**804**	1,089
Buildings - at cost	**1,275**	1,591
Accumulated depreciation	**(86)**	(122)
	1,993	2,558
Leasehold Improvements		
At cost	**595**	596
Accumulated depreciation	**(194)**	(94)
Total leasehold improvements	**401**	502
Total property	**2,394**	3,060
Plant and Equipment		
Plant and equipment		
At cost	**90,403**	84,747
Accumulated depreciation	**(57,202)**	(49,611)
	33,201	35,136
Plant and equipment under finance lease		
At cost	**65,211**	60,550
Accumulated amortisation	**(20,892)**	(21,467)
	44,319	39,083
Total plant and equipment	**77,520**	74,219
Total property, plant and equipment	**79,914**	77,279

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 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**
Additions	**-**	**-**	**-**	**2,995**	**14,275**	**17,270**
Disposals	**(285)**	**(242)**	**(1)**	**(634)**	**(463)**	**(1,625)**
Transfer from lease	**-**	**-**	**-**	**2,767**	**(2,767)**	**-**
Depreciation/amortisation	**-**	**(38)**	**(100)**	**(7,063)**	**(5,809)**	**(13,010)**
Carrying amount at 30 June 2012	**804**	**1,189**	**401**	**33,201**	**44,319**	**79,914**

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

	2012 $'000	2011 $'000
15. DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Impaired receivables	**296**	69
Employee benefits	**1,595**	1,538
Depreciation and amortisation	**116**	122
Payables	**337**	375
Tax losses	**503**	499
	2,847	2,603
Other		
Stock obsolescence	**15**	27
Sundry items	**55**	73
	70	100
Total deferred tax assets	**2,917**	2,703
Set-off of deferred tax liabilities pursuant to set-off provisions (refer note 19)	**(2,917)**	(2,703)
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 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
Under provision in prior years	-	-	-	-	-	(15)	(15)
At 30 June 2011	**499**	**1,538**	**69**	**122**	**375**	**100**	**2,703**
(Charged) /credited to profit or loss	**(15)**	**57**	**227**	**(6)**	**(38)**	**(30)**	**195**
Over provision	**19**	**-**	**-**	**-**	**-**	**-**	**19**
At 30 June 2012	**503**	**1,595**	**296**	**116**	**337**	**70**	**2,917**

	2012 $'000	2011 $'000
16. INTANGIBLE ASSETS		
Computer software	**1,956**	1,732
Accumulated amortisation	**(1,600)**	(1,413)
	356	319
Goodwill	**11,138**	11,138
Accumulated impairment	**(3,577)**	(3,577)
	7,561	7,561
Total intangible assets	**7,917**	7,880

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 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**
Additions – acquired separately	**224**	**-**	**224**
Amortisation	**(187)**	**-**	**(187)**
Carrying amount at 30 June 2012	**356**	**7,561**	**7,917**

(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***	
	2012	2011	**2012**	2011	**2012**	2011
	%	%	**%**	%	**%**	%
Rural CGU	**17.0**	17.1	**5.0**	6.7	**9.0**	9.3

* 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 future margins. The pre-tax discount rates used reflect the weighted average cost of capital of the Group. The discount rate has decreased reflecting expectation of decreased 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. The potential impact on costs and revenues arising from the introduction of the Clean Energy Legislation (*Clean Energy Act 2011* and supporting legislation) has been assessed in preparing the estimates. The CGU activities are unlikely to be identified as emission-intensive trade-exposed. Where suppliers' product prices have been increased from the impact of the Clean Energy Legislation is expected that these prices increases will passed onto customers and not reduce gross margin.

(d) Impact of possible changes in key assumptions

The recoverable amount of the Rural CGU net assets is estimated at $26.2 million. This exceeds the carrying value of the CGU net assets by $3.5 million. A reduction in the gross margin from 17% to 16% would reduce the estimated recoverable amount to $16.6 million and result in an impairment of Goodwill of $6.1 million. A reduction in growth rate from 5% to 4% would reduce the recoverable amount by $1.8 million which would still exceed the carrying amount. An increase in the discount rate from 9% to 10% would reduce the estimated recoverable amount by $3.4 million which would still exceed the carrying amount.

(e) Assets pledged as security

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

	2012 **$'000**	2011 $'000
17. TRADE AND OTHER PAYABLES		
Trade payables	**21,919**	22,358

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 (2011: $3,200,000). At balance date the amount payable to Amcor Packaging (Australia) Pty Ltd was $2,716,000 (2011: $2,815,000).

