



LINDSAY AUSTRALIA
LIMITED



ANNUAL REPORT

For financial year ended 30 June 2015

ABN: 81 061 642 733

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

DIRECTORS

Chairman-non-executive
John F Pressler OAM MAICD

Managing Director and Chief Executive Officer
Michael K Lindsay

Non-executive Directors
Richard A Anderson OAM BCom FCA FCPA
Gregory D Farrell BEcon

**GENERAL LEGAL COUNSEL &
COMPANY SECRETARY**

Broderick T Jones LLB

**CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY**

Nathan L King BBus, CPA, ACIS, GAICD

SHARE REGISTER

Computershare Investor Services Pty Ltd
117 Victoria Street, West End, QLD 4101
Telephone: 1300 552 270
Website: www.computershare.com.au

**REGISTERED AND PRINCIPAL
ADMINISTRATIVE OFFICE**

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AUDITOR

Pitcher Partners
Level 30 Central Plaza 1, 345 Queen Street, Brisbane, QLD, 4000

BANKER

Westpac Banking Corporation
65 Molesworth Street, Lismore, NSW, 2480

STOCK EXCHANGE LISTING

Lindsay Australia Limited shares are listed on the Australian Securities Exchange, code LAU.



CONTENTS	PAGE
ABOUT LINDSAY AUSTRALIA	3
CHAIRS' REPORT	5
OVERVIEW OF DIRECTORS AND COMPANY SECRETARIES	8
OPERATING AND FINANCIAL REPORT	11
DIRECTORS' REPORT	18
Remuneration report	22
AUDITOR'S INDEPENDENCE DECLARATION	30
ANNUAL FINANCIAL REPORT	31
Consolidated statement of comprehensive income	34
Consolidated statement of financial position	35
Consolidated statement of changes in equity	36
Consolidated statement of cash flows	37
Notes to the consolidated financial statements	38
Directors' declaration	80
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDSAY AUSTRALIA LIMITED	81
CORPORATE GOVERNANCE STATEMENT	83
SHAREHOLDER INFORMATION	96

ABOUT LINDSAY AUSTRALIA

Our Business

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

Lindsay Australia comprises of two division Rural and Transport. When combined these divisions offer products and services covering the key needs of growers (customer) throughout their production cycle. From planting crops, through fertiliser, chemicals, supply of packaging, and then transportation, fumigation and export. The two divisions offer customers an end to end solution with one point of contact and accountability.

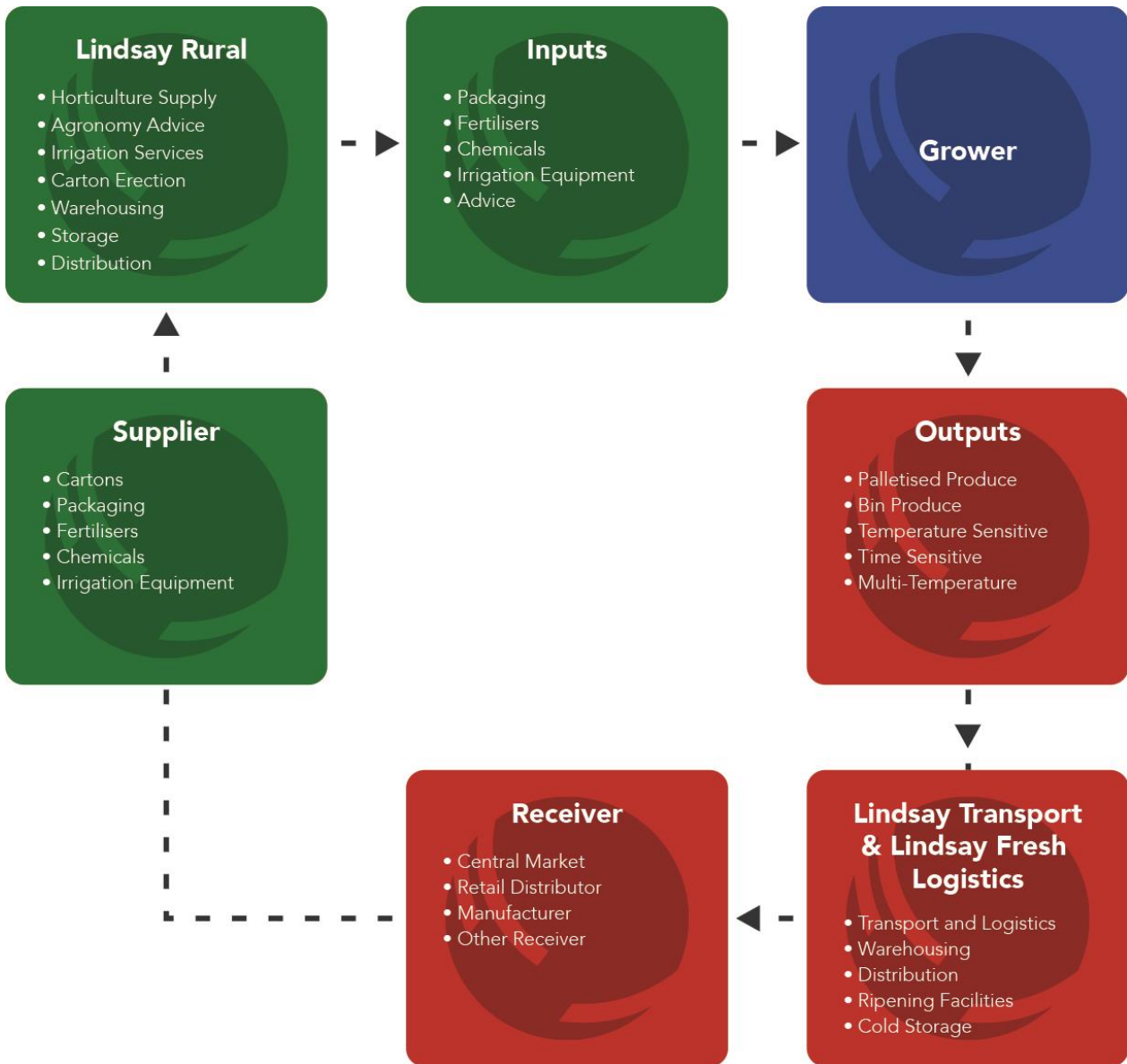


SITE LOCATIONS

Lindsay Rural		Lindsay Transport		Lindsay Fresh Logistics
Brisbane Warehouse	Leeton	Adelaide	Mundubbera	Brisbane Markets
Bundaberg North	Mareeba	Brisbane	Nambour	
Bundaberg Wyllie	Maryborough	Bundaberg	Stanthorpe	
Brandon	Mildura	Coffs Harbour	Sydney	
Childers	Mundubbera	Emerald	Tully	
Coffs Harbour	Murwillumbah	Gatton		
Emerald	Nambour	Innisfail		
Gatton	Renmark	Mackay		
Innisfail	Stanthorpe	Mareeba		
Invergordon	Tully	Melbourne		
Kyabram		Mildura		

LINDSAY SOLUTION

Lindsay Australia’s business units share common customers within the horticulture industry which gives the Group a strategic advantage by providing a unique end-to-end service solution. With the recent addition of the new Lindsay Fresh Logistics facility, Lindsay Australia continues to build on the *Lindsay Solution* by increasing our service offerings to our customers and now provide an integrated logistics service from port to paddock and everything in-between.



