LINDSAY AUSTRALIA LIMITED

ABN 81 061 642 733

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CHAIRMAN'S ADDRESS

Annual General Meeting

30 October 2014

The financial year ended 30 June 2014 has continued to build on the improved performance delivered by the Lindsay Australia Group in the 2013 financial year. For the year ended 30 June 2014 the Group earned a net profit after tax of $6.5 million. This result included an after tax benefit of $568,000 from the recovery of fuel tax credits that related to prior years. The result this year compares with an after tax profit of $7.2 million last year. Last year's result also included an after tax benefit of $1.9 million from the recovery of fuel tax credits. The after tax profit after adjustment of the prior year's fuel tax credit, for this financial year, was $5.93 million compared with $5.27 million last year. This is an improvement of 12.4%.

Earnings per share for the year were 2.8 cents per share compared with 3.3 cents per share last year.

Group revenue for the year increased 9.7% to $311 million compared with the previous year's revenue of $283 million.

Dividends paid or provided for the year was 2.0 cents per share compared with 1.9 cents per share last year.

Share placements were made to professional and institutional investors raising $8.7 million net of costs during the financial year. These placements have strengthened the financial base of the Group and have provided funding to invest in facilities. It is also pleasing to note that the share price at the end of the financial year of 34 cents per share has almost doubled from the closing price of the previous year.

During the 2015 financial year the Group has maintained its focus on its two principal market segments, the transport of refrigerated produce and processed food, and the sale of rural merchandise. The combination of Lindsay Transport and Lindsay Rural provides a unique supply and logistics solution to some of our horticultural customers.

Transport

During the 2014 financial year the Transport Division achieved strong growth in both sales and underlying profitability. Pricing pressures from competitors and some of our customers is a feature of the trading environment. This requires constant focus on both margin and cost base.

Highlights for the year were:

- revenue for Transport including internal revenue increased 11% to $223 million compared with $201 million last year,
- revenue from our ten largest customers increased by approximately 10% with these customers contributing 43% of Transport revenues,
- revenue on company vehicles increased by 9.6% and revenue earned by the use of subcontractors increased by 17%, and
- strategic alliances with a number of subcontractors were maintained during the year, however one of these relationships ceased early in the 2015 financial year with the subcontractor choosing to exit the industry.

Driving the increase in revenue for Transport was:

- increased transport activity out of Brisbane, Sydney, Melbourne and Adelaide;
- growth out of key produce areas, other than Gatton and Victorian country areas; and
- strong growth out of North Queensland with revenue up by 25%.

Revenue from the Transport of seafood which commenced in October 2012 continues to be strong.

Transport's Divisional contribution was $18.8 million compared with $20.5 million earned last year. Included in the result are retrospective fuel tax credits of $1.1 million this year compared with $3.6 million last year. Without these fuel tax credits Transport's Divisional performance would have increased by 5% on the prior year.

Transport's Divisional performance in the seasonally low months of January to April has again improved but at a lesser extent to last year. This is the result of obtaining seafood customers and additional produce customers who have freight requirements at this time.

In August 2013 a new depot was opened in Mackay North Queensland to further broaden the Transport Division's geographic reach and to facilitate further growth in refrigerated seafood transport.

Total Fleet kilometres travelled during 2014 increased 3.6% to 54.1 million. Better capacity utilisation has resulted in the percentage increase achieved in revenue from company vehicles of 9.6% being higher than the percentage increase in kilometres travelled.

This more efficient capacity utilisation is a result of two underlying factors:

- the Group's continued investment in higher yielding B/Double trailer combinations; and
- the increase in the average load factor per vehicle movement.

More shuttle trips and set runs are being established to increase utilisation of vehicles, and reduce the impact of fatigue on drivers enabling increased driver rest periods at home, as drivers are rotated through the work schedule.

An enterprise agreement covering our linehaul and pickup and delivery drivers was approved by employees by vote in August 2013. The agreement was not certified by Fair Work Australia and a new agreement is to be submitted to employees.