	2012 **$'000**	2011 $'000
18. BORROWINGS		
Current		
Secured		
Bank overdraft	**3,436**	3,460
Bills payable	**203**	3,426
Lease liabilities	**11,783**	10,165
Bank loans	**5,725**	5,742
Total secured current borrowings	**21,147**	22,793
Non-current		
Secured		
Bills payable	**1,391**	-
Lease liabilities	**25,334**	21,818
Bank loans	**15,586**	19,145
Total secured non-current borrowings	**42,311**	40,963
Unsecured		
Other loans	**2,250**	2,250
Total unsecured non-current borrowings	**2,250**	2,250
Total non-current borrowings	**44,561**	43,213

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 $51,000 per quarter. Last year bills payable reduced by $529,000 per quarter for the first two quarters, $2,182,000 for the third quarter and $213,000 in the last quarter. The face value of bills drawn at 30 June 2012 was $1,602,000 (2011: $3,453,000).

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

	2012 $'000	2011 $'000
Current		
Face value	**204**	**3,453**
Less discount	**(1)**	**(27)**
	203	**3,426**
Non-current		
Face value	**1,398**	**-**
Less discount	**(7)**	**-**
	1,391	**-**

(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 a loan from Amcor Packaging (Australia) Pty Ltd (Amcor) which was provided in 2009 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.

	2012 $'000	2011 $'000
19. DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Prepayments	**774**	744
Inventories	**472**	410
Depreciation and amortisation	**3,759**	3,610
Total deferred tax liabilities	**5,005**	4,764
Set-off of deferred tax assets pursuant to set-off provisions (refer note 15)	**(2,917)**	(2,703)
Net deferred tax liabilities	**2,088**	2,061

Movements	Prepayments $'000	Inventories $'000	Depreciation and amortisation $'000	Total $'000
Consolidated				
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**
Charged /(credited) to profit or loss	**30**	**62**	**149**	**241**
At 30 June 2012	**774**	**472**	**3,759**	**5,005**

	2012 $'000	2011 $'000
20. PROVISIONS		
Current		
Employee benefits	**4,475**	4,245
Non-current		
Employee benefits	**842**	881

21. OTHER LIABILITIES		
Current		
Deferred revenue	**1,269**	1,107
Other	**129**	81
	1,398	1,188
Non-current		
Other	**517**	533

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

	2012 $'000	2011 $'000
22. CONTRIBUTED EQUITY		
Fully paid ordinary shares	**44,631**	44,303

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 2011 and 2012 is reconciled as follows:

	Note	No of Shares	Issue Price	$'000
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	(d)	496,258	18.4¢	91
Balance at 30 June 2011		**215,666,849**	**-**	**44,303**
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	268,098	16.1¢	43
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	941,784	16.2¢	152
Issue of shares for payment of interest	(d)	696,850	19.1¢	133
Balance at 30 June 2012		**217,573,581**		**44,631**

(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 2012	941,784	16.2 cents
30 September 2011	268,098	16.1 cents
31 March 2011	538,918	19.9 cents
30 September 2010	1,547,761	19.0 cents

(b) Share Placement

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 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.

22. CONTRIBUTED EQUITY (cont)

(d) 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.

(e) 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.

(f) 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 2012 the Group did not alter its capital management policy.

The gearing ratios at 30 June 2012 and 30 June 2011 were as follows:

	2012	2011
	$'000	$'000
Total borrowings	**65,708**	66,006
Less cash and cash equivalents	**(3,178)**	(6,206)
Net debt	**62,530**	59,800
Total equity	**49,209**	50,805
Gearing ratio	**56%**	54%

Lindsay Australia Limited has complied with the financial covenants of its borrowing facilities during the 2012 and 2011 reporting periods.