CHAIRS' REPORT



CHAIRS' REPORT



JOHN F PRESSLER
Chairman-non-executive

CHAIRS' REPORT

During the 2015 financial year Lindsay Australia maintained its focus on shareholder returns. While this was a challenging year for the transport industry, we took advantage of the lull in industry growth by investing for future growth. Growth initiatives included the establishment of Lindsay Fresh Logistics, the acquisition of Haack transport, and decreasing fleet age.

The years result was underpinned by improved utilisation of the fleet on a record number of kilometres travelled of 57.2 million. Combined with a steady year for the Rural division, net profit after tax was \$6.166 million. This was a 4.0% improvement on the previous year after taking into account of the one off fuel tax credit in that year. This was a strong result considering substantial start-up costs incurred by Lindsay Fresh Logistics (LFL).

Full year dividends increased 5% to 2.1 cents per share, which includes the final dividend of 1 cent per share.

In February 2015 we opened Lindsay Fresh Logistics (LFL). The facility offers customers further reach into the logistics chain by providing:

- Unloading, cross-docking, and local delivery;
- Short and long term storage solutions;
- Ripening services for specific produce lines; and
- Quarantine, inspection and fumigation of produce for import, export and interstate.

CHAIRS' REPORT (CONTINUED)

Customers can now rely on one supplier, Lindsay Australia, to maintain the constant temperature of produce from the paddock to the port. In addition to providing services to existing and new customers, the centre offers improved efficiencies through its optimal layout and proximity to key stakeholders.

During the March quarter the Haack depot joined Lindsay Australia. Located in Tully, the facility augments our already strong business in North Queensland.

In March we welcomed Visy Board Pty Ltd as a strategic partner to the group. Visy Board is a supplier of packaging and a large user of transportation. Visy Board and Lindsay Australia share a common passion and belief in the future success of the Australian horticultural industries. Visy Board also has strong expertise in export businesses.

The coming year ahead looks encouraging as our customers experience good growing conditions. The business continues to expand into new markets, particularly by further leveraging the LFL business and its export / import capabilities. Next year the group will consolidate several Brisbane locations into one site at Postle Street Acacia Ridge.

Les Hancock resigned from the board during the year after many years of service. In December, Graham Johnston retired from the position of CFO. On behalf of the board we thank them both for their significant contribution and wish them well in their future endeavours. In January we welcomed Nathan King to the position of CFO.

We have an outstanding CEO in Kim Lindsay and we thank him, the executive team, and all Lindsay Australia employees for their hard work and dedication throughout the year.

We look forward to the year ahead and the company's continued success.

John F Pressler



Brisbane, Queensland
26 August 2015

OVERVIEW OF DIRECTORS AND COMPANY SECRETARIES

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 2015.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

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 OAM

Chairman-non-executive

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 was a Non-executive Director of Wide Bay Australia Limited from 1988 to 2013, 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

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 South East 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.

OVERVIEW OF DIRECTORS AND COMPANY SECRETARIES (CONTINUED)



Mr Richard Andrew Anderson OAM

Non-executive Director

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. He is also a member of the board of Namoi Cotton Cooperative Limited (appointed 2001) and is 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

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.

OVERVIEW OF DIRECTORS AND COMPANY SECRETARIES (CONTINUED)



Mr Broderick Jones

Group Legal Counsel and Company Secretary

Mr Jones holds a bachelor of laws degree from Queensland University of Technology. He has 20 years professional experience within law, finance, property and markets gained from a number senior roles both domestically and offshore. Broderick joined Lindsay Australia Limited in September 2014 and was appointed Company Secretary 30 October 2014.



Mr Nathan King

Chief Financial Officer and Company Secretary

B.Bus (Banking & Finance), CPA, ACIS (Company Secretarial Practice), GAICD.

Mr King commenced as Chief Financial Officer in January 2015. He brings experience from various industries, geographies, and company sizes. Previous companies include Rio Tinto, Sydney Airport, Hilton, and Hyatt hotels. Nathan also sits as a non-executive director on the board of QT Mutual Bank.

Mr Leslie Hancock

Non-executive Director

Mr Hancock was a director from the beginning of the financial year until his resignation on 29 January 2015.

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.

OPERATING AND FINANCIAL REPORT



OPERATING AND FINANCIAL REPORT

OPERATING AND FINANCIAL REPORT

Operating results for the year

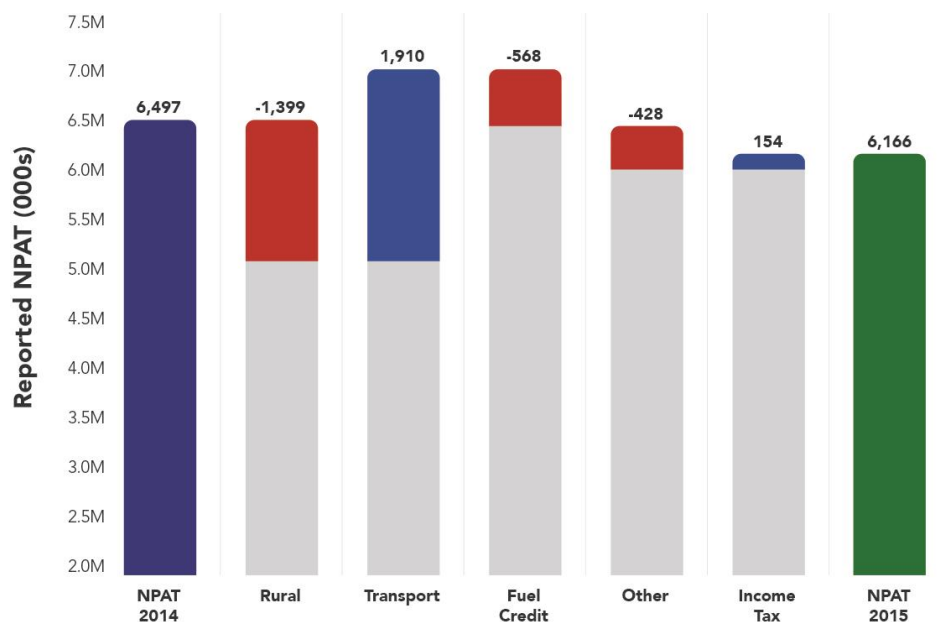
For the year ended 30 June 2015 the Group earned a net profit after tax (NPAT) of \$6,166,000, which was 4.0% higher than 2014 after taking account of a one off fuel tax credit of \$568,000. The Rural division reported before tax profit of \$3,749,000 and Transport \$20,123,000.