Transport will continue its focus on service delivery while at the same time review its cost structures during this current financial year.

In early July 2014 the Transport Division established Lindsay Fresh Logistics which leased approximately 5,000 square metres of refrigerated warehouse floor space in the Brisbane Produce Markets. An unloading licence and transhipping authority has been obtained from the Brisbane Markets. Unloading and transhipping is now undertaken for produce delivered by Transport and some third party vehicles. The obtaining of these licences has also enabled the relocation of all Brisbane produce operations of Lindsay Transport to the Brisbane Market facility. The increase in refrigerated floor area and additional docking capacity at the Brisbane Market facility has improved operational efficiency.

Lindsay Fresh Logistics is developing a number of value added products including ripening, fumigation and import/export facilitation for its customers, which will be implemented in the 2015 financial year. It is anticipated that additional space in the Brisbane Market facility will be acquired on 31 October 2014, when Lindsay Fresh Logistics takes over the head lease from the existing tenant, as well as certain plant, equipment and fitout. This will increase the leased area in the Brisbane Markets facility to 9,000 square metres. Total cost of the lease assignment, plant and equipment acquisition and additional installation of fumigations and cold sterilisation rooms will be approximately $5.3 million.

During the 2014 financial year a conditional contract was executed to purchase a site of approximately 22,500 square meters at Direck on the outskirts of Adelaide, the contract price is $1.5 million. The contract conditions have now been satisfied and the completion of this purchase is expected next week. A new Adelaide transport facility will be developed on the site at a cost of $4.5 million. This new depot will facilitate further growth in our Adelaide revenue and improve operational efficiency.

Rural

The year was characterised by:
- increase of 6.6% in revenue to $90 million,
- strong increase in Divisional contribution, and
- sales growth in all major product categories including packaging up 17% on the previous year.

Sales for June 2014 were again strong and were the highest monthly sales achieved. June is traditionally our strongest trading month with sales being over 50% higher than the average monthly sales for the previous 11 months of the financial year.

Rural earned a divisional contribution of $5.1 million for the 2014 financial year compared with the previous year of $3.5 million. The 46% increase in divisional contribution was due to improved profit margin percentage and increased sales. The increase in Divisional contribution of $1.6 million occurred principally in the first quarter where the result was $1.1 million above the first quarter last year, this was mostly due to increased packaging sales. In the prior first quarter sales were impacted by customers purchasing packaging stocks in June 2012 prior to the commencement of the Carbon Tax.

The Rural division continues to provide excellent service to customers. Consistent with the provision of this service is increased agronomy services that we are providing to customers in specific areas.

Strong sales growth potential for the Rural division in North Queensland continues with the increasing emergence of this area as a major horticultural producer in Australia.

The success of our low cost start up model is continuing. We currently have four outlets in this model and subject to identifying suitable premises one is expected to transition into full store operations in the 2015 financial year. We have now also opened low cost outlets in Tully and Bowen.

Group Outlook

Produce and other freight volumes for the first four months of the 2015 financial year have been softer than the corresponding periods last year particularly for August. This trend is industry wide. We are however cautiously optimistic for the outlook for produce volumes for the remainder of the 2015 financial year.

For the first four months of the 2015 financial year Transport revenue including internal revenue is forecast to decrease by 3.5% on the same period last year.

Rural sales for the first four months are forecast to increase by 3.5% on the same period last year.

Group profitability for the first four months is at a similar level to last year after adjustment for the prior period fuel tax credits received last year.

Staff

We would like to once again thank our dedicated staff for the successful year that we have had. We have dedicated employees working in rural stores and transport deports along the eastern seaboard of Australia from as far north as Mareeba in North Queensland to south to Melbourne and Adelaide. The employees provide the service ethic which our business depends on. No company can deliver the results we have achieved this year without the commitment and focus of our staff.

Finally I would like to thank my fellow Directors for their continuing efforts and dedication to Lindsay Australia Limited.

Thank you Ladies and Gentlemen