	2012	2011
	$'000	$'000
23. RESERVES		
Share-based payments reserve	**491**	491

There were no movements in the share-based payments reserve in 2011 and 2012

Nature and purposes of reserve

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

	2012 $'000	2011 $'000
24. RETAINED PROFITS		
Retained earnings at the beginning of the year	**6,011**	6,951
Profit for the year	**25**	1,389
Dividends paid or provided	**(1,949)**	(2,329)
Retained earnings at the end of the year	**4,087**	6,011

	2012 $'000	2011 $'000
25. CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flows from Operating Activities with Profit for the Year		
Profit for the year	**25**	1,389
Depreciation/amortisation	**13,197**	12,618
Net (gain)/loss on disposal of property, plant and equipment	**(158)**	(658)
Non-cash interest expense payment by issue of shares	**133**	91
Fair value adjustment to financial liabilities	**19**	(4)
Changes in operating assets and liabilities, net of effects from acquisitions and disposals:		
(Increase)/decrease in trade and other receivables	**1,564**	(4,320)
(Increase)/decrease in prepayments and other assets	**(200)**	(400)
(Increase)/decrease in inventories	**168**	(380)
(Increase)/decrease in tax assets	**(126)**	178
(Decrease)/increase in trade and other payables	**(408)**	2,711
(Decrease)/increase in tax liabilities	**241**	660
(Decrease)/increase in other liabilities	**163**	(223)
(Decrease)/increase in provisions	**191**	409
Cash flows from operating activities	**14,809**	12,071
(b) Non-Cash Financing and Investing Activities		
Acquisition of plant and equipment by means of finance leases	**14,275**	7,883
Dividends satisfied by issue of shares	**195**	401
Interest satisfied by issue of shares	**133**	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.

	2012 ¢	2011 ¢
26. EARNINGS PER SHARE		
Basic earnings per share	**-**	0.7
Diluted earnings per share	**-**	0.7
	$'000	$'000
Earnings used in calculating basic and diluted earnings per share – net profit	**25**	1,389
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**217,336,116**	207,826,980
Effect of dilutive securities:		
-Employee share options	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**217,336,116**	207,826,980

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 year ended 30 June 2011. Details relating to the options are set out in note 29.

27. AUDITOR'S REMUNERATION	**2012** $	2011 $
During the year the auditor of the parent entity earned the following remuneration:		
Audit or review of financial reports	**133,500**	125,800
Taxation and other services	**20,940**	22,300
Total remuneration	**154,440**	148,100

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

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2012 $	2011 $
Short-term employee benefits	**1,509,576**	1,529,550
Long-term employee benefits	**21,448**	69,181
Post-employment benefits	**216,351**	250,215
	1,747,375	1,846,946

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

There were no options provided as remuneration or shares issued on exercise of such options during the 2012 and 2011 years.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(ii) Option holdings

There were no options held during the 2012 and 2011 financial year by key management personnel of the Group, including their personally related parties.

(iii) Share holdings

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.

2012 SHARES	Balance at 1 July 2011	Net change other	Balance at 30 June 2012
Directors of Lindsay Australia Limited			
J F Pressler	2,596,913	-	2,596,913
M K Lindsay	10,804,927	200,000	11,004,927
R A Anderson	376,314	-	376,314
G D Farrell	29,714,076	-	29,714,076
L R Hancock	4,420,207	2,589	4,422,796
Other key management personnel of the Group			
A W Bunker	339,504	19,104	358,608
G A Johnston	511,501	27,360	538,861
T G Lindsay	13,918,691	(117,647)	13,801,044

2011 SHARES	Balance at 1 July 2010	Held at retirement	Net change other	Balance at 30 June 2011
Directors of Lindsay Australia Limited				
J F Pressler	2,596,913	-	-	2,596,913
M K Lindsay	10,725,561	-	79,366	10,804,927
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	41,419,523	(41,419,523)	-	-
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	13,918,691	-	-	13,918,691

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.

Share holdings of key management personnel have been determined as the holdings of the key management person and close members of the family of a person. In 2011 a broader definition was used. The comparatives for 2011 have been restated.

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.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(d) Other transactions and balances with key management personnel

	2012 $	2011 $
Amounts recognised as revenues and expenses:		
Revenues		
Cartage revenue received / receivable from entities associated with GD Farrell	**1,908,283**	2,273,316
Purchase of stock by MK Lindsay	**-**	3,918
	1,908,283	2,277,234
Expenses		
Rental of premises from entities associated with TK Lindsay (1)	**-**	1,227,776
Fees for legal services provided by entities associated with LR Hancock	**209,819**	110,404
Fuel purchased from entities associated with TK Lindsay (1)	**-**	9,372
Interest on loan owing to TK Lindsay (1)	**-**	4,730
	209,819	1,352,282
Amounts of capital transactions		
Repayment of loan owing to TK Lindsay (1)	**-**	747,609

	2012 $	2011 $
Amounts receivable / payable to key management personnel and their related parties at balance date		
Current receivables – trade debtors	**337,850**	509,433
Current payables – trade creditors and accruals	**8,884**	14,826

(1) Retired 17 November 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.