KEY METRICS

AU\$ 000s unless stated otherwise	2015	2014
Operating Revenue	314,148	311,134
Other Income	793	379
Total Revenue	314,941	311,513
Operating Costs	(285,347)	(283,883)
EBITDA	29,594	27,630
Depreciation and Amortisation	(16,254)	(14,582)
EBIT	13,340	13,048
Interest	(4,482)	(4,516)
Income Tax	(2,692)	(2,603)
NPAT (prior to one off fuel tax credit)	6,166	5,929
One off fuel tax credit (net tax and related professional fees)		568
Reported NPAT	6,166	6,497
Divisional Contributions		
Transport	20,123	18,782
Rural	3,749	5,148

OPERATING AND FINANCIAL REPORT (CONTINUED)

2015 REPORTED NET PROFIT AFTER TAX (NPAT) VERSUS 2014



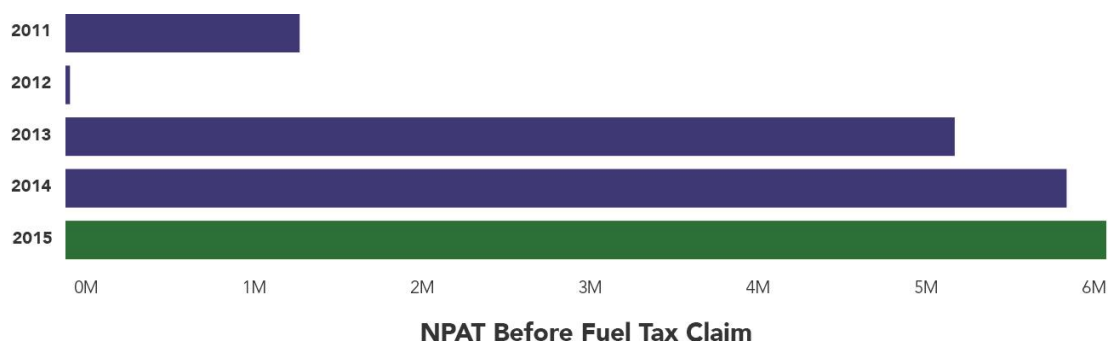
EBITDA improved 4.1% compared with last year's result largely as a result of improved fleet utilisation within the transport division. The Rural divisions profit decreased on increased sales due to changes in the composition of stock sold.

After accounting for depreciation and amortisation the Groups EBIT of \$13,340,000 was down 3.7%. The 11.5% increase in depreciation and amortisation is due to the large increase in property, plant and equipment the company acquired over the reporting period.

	2015	2014	2013	2012	2011
After tax profit before impact of fuel tax claims	6,166	5,929	5,273	25	1,389
After tax impact of fuel tax credit claims	-	568	1,908	-	-
NPAT	6,166	6,497	7,181	25	1,389

Eliminating the benefit of fuel tax credits from prior year results, underlying profitability of the group improved 4.0% compared to the previous financial year. These figures demonstrate the continued efforts of the Group to improve our bottom line, through cost saving initiatives and premium service offerings.

NPAT BEFORE PRIOR YEAR FUEL CREDIT CLAIMS

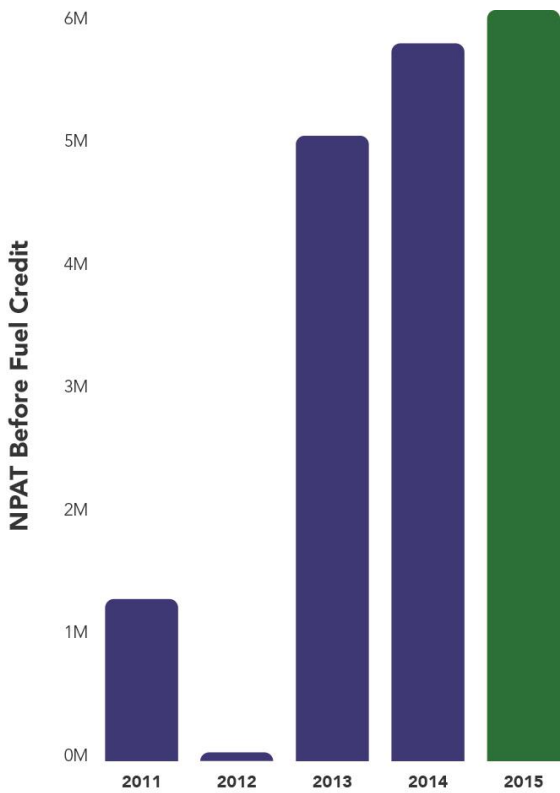


OPERATING AND FINANCIAL REPORT (CONTINUED)

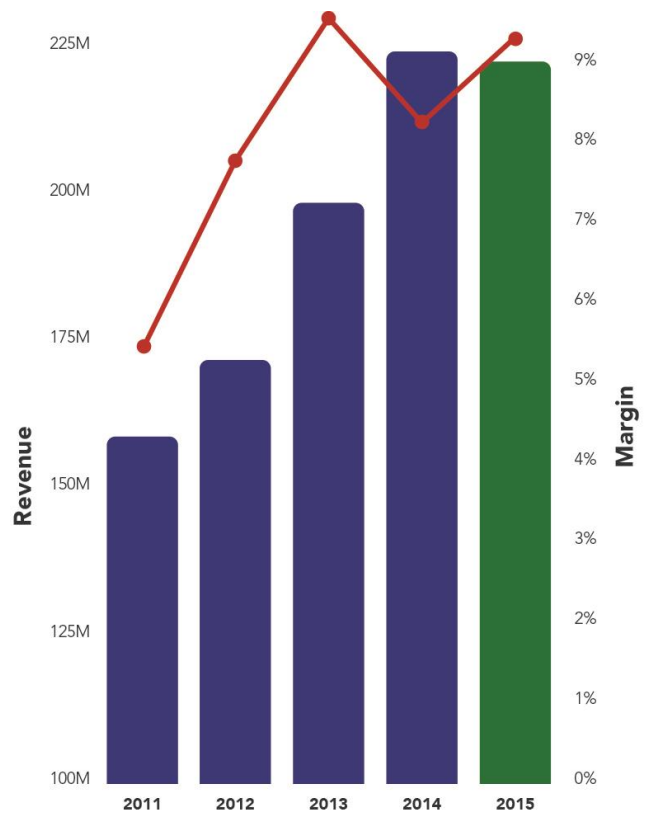
Transport

The Transport division increased profit before tax by 10.5% compared with 2014, after eliminating the fuel credit claims from prior years. The main driver of the profit improvement was increased Company owned fleet utilisation, cost saving initiatives, and expansions into new regions. While revenue in gross terms decreased 0.5% the division’s profit margin improved by 0.9% to 9.1% versus 8.2% in 2014, after eliminating one off tax credits.