29. SHARE-BASED PAYMENTS (cont)

(b) Employee Share Option Plans (cont)

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 plan on 17 November 2007

2011

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
			Number	Number	Number	Number
6.37¢	1 July 2010	30 June 2011	3,000,000	-	(3,000,000)	-

All options issued lapsed on 30 June 2011.

Expense arising from share based payment transactions

There was no expense arising from share-based payment transactions recognised during the year end 30 June 2012 and the prior financial year.

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.

	Class Shares/Units	Equity Holding %	
Name		**2012**	**2011**
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.

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 2012 and 2011 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 including bad debt expense; and
- income tax expense.

Major customers

No customer of the Group account for more than 10% of external revenue (2011: nil). The largest individual customer accounts for 8.7% of external revenues (2011: 8.0%).

31. SEGMENT INFORMATION (cont)

2012	Transport	Rural	Total
	$'000	$'000	$'000
Revenue			
External sales	173,290	83,342	**256,632**
Inter-segment sales	2,740	208	**2,948**
Other revenue	1,510	669	**2,179**
Other income	158	-	**158**
Total segment revenue/income	**177,698**	**84,219**	**261,917**
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			**(2,948)**
Interest revenue			**351**
Corporate/unallocated revenue			**1,238**
Total revenue/income			**260,558**
Segment net profit before tax	**13,727**	**3,690**	**17,417**
Reconciliation of segment profit to group net profit before tax			
Corporate/unallocated			**(12,671)**
Finance costs			**(4,694)**
Net profit before income tax			**52**
Income tax expense			**(27)**
Profit for year			**25**
Depreciation and amortisation	**12,499**	**229**	**12,728**
Corporate/unallocated cost			**469**
			13,197
2011			
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

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 2012 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.

	2012	2011
	$'000	$'000
Statement of comprehensive income		
Revenues	**260,400**	238,207
Other income	**17**	42
Purchases and changes in inventories	**(67,701)**	(64,265)
Fuel and oil costs	**(35,674)**	(33,665)
Repairs and maintenance	**(11,146)**	(11,743)
Subcontractors	**(34,307)**	(24,186)
Employee benefits	**(58,932)**	(57,433)
Depreciation and amortisation	**(993)**	(1,197)
Finance costs	**(698)**	(850)
Insurance	**(1,264)**	(1,470)
Management fees	**(16,052)**	(15,002)
Pallet charges	**(1,440)**	(1,403)
Operating lease rental	**(5,766)**	(5,249)
Professional fees	**(860)**	(703)
Bad debts	**(5,686)**	(72)
Other expenses	**(19,848)**	(19,243)
Profit before income tax	**50**	1,768
Income tax expense	**(26)**	(558)
Profit for the year	**24**	1,210
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**24**	1,210
Summary of movements in consolidated retained earnings / (accumulated losses)		
Retained earnings/accumulated losses at the beginning of the financial year	**(1,085)**	34
Profit for the year	**24**	1,210
Dividends provided for or paid	**(1,949)**	(2,329)
Retained earnings at the end of the financial year	**(3,010)**	(1,085)

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 2012 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.

	2012 $'000	2011 $'000
Current assets		
Cash and cash equivalents	**3,178**	6,206
Trade and other receivables	**39,459**	40,975
Inventories	**12,598**	12,766
Tax assets	**134**	222
Other	**2,931**	2,723
Total current assets	**58,300**	62,892
Non-current assets		
Other receivables	**15,231**	12,957
Available-for-sale financial assets	**38**	38
Property, plant and equipment	**3,800**	5,134
Deferred tax assets	**1,592**	1,469
Intangible assets	**7,815**	7,718
Total non-current assets	**28,476**	27,316
Total assets	**86,776**	90,208
Current liabilities		
Trade and other payables	**21,883**	22,474
Borrowings	**5,834**	9,009
Provisions	**4,475**	4,245
Other	**7,467**	7,107
Total current liabilities	**39,659**	42,835
Non-current liabilities		
Borrowings	**3,646**	2,250
Provisions	**842**	881
Other	**517**	533
Total non-current liabilities	**5,005**	3,664
Total liabilities	**44,664**	46,499
Net assets	**42,112**	43,709
Equity		
Contributed equity	**44,631**	44,303
Reserves	**491**	491
Retained profits	**(3,010)**	(1,085)
Total equity	**42,112**	43,709

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
	2012	**2012**	**2012**	2011	2011	2011
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Less than one year	**13,937**	**2,154**	**11,783**	12,166	2,001	10,165
Between one and five years	**28,113**	**2,779**	**25,334**	23,981	2,163	21,818
	42,050	**4,933**	**37,117**	36,147	4,164	31,983

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.