NPAT BEFORE PRIOR YEAR FUEL CREDIT CLAIMS



TRANSPORT REVENUE



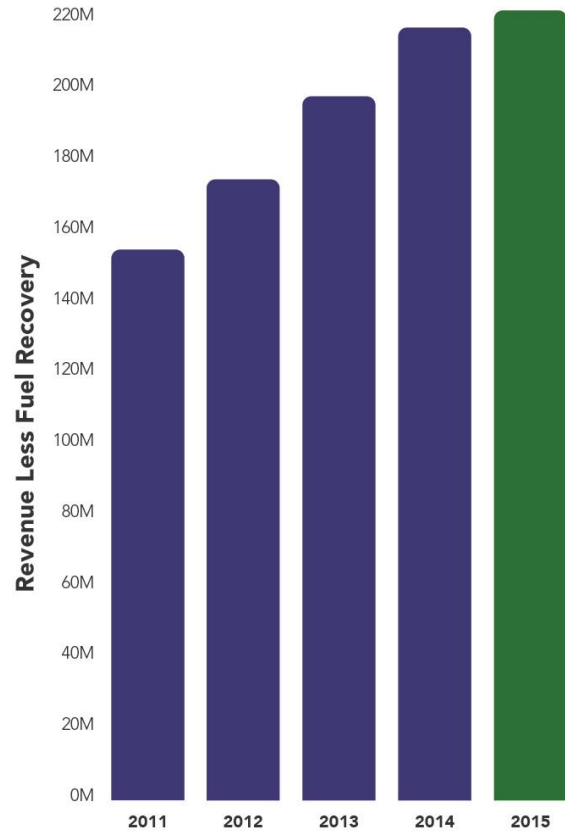
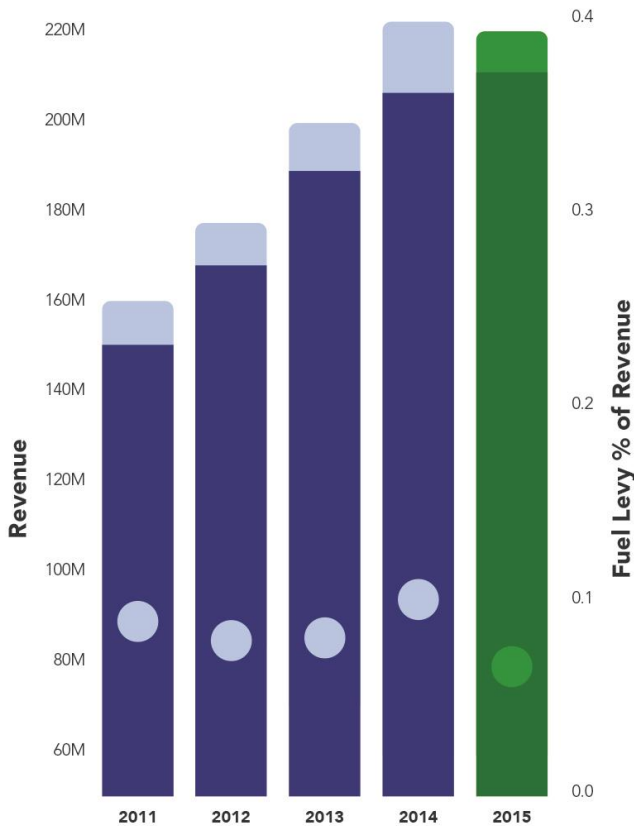
*Red line – profit margin

OPERATING AND FINANCIAL REPORT (CONTINUED)

All customer transport charges are regularly adjusted for changes in fuel prices through a fuel levy. Measuring revenue net of fuel shows real changes year on year. In 2015 revenue less fuel recovery was up 2.6%, (2015 \$211,992,000 and 2014 \$206,658,000).

TRANSPORT REVENUE WITH FUEL RECOVERY

TRANSPORT REVENUE LESS FUEL RECOVERY



* Circle - Percentage of fuel recovered to total revenue.

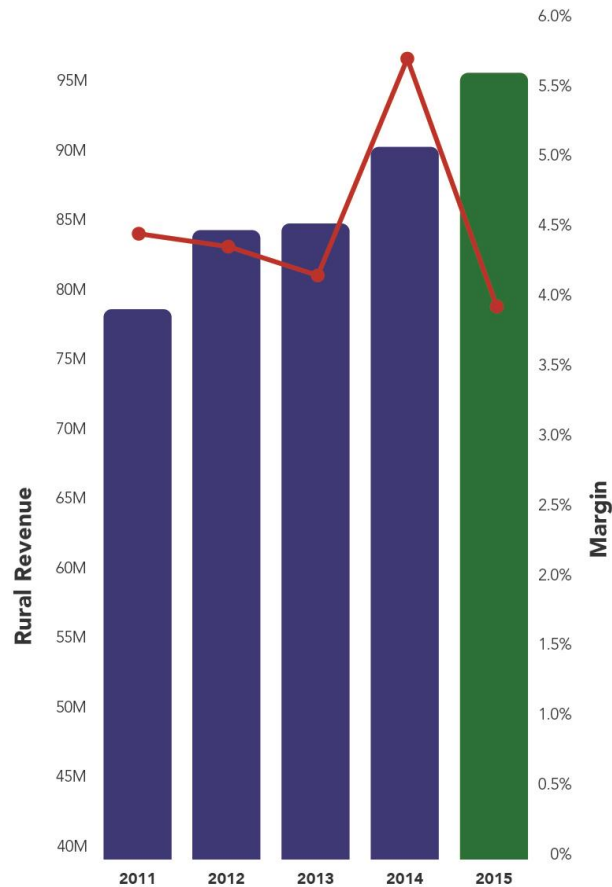
Rural

Rural’s sales revenue increased 5.6% from \$90,054,000 to \$95,080,000. During the year the division sold a greater portion of lower margin products than the previous year. Cost of goods sold increased 7.43%, (2015 \$80,151,000 compared to 2014 \$74,610,000) which impacted overall profitability (2015 \$3,749,000 compared to 2014 \$5,148,000).

The division lost some momentum in the first half year as key suppliers changed and seasonal weather meant growers were later in the cycle of fertilising and spraying, and then picking. The last quarter saw positive lift in grower uptake of the new supplier products and a change in mix of goods sold.

OPERATING AND FINANCIAL REPORT (CONTINUED)

RURAL REVENUE



*Red line – gross profit margin

Business strategies and prospects for future years

The Group is looking to increase profitability largely by growing the overall business model and cost management initiatives.

Continue investing for future growth and sustainability:

- Systems that allow real time measurement and decision making
- Reduce the transactional costs through improved systems and processes
- Further grow our export / import capabilities and capacities

Transport Division:

- Maintaining a low year fleet that delivers optimal efficiency and safe outcomes
- Increase year round fleet utilisation
- Continue to develop hubs in locations that support customers and aggregate loads
- Consolidate several sites into one at Acacia Ridge

Rural Division:

- Enter new geographies, particularly where the whole Lindsay Solution can add greater value
- Sourcing strategy and available lines to customers
- Utilise key supplier partnerships to drive further value

OPERATING AND FINANCIAL REPORT (CONTINUED)

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 adopts the "three lines of defence" model for management of risks and controls:

1. Accountability and ownership of risks within the operation. Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature;
2. Monitor and management of risks. Committees to report on specific business risks including, for example, such matters as environmental issues and concerns, and occupational health and safety; and
3. Testing and assurance of the risk systems

Risks and uncertainties that could impact future results

External risks include: weather, commodity prices, and regulatory regime particularly with fuel credits.

Strategic risks include: making unsuccessful acquisitions.

Operational risks include: *labour force management, fleet safety, and succession planning of key personnel.*

Funding and dividends

A final dividend of 1.0 cents per share fully franked has been declared for the year ended 30 June 2015.

An interim dividend for the half year ended 31 December 2014 of 1.1 cents per share fully franked (total \$2,799,000) was paid on 31 March 2015.

In June and July 2015 Lindsay Australia Limited raised \$14.7 million to fund expansion of the business. The Group aims to maintain the dividend year to year and improve where funding and allocation decisions allow. Over the coming year the Group plans to reduce the payout ratio, while maintaining the dividend, by improving profitability.

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 & Risk	Remuneration	Environmental & Occupational Health & Safety
R A Anderson (Chairman)	G D Farrell (Chairman)	J F Pressler (Chairman)
J F Pressler	J F Pressler	R A Anderson
G D Farrell	R A Anderson	G D Farrell
		M K Lindsay

DIRECTORS' REPORT



DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of Lindsay Australia Limited present their report (including the Remuneration Report) together with the financial report of the consolidated entity, being Lindsay Australia Limited and its controlled entities, for the year ended 30 June 2015.

Directors

The directors of Lindsay Australia Limited in office at any time during or since the end of the 2015 financial year and information on the directors (including qualifications and experience and directorships of listed companies held by the directors at any time in the last three years), is set out on page 8 to 10.

The table below outlines the number of directors' meetings held (including meetings of committees of the Board) and the number of meetings attended by each of the directors of Lindsay Australia Limited during the financial year.

	Directors' Meetings		Audit & Risk Committee		Remuneration Committee		Environmental & Occupational Health & Safety Committee	
	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended
J F Pressler	21	21	2	2	1	1	12	12
M K Lindsay	21	20	-	-	-	-	12	11
R A Anderson	21	18	2	2	1	1	12	11
G D Farrell	21	16	2	1	1	1	12	10
L R Hancock	7	7	1	1	1	1	7	7

*Held during the time the Director was a member of the committee/board.

Details of director and senior executive remuneration are set out in the Remuneration Report. The particulars of directors' interests in shares of the company as at the date of this report are set out on page 21.

Principal Activities

The principal activities and operations of the Group during the financial year were transportation of refrigerated and general freight, merchandising of rural supplies and export and import of horticultural goods through the new Lindsay Fresh Logistics division.

Other than as previously referred to in the Annual Report, there were no other significant changes in the nature of the activities of the consolidated entity during the year.

Consolidated Results

The consolidated operating profit attributable to the company's shareholders after provision for income tax was \$6,166,000.

Review of Operations

A review of the operations of Lindsay Australia Limited during the financial year and the results of those operations are set out on 11 to 17.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events subsequent to end of financial year

Other than as disclosed in Note 36 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.

DIRECTORS' REPORT (CONTINUED)

Likely developments and expected results

In general terms, the review of operations of the Group gives an indication of likely developments and the expected results of the operations. In the opinion of the directors, disclosure of any further information would likely to result in unreasonable prejudice to the Group.

Environmental Compliance

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.

Company Secretaries

The Company Secretaries of Lindsay Australia Limited in office at any time during or since the end of the 2015 financial year and information on the directors (including qualifications and experience and directorships of listed companies held by the directors at any time in the last three years), is set out on page 10.

Share Options

During the financial year 500,000 performance rights (options) were granted over unissued shares as part of an employee remuneration contract. The options are exercisable at nil cents each. The options vest over a 3 or 5 year term and have certain vesting conditions linked to continued employment and performance criteria.

No share option entitles the holder to participate in any share issue of the Group.

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 compensated.

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.

1. INDEMNITIES

Lindsay Australia agrees to indemnify each Director, Officer, and Secretary of the Group and of its Australian based subsidiaries against any liability:

- (a) to a party other than Lindsay Australia Limited or a related body corporate, but only to the extent that the liability arises out of conduct in good faith, and
- (b) for legal costs incurred in connection with proceedings for relief to the director or secretary under the Corporations Act 2001 in which the court grants the relief.

The amount payable under the agreement is the full amount of the liability. No liability has arisen under these indemnities as at the date of this report.

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 \$22,572 inclusive of GST.

2. 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 Group under ASIC Class Order 98/0100. The Group is an entity to which the Class Order applies.

DIRECTORS' REPORT (CONTINUED)

3. 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 Pitcher Partners for audit and non-audit services provided during the year are set out below.

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

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

Pitcher Partners received or is due to receive the following amounts for the provision of non-audit services during the year ended 30 June 2015:

	2015 \$	2014 \$
Tax compliance services	18,800	21,300
Other services	-	7,500

Interests in Shares of the Company

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

Director	Ordinary Shares	Director	Ordinary Shares
J F Pressler	2,653,535	G D Farrell	29,714,076
M K Lindsay	11,335,581		
R A Anderson	376,314		

REMUNERATION REPORT (AUDITED)

The Remuneration Report details the nature and amount of remuneration for non-executive Directors, the 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:

CONTENTS	PAGE
A. Principles used to determine the nature and amount of remuneration	23
B. Service agreements	25
C. Details of remuneration paid to Key Management Personnel	25
D. Other Transactions with Key Management Personnel	27
E. Share-based compensation	27
F. Equity Holdings of Key Management Personnel	27
G. Loans to Key Management Personnel	28
H. Additional Information	28

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

REMUNERATION REPORT (CONTINUED)

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 2015 was \$262,800 (2014: \$284,050).

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 2015 and 30 June 2014 are provided later in this report.

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 including superannuation and salary package benefits;
- Short term incentives aligned to the annual goals; and
- Long-term incentives through participation in the Lindsay Australia Limited Employee Option Plan and performance rights.

REMUNERATION REPORT (CONTINUED)

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, expense payment plans and performance rights. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. In the 2015 and 2014 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/performance rights and other incentive payments, discretion is exercised by the board remuneration committee, 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/performance rights 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 2015 and 30 June 2014 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) – resigned 29/01/15	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
N King	Chief Financial Officer and Company Secretary	Lindsay Australia Limited
B Jones	General Counsel and Company Secretary	Lindsay Australia Limited
W T Lorenz	General Manager Rural	Lindsay Australia Limited

REMUNERATION REPORT (CONTINUED)

B Jones commenced 22 September 2014, N King commenced 5 January 2015, G Johnston retired 31 December 2014. All other persons were key management personnel during the year ended 30 June 2015.

Use of external consultants

In April 2015, the remuneration committee engaged Hay Group to review its existing salaries of Key Management Personnel to ensure they were within market. The cost of the engagement was \$9,500 for these services.

Hay Group utilised the following approach to the remuneration review for Lindsay Australia.

1. Lindsay Australia provided Position Descriptions or data for roles which had not previously been evaluated.
2. Based on the information gathered from the position descriptions, together with a review of relevant organisational information, Hay Group evaluated the roles using the Hay Guide Chart Methodology for Job Evaluation.
3. Lindsay Australia's roles were benchmarked against the Industrial and Service market (a broad based market comparator).

Hay has not confirmed that they were free from undue influence by members of the group's key management personnel, but they have confirmed that all data was benchmarked against external data sources.

Hay was engaged by the CFO, at the request of the remuneration committee and reports were passed directly to the chair of that committee. Hay personnel did not engage with the remuneration committee directly. The report did not eventuate in any changes to remuneration above the annual CPI increases. The committee is satisfied that the review was objective.

Voting and comments made at the Group's 2014 Annual General Meeting

Lindsay Australia received more than 99% of "yes" votes on eligible votes cast by shareholder present or by proxy on its remuneration report for the 2014 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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. Short term incentives are based on performance against a key set of performance measures which are aligned to shareholder outcomes. Long term incentives include a combination of performance measures and tenure. Compensation levels are reviewed each year to meet the principles of the remuneration policy.