	2012 $'000	2011 $'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	**5,019**	5,322
- later than 1 year but not later than 5 years	**9,419**	12,104
- later than 5 years	**3,858**	4,877
	18,296	22,303

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.

	2012 $'000	2011 $'000
Capital Commitments		
Commitments for capital expenditure (property, plant and equipment) contracted for but not recognised in the financial statements are payable as follows:	**1,689**	104

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

Issue of Shares

On 1 July 2012 the Company issued 790,899 shares at 17.2 cents per share pursuant to the Distribution Agreement to Amcor Packaging (Australia) Pty Ltd in satisfaction of interest owing on the signing fee.

	2012 $'000	2011 $'000
35. CONTINGENT LIABILITIES		
Guarantees to secure lease obligations	**932**	**893**

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.

36. PARENT COMPANY INFORMATION

Information relating to Lindsay Australia Limited is as follows

	2012 $'000	2011 $'000
Summary financial information		
Statement of financial position		
Current assets	**1,409**	5,583
Total assets	**100,830**	62,901
Current liabilities	**51,469**	14,183
Total liabilities	**55,528**	16,918
Issued capital	**44,631**	44,303
Retained earnings	**180**	1,188
Share based payments reserve	**491**	491
Total shareholders' equity	**45,302**	45,983
Profit of the parent entity	**941**	1,605
Total comprehensive income of the parent entity	**941**	1,605
Contingent liabilities of the parent entity	**-**	-
Contractual commitments	**-**	-

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 $23,701,000 (2011: $24,374,000) 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 $35,995,000 (2011: $33,900,000).

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 2012 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
24 August 2012

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30
Central Plaza 1
345 Queen Street
Brisbane Qld 4000

Tel: 07 3222 8444
Fax: 07 3221 7779

Postal Address:
GPO Box 1144
Brisbane Qld 4001

www.jr.com.au
jr@jr.com.au

ROSS WALKER
KEN OGDEN
NIGEL FISCHER
TERESA HOOPER
MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
CHRIS BALL
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS

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 2012, 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 gives a true and fair view and 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 company's preparation of the financial report that gives a true and fair view 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 2012 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 11 to 14 of the directors' report for the year ended 30 June 2012. 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 2012 complies with Section 300A of the *Corporations Act 2001.*

JOHNSTON RORKE
Chartered Accountants

RCN WALKER
Partner

Brisbane, Queensland
24 August 2012

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.

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.

Recommendation 1.1 The company should establish the functions reserved to the board and those delegates to senior executives and disclose those functions.

The Corporate Governance Board charter reserves powers for the board. Functions not reserved to the Board are delegated to senior management.

Recommendation 1.2 The company should disclose the process for evaluating the performance of senior executives.

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.

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.

The Company has not complied with this recommendation. The following Directors are not considered to be independent:
- G D Farrell – substantial shareholder,
- M K Lindsay – Chief Executive Officer and substantial shareholder, and
- L R Hancock – a principal of a material professional advisor.

The independent Directors are:
- J F Pressler,
- R A Anderson.

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.

Recommendation 2.2 The chair should be an independent director.

The Company complies with this recommendation. Mr J.F. Pressler, an independent director, is the Chair.

Recommendation 2.3 The role of chair and chief executive officer should not be exercised by the same individual.

The Company complies with this recommendation. Mr M.K. Lindsay is the Chief Executive Officer.

Recommendation 2.4 The board should establish a nomination committee.

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.

Recommendation 2.5 The company should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Company's Corporate Governance Charter details the procedures for performance reviews and evaluation.

Principle 3. **Promote ethical and responsible decision-making**

Recommendation 3.1 Establish a code of conduct and disclose the code or a summary of the codes as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity,

3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders, and

3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A formal Code of Ethics forms part of the Corporate Governance Charter.

Recommendation 3.2 Disclose the policy concerning diversity.

The Diversity Policy is published on the company's web site. The Board has established the following objectives in relation to gender diversity. The intention is to achieve the objectives over time as positions become available. The Board notes that some positions within the company have time and physical demands that may make these jobs traditionally unattractive to women.