Executive service contract that include any terms that require a bonus payment are for Nathan King and Wolf Lorenz's contract which requires both short term and long term incentives to be paid after a qualifying period of service which extends to 30 June 2015. 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.

REMUNERATION REPORT (CONTINUED)

C. DETAILS OF REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL (CONTINUED)

	Short-term benefits			Long-term benefits	Post-employment benefits	Share based payments	Total	
	Directors' fees \$	Cash salary and fees \$	Bonus \$	Non-monetary benefits \$	Long service leave \$	Superannuation \$	Options \$	\$
Non-executive Directors								
J F Pressler (Chairman)								
2015	53,560	-	-	-	-	34,040	-	87,600
2014	53,560	-	-	-	-	33,840	-	87,400
R A Anderson								
2015	60,000	-	-	-	-	5,700	-	65,700
2014	60,000	-	-	-	-	5,550	-	65,550
G D Farrell								
2015	60,000	-	-	-	-	5,700	-	65,700
2014	60,000	-	-	-	-	5,550	-	65,550
L R Hancock(a)								
2015	40,000	-	-	-	-	3,800	-	43,800
2014	60,000	-	-	-	-	5,550	-	65,550
Sub-Total 2015	213,560	-	-	-	-	49,240	-	262,800
Sub-Total 2014	233,560	-	-	-	-	50,490	-	284,050
Executive Director and other key management personnel								
M K Lindsay (Managing Director & Chief Executive Officer)								
2015	-	744,948	50,000	-	17,300	38,885	-	851,133
2014	-	735,886	-	-	41,907	30,085	-	807,878
A W Bunker (Commercial Manager Transport)								
2015	-	172,621	5,000	-	10,531	34,935	-	223,087
2014	-	210,190	-	-	10,942	27,470	-	248,602
Nathan King (Chief Financial Officer)(b)								
2015	-	127,700	-	-	-	10,242	-	137,942
2014	-	-	-	-	-	-	-	-
Broderick Jones (General Counsel & Company Secretary)(c)								
2015	-	164,153	-	-	-	14,921	-	179,074
2014	-	-	-	-	-	-	-	-
G A Johnston (Chief Financial Officer & Company Secretary)(d)								
2015	-	168,196	20,000	-	4,446	17,456	-	210,098
2014	-	319,225	-	-	14,458	38,813	-	372,496
T G Lindsay (Chief Executive Officer – Lindsay Fresh Logistics)								
2015	-	314,053	20,000	19,890	9,630	34,368	-	397,941
2014	-	276,848	-	19,705	4,877	23,580	-	325,010
W T Lorenz (General Manager Rural)								
2015	-	355,567	91,169	-	-	31,440	45,021	523,197
2014	-	291,167	-	-	-	15,829	-	306,996
Total 2015	213,560	2,047,238	186,169	19,890	41,907	231,487	45,021	2,785,272
Total 2014	233,560	1,833,316	-	19,705	72,184	186,267	-	2,345,032

(a) Les Hancock resigned on 29th January 2015. (b) Nathan King commenced 5 January 2015.(c) Broderick Jones commenced 22 September 2014. (d) Graham Johnston retired on 31st December 2014

REMUNERATION REPORT (CONTINUED)

D. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Amounts recognised as revenues and expenses:	2015 \$
Revenues	
Cartage revenue received / receivable from entities associated with GD Farrell	1,180,458
Cartage revenue received / receivable from entities associated with J Pressler	4,397,880
	5,578,338
Expenses	
Fees for corporate uniform consultancy provided by entities associated with M K Lindsay	9,640
Fees for legal services provided by entities associated with LR Hancock	23,659
	33,299
Amounts receivable / payable to key management personnel and their related parties at balance date	
Current receivables – trade debtors	908,243
Current payables – trade creditors and accruals	-

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.

E. 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. In addition, Performance Rights (options) may be granted to key management personnel as part of a Long Term Incentive Plan (LTIP). The LTIP is structured as a reward for length of service and is variable depending upon cumulative annual performance. The terms and conditions of each grant of options affecting performance in the current or a future reporting period are as follows:

Grant Date	Fair Value per option (cents)	Date vested and exercisable Date	Expiry Date	Exercise price	Vested
July 2014	45.0	July 2014	Sept 2016	-	0%
July 2014	45.0	July 2014	Sept 2018	-	0%

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

Detail of options over ordinary shares in the company provided as remuneration to each director of Lindsay's Australia Limited and each of its key management personnel and other executives of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Lindsay Australia Limited. Further information on the options is set out in note 29 to the financial report.

Name	Number of options granted during the year	Value of options at grant date (1)	Number of options vested during the year
W T Lorenz	500,000	45,021	-

1) The value at the grant date calculated in accordance with AASB2 Share-based Payments of options granted during the year as part of remuneration. The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

REMUNERATION REPORT (CONTINUED)

E. SHARE-BASED COMPENSATION (CONTINUED)

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the terms of the options, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

F. 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, i.e. holdings may be included more than once in the disclosure.

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

Options were provided as remuneration and apart of the Long Term Incentive Plan. There were no shares issued or options exercised during the 2015 and 2014 years.

(ii) Option holdings

Option holdings represent one KMP's portion of a Long Term Incentive Plan. There were no shares issued or options exercised during the 2015 and 2014 years.

(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.

2015 Shares	Balance at 1 July 2014	Net change other	Balance at 30 June 2015
Directors of Lindsay Australia Limited			
J F Pressler	2,596,913	56,622	2,653,535
M K Lindsay	10,441,872	893,709	11,335,581
R A Anderson	376,314	-	376,314
G D Farrell	29,714,076	-	29,714,076
L R Handcock*	2,924,616	-	-
Other key management personnel of the Group			
A W Bunker	408,934	20,127	429,061
T G Lindsay	14,098,075	(37,500)	14,060,575
N L King	-	-	-
B T Jones	-	-	-
W T Lorenz	-	-	-
G A Johnston*	591,085	-	-

*resigned during the year

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

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

REMUNERATION REPORT (CONTINUED)**G. LOANS TO KEY MANAGEMENT PERSONNEL**

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

H. 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 ¢	Dividends ¢	Share Price ¢
2011	1,848,946	0.7	0.7	18.0
2012	1,747,375	-	0.7	17.0
2013	1,779,713	3.3	1.9	17.5
2014	2,345,032	2.8	2.0	34.0
2015	2,785,272	2.4	2.1	45.0

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

John F Pressler



Chairman of Directors
Brisbane, Queensland
26 August 2015



PITCHER PARTNERS

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NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

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 year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

PITCHER PARTNERS

J. J Evans
Partner

Brisbane, Queensland
26 August 2015

ANNUAL FINANCIAL REPORT



ANNUAL FINANCIAL REPORT

CONTENTS	PAGE
Consolidated statement of comprehensive income	34
Consolidated statement of financial position	35
Consolidated statement of changes in equity	36
Consolidated statement of cash flows	37
Notes to the consolidated financial statements	38
1. Summary Of Significant Accounting Policies	38
2. Financial Risk Management	48
3. Critical Accounting Estimates, Judgements	52
4. Revenues	53
5. Other Income	53
6. Expenses	53
7. Income Tax	54
8. Franking Credits / Dividends	55
9. Cash And Cash Equivalents	56
10. Trade And Other Receivables	56
11. Inventories	58
12. Other Current Assets	58
13. Available-For-Sale Financial Assets	58
14. Property, Plant And Equipment	58
15. Deferred Tax Assets	59
16. Intangible Assets	60
17. Trade And Other Payables	62
18. Borrowings	62
19. Deferred Tax Liabilities	64
20. Provisions	64
21. Other Liabilities	64
22. Contributed Equity	65
23. Reserves	67
24. Retained Profits	67
25. Cash Flow Information	68
26. Earnings Per Share	68
27. Auditor's Remuneration	69
28. Key Management Personnel Disclosures	69
29. Share-Based Payments	70
30. Subsidiaries	71
31. Segment Information	72
32. Deed Of Cross Guarantee	75
33. Commitments	77
34. Contingent Liabilities	78
35. Parent Company Information	78
36. Subsequent Events	79
37. Legal Proceedings	79
Directors' declaration	80

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 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 26 August 2015. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Revenues	4	314,148	311,134
Other Income	5	793	379
Expenses			
Changes in inventories	6	1,689	1,963
Purchase of inventories	6	(77,662)	(73,488)
Fuel and oil costs	6	(39,786)	(40,663)
Repairs and maintenance		(14,029)	(13,762)
Subcontractors		(34,310)	(49,429)
Employee benefits expense		(82,874)	(73,434)
Depreciation and amortisation	6	(16,254)	(14,582)
Finance costs		(4,482)	(4,516)
Insurance		(2,181)	(1,537)
Registrations		(4,220)	(3,752)
Pallet charges		(1,843)	(1,867)
Operating lease rentals	6	(6,993)	(5,686)
Professional fees	6	(1,889)	(1,293)
Bad debt expense		(84)	195
Other expenses		(21,165)	(20,319)
Profit before income tax		8,858	9,343
Income tax expense	7	(2,692)	(2,846)
Profit for the year	24	6,166	6,497
Other comprehensive income		-	-
Total comprehensive income for the year		6,166	6,497
		Cents	Cents
Basic earnings per share	26	2.4	2.8
Diluted earnings per share	26	2.4	2.8

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 2015

	Note	2015 \$'000	2014 \$'000
Current Assets			
Cash And Cash Equivalents	9	16,159	17,152
Trade And Other Receivables	10	45,303	42,565
Inventories	11	15,177	13,291
Current Tax Assets		55	-
Other	12	5,157	4,854
Total Current Assets		81,851	77,862
Non-Current Assets			
Available-For-Sale Financial Assets	13	25	25
Property, Plant And Equipment	14	120,289	91,792
Intangible Assets	16	7,685	7,735
Total Non-Current Assets		127,999	99,552
Total Assets		209,850	177,414
Current Liabilities			
Trade And Other Payables	17	26,393	26,061
Borrowings	18	26,557	25,213
Current Tax Liabilities		-	2,257
Provisions	20	6,327	5,455
Other	21	2,971	1,402
Total Current Liabilities		62,248	60,388
Non-Current Liabilities			
Borrowings	18	62,740	47,656
Deferred Tax Liabilities	19	2,121	2,431
Provisions	20	1,284	1,133
Other	21	1,561	370
Total Non-Current Liabilities		67,706	51,590
Total Liabilities		129,954	111,978
Net Assets		79,896	65,436
Equity			
Contributed Equity	22	67,475	54,143
Reserves	23	536	491
Retained Profits	24	11,885	10,802
Total Equity		79,896	65,436

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 2015

	Contributed equity \$'000	Share based payments reserve \$'000	Retained profits \$'000	Total equity \$'000
At 1 July 2013	45,040	491	9,074	54,605
Profit for the year	-	-	6,497	6,497
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	6,497	6,497
Transactions with owners in their capacity as owners				
Contributions of equity, net of transactions costs	8,849	-	-	8,849
Dividends reinvested/(paid) during year	254	-	(4,769)	(4,515)
At 30 June 2014	54,143	491	10,802	65,436
Profit for the year	-	-	6,166	6,166
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	6,166	6,166
Transactions with owners in their capacity as owners				
Contributions of equity, net of transactions costs	12,772	-	-	12,772
Dividends reinvested /(paid) during year	560	-	(5,083)	(4,523)
Employee share schemes – value of employee services	-	45	-	45
At 30 June 2015	67,475	536	11,885	79,896

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 2015

	Note	2015 \$'000	2014 \$'000
Cash Flows From Operating Activities			
Receipts In The Course Of Operations		345,970	340,486
Payments In The Course Of Operations		(317,639)	(316,858)
Interest Received		743	765
Income Taxes Paid		(5,179)	(2,227)
Finance Costs Paid		(4,387)	(4,426)
Net Cash Provided By Operating Activities	25(a)	19,508	17,740
Cash Flows From Investing Activities			
Proceeds From Disposal Of Property, Plant And Equipment		1,776	1,859
Payments For Property, Plant And Equipment		(19,190)	(2,613)
Payments For Intangibles		(52)	(51)
Net Cash (Used In) Investing Activities		(17,466)	(805)
Cash Flows From Financing Activities			
Proceeds From Borrowings		13,594	6,556
Proceeds From Share Placements		13,000	8,938
Share Issue Transaction Costs		(451)	(270)
Repayment Of Borrowings		(11,742)	(9,299)
Repayment Of Lease Liabilities		(12,409)	(11,830)
Dividends Paid		(4,523)	(4,515)
Net Cash (Used In) Financing Activities		(2,531)	(10,420)
Increase / (Decrease) In Cash And Cash Equivalents		(489)	6,515
Cash And Cash Equivalents At Beginning Of Financial Year		15,878	9,363
Cash And Cash Equivalents At End Of Financial Year	9	15,389	15,878

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards 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

There are a number of new and amended accounting standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2014. We have adopted all the mandatory new and amended accounting standards issued that are relevant to our 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 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 2015 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 entities (including structured entities) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Board of Directors.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 acquirer either at fair value or at the non-controlling interest's proportionate share of the acquirer's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquirer and the acquisition-date fair value of any previous equity interest in the acquirer 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(j) Inventories

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

(k) Investments and other financial assets

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Property, plant and equipment (Continued)

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, identified according to operating segments.

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 Orora – 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expected to be settled wholly 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 liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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 of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

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

(q) Borrowings

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

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 9 <i>Financial Instruments</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2018	1 Jul 2018
AASB 15 <i>Revenue from Contracts with Customers</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2018	1 Jul 2018
AASB 2014-3 <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests In Joint Operations</i>	1 Jan 2016	1 Jul 2016
AASB 2014-4 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 Jan 2016	1 Jul 2016
AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i>	1 Jan 2016	1 Jul 2016
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture</i>	1 Jan 2016	1 Jul 2016
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i>	1 Jan 2016	1 Jul 2016
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB101</i>	1 Jan 2016	1 Jul 2016
AASB 2015-3 <i>Amendments to Australian Accounting Standards Arising from the Withdrawal of AASB1031 Materiality</i>	1 Jul 2015	1 Jul 2015
AASB 2015-5 <i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exemption</i>	1 Jul 2015	1 Jul 2015

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. Recent amendments as part of the project introduced a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities. There will be no impact on the Group's accounting, as the Group does not utilise hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 15 – This new standard replaces AASB 118 and AASB 111. It contains a single model that applies to contracts with customers and two approaches to recognising revenue. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. Initial investigations into the standard show there will be no impact from the standard on significant contracts. The Group is yet to assess the full impact of the new standard.