	Objective	***2012***	***2011***
Percentage of women in company's workforce	*15%*	*11%*	*13%*
Percentage of women in management positions	*20%*	*18%*	*19%*

Principle 4. **Safeguard integrity in financial reporting –** have a structure to independently verify and safeguard the integrity of the company's financial reporting.

Recommendation 4.1 The board should establish an audit committee.

The Company has established an Audit Committee.

Recommendation 4.2 Structure the audit committee so that it consists of:

- only non-executive directors,
- a majority of independent directors,
- an independent chairperson, who is not chairperson of the board, and
- at least three members.

The Company complies with this recommendation other than the requirement to have a majority of independent Directors. There are equal independent and non-independent Directors.

Recommendation 4.3 The audit committee should have a formal charter.

The Company has a formal charter for the Audit Committee.

Principle 5.	**Make timely and balanced disclosure** – Promote timely and balanced disclosure of all material matters concerning the company.
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 2012 and 30 June 2011 held by key management personnel. 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.

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

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	16 Years	G D Farrell	7 Years
M K Lindsay	16 Years	L R Hancock	10 Years
R A Anderson	10 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.

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. There are an equal number of independent and non-independent Directors.

The members of the audit committee during the year were:

R A Anderson (Independent Director) Chair
J F Pressler (Independent Director)
L R Hancock
G D Farrell (from 30 May 2012)

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 four non-executive Directors. Members of the remuneration committee throughout the year were:

G D Farrell	- Chair
J F Pressler	
R A Anderson	
L R Hancock	- (from 30 May 2012)

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.

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
J P Pressler	(from 30 May 2012)
R A Anderson	
G D Farrell	(from 30 May 2012)
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 2012.

SHARES

Distribution of Shareholders

	Number of Shareholders	Number of Shares
1- 1,000	67	20,267
1,001 – 5,000	191	602,782
5,001 – 10,000	160	1,307,665
10,001 – 100,000	595	20,302,011
100,001 and over	154	196,131,755
Total	1,167	218,364,480

Number of holdings less than a marketable parcel of shares – 183 (293,144 shares)

Top Twenty Shareholders

Name	Number of Shares	% of Issued Shares
Washington H Soul Pattison & Company Limited	36,149,982	16.55
Mulawa Holdings Pty Ltd	27,794,450	12.73
Amcor Packaging (Australia) Pty Ltd	26,229,303	12.01
Thomas Kelsall Lindsay & Thomas Glen Lindsay (Lindsay Brothers S/F A/C)	11,331,069	5.19
Rainrose Pty Ltd	8,451,096	3.87
Michael Kim Lindsay & Dianne Joan Lindsay (Lindsay Family S/F A/C)	5,927,972	2.71
BKI Investment Company Limited	5,390,899	2.47
LR & SP Hancock (L&S Super Fund Account)	3,599,621	1.65
RM & DM Pell Pty Limited (Pell Family Super Fund A/C)	3,387,619	1.55
K & D Lindsay Pty Ltd (D Lindsay Family A/C)	3,222,148	1.48
Thomas Glen Lindsay	2,612,516	1.20
Ankla Pty Ltd	2,503,224	1.15
Greta Marjorie Lindsay (The Greta Lindsay No 2 A/C)	2,295,218	1.05
Proco Pty Ltd (The Cosoff Super Fund Acc)	2,100,000	0.96
Andrew David Lindsay	2,052,440	0.94
Lev Mizikovsky & Emily Dorothy Mizikovsky (Superfund A/c)	1,998,408	0.92
Janala Pty Ltd	1,919,626	0.88
Maria Gail Orr	1,810,000	0.83
Yesor Pty Ltd (The Orr Super Fund A/C)	1,790,000	0.82
SCSJB Pty Limited (Hordern Family Super Fund A/C)	1,757,448	0.80
	152,323,039	69.76

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	13.61
Amcor Packaging (Australia) Pty Ltd	26,229,303	12.01
Washington H Soul Pattison & Company Limited	36,149,982	16.55
Michael Kim Lindsay & Dianne Joan Lindsay	11,004,927	5.04
Thomas Kelsall Lindsay	11,602,017	5.31
Thomas Glen Lindsay	13,745,544	6.29
Mizikovsky Group	13,189,092	6.04

Voting Rights of Ordinary Shares

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