AASB 2014-3 – This amendment to AASB 1 and AASB 11 sets out the business combination accounting required to be applied to acquisitions of interests in a joint operation that meets the definition of a business. This will not apply to Lindsay Australia's assets or recent acquisitions.

AASB 2014-4 – These amendments to AASB116 and AASB138 introduce a rebuttable presumption that the use of revenue-based depreciation/amortisation methods for intangible assets is inappropriate and for property, plant and equipment it cannot be used. There will be no impact on the Group's accounting as it does not use revenue-based depreciation/amortisation methods.

AASB 2014-9 – These amendments to AASB 127, AASB 1 and AASB 128 allow entities to use the equity method of accounting for investments in subsidiaries joint ventures and associates in their separate financial statements. There is no impact from this standard.

AASB 2014-10 – These amendments clarify the accounting treatment for sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting depends on whether the contributed assets constitute a business or an asset. There is no impact from this standard.

AASB 2015-1 – These amendments introduce minor changes to various AASBs. The Group does not expect the new standard to have a significant impact on its disclosures.

AASB 2015-2 – These amendments to AASB 101 clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of the users. The Group does not expect the new standard to have a significant impact on its disclosures.

AASB 2015-5 – These amendments exempt investment entities from consolidating controlled investees. Controlled investees will be accounted for at fair value through profit and loss, except in limited circumstances. There will be no impact on the Group as it does not meet the definition of an investment entity.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations and IFRSs on issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

(y) Parent entity financial information

The financial information for the parent entity, Lindsay Australia Limited, disclosed in Note 35 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Lindsay Australia Limited
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

	2015 \$'000	2014 \$'000
Financial assets		
Cash and cash equivalents (1)	16,159	17,152
Trade and other receivables (1)	45,303	42,565
Available-for-sale financial assets	25	25
	61,487	59,742
Financial liabilities		
Trade and other payables (2)	26,393	26,061
Borrowings (2)	89,297	72,869
	115,690	98,930

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 \$5.3 million (6.5%) (2014 - \$4.3 million (5.7%)) 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 exchange movements at 30 June 2015 and 30 June 2014 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 2015 and 30 June 2014 is not significant.

Interest rate risk

The Group's main interest rate risk arises from borrowings, cash and debtors. 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 2015 and 2014, 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 the bank overdraft, and other variable rate loans. The proportion of variable rate borrowings to total borrowings of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Group is 16.9% (2014: 8.3%). The increase is due to the increase in bank bills payable for funding of new land. 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

	2015 %	2014 %	2015 \$'000	2014 \$'000
Cash and cash equivalents	1.2	2.7	16,159	17,152
Borrowings				
Bank overdraft	4.4	8.5	770	1,274
Bank bills	-	4.4	-	2,494
Other loans	3.7	3.9	2,250	2,250
			3,020	6,018

At 30 June 2015, 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 \$108,000 lower/higher (2014 – change of 1%: \$78,000 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 Government fuel rebates/subsidies receivable (refer Note 10) of \$611,000 (2014: \$522,000).

At 30 June 2015 the largest 10 debtors comprised approximately 36% (2014: 37%) of total trade debtors (the largest individual debtor alone comprised 7% (2014: 8%) 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 64% (2014: 67%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(c) Liquidity risk

Liquidity risk is managed by maintaining sufficient cash and the availability of funding, through adequate amount of at call committed credit facilities, to meet obligations when due. 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:

	2015 \$'000	2014 \$'000
Available facilities		
Bank overdraft	5,000	5,000
Bank bills	-	2,505
Bank loans	15,570	3,803
Bank & Other equipment finance facilities	98,000	81,800
Amounts utilised		
Bank overdraft	(770)	(1,274)
Bank bills	-	(2,505)
Bank loans	(12,110)	(3,803)
Bank & Other equipment finance facilities	(74,166)	(63,048)
Unused facilities	31,524	22,478

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

During the 2015 financial year the Bank bills facility was rolled into the Bank loans facility to reduce administration costs at no change in the maturity profile. See also Note 18(a).

Bank loans

Bank loans are generally repayable by monthly instalments of principal and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)***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 \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Greater than 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount liabilities \$'000
At 30 June 2015						
Trade Payables	26,393	-	-	-	26,393	26,393
Borrowing (excluding finance leases)	11,053	4,205	8,987	156	24,401	22,652
Finance Leases	18,642	20,476	34,076	-	73,194	66,644
Total	56,088	24,681	43,063	156	123,988	115,689
At 30 June 2014						
Trade Payables	26,061	-	-	-	26,061	26,061
Borrowing (excluding finance leases)	14,443	5,001	2,955	-	22,399	21,293
Finance Leases	14,120	14,457	29,081	-	57,658	51,576
Total	54,624	19,458	32,036	-	106,118	98,930

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be recognised 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 amounts 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS (CONTINUED)***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.

4. REVENUES

	2015 \$'000	2014 \$'000
Sales revenue		
Freight cartage	215,984	218,796
Sale of goods	93,945	89,284
	309,929	308,080
Other revenue		
Insurance recoveries	247	372
Rents and sub-lease rentals	215	206
Interest	743	765
Other	3,014	1,711
	314,148	311,134

5. OTHER INCOME

	2015 \$'000	2014 \$'000
Net gain on disposal of property, plant and equipment	793	379

6. EXPENSES

	2015 \$'000	2014 \$'000
Profit before income tax includes the following specific expenses:		
Cost of goods sold	75,973	71,525
Fuel and oil costs		
During the year the Group made claims for additional fuel tax credits principally in respect of diesel used in operation of fridge motors on refrigerated trailers dating back to 1 July 2006. The fuel tax credits were accounted for as a reduction of fuel and oil costs. In determining the claims for the additional fuel tax credits the Group incurred professional fees.		
Fuel and oil	39,786	41,745
Fuel tax credit claims - July 2006 to September 2012	-	(1,082)
Total fuel and oil costs	39,786	40,663
Professional fees		
Professional fees incurred in respect of the fuel tax credit claim	-	271
Other professional fees	1,889	1,022
Total professional fees	1,889	1,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. EXPENSES (CONTINUED)

	2015 \$'000	2014 \$'000
Depreciation		
Freehold buildings	61	41
Plant and equipment	7,268	6,970
Leasehold improvements	286	14
Amortisation		
Plant and equipment under finance lease	8,537	7,387
Computer software	102	170
Total depreciation and amortisation	16,254	14,582
Defined contribution superannuation expense	5,112	4,328
Impairment losses – trade receivables and loan receivables	85	(182)
Impairment losses – inventory	(24)	28
Rental expenses relating to operating leases	-	-
Minimum lease payments	6,993	5,686

7. INCOME TAX

	2015 \$'000	2014 \$'000
(a) Income tax expense		
Current tax	2,805	2,990
Deferred tax	(113)	(151)
Under (over) provision in prior years	-	7
	2,692	2,846
Deferred tax is attributable to:		
(Increase) decrease in deferred tax assets (Note 15)	(153)	(147)
Increase (decrease) in deferred tax liabilities (Note 19)	40	(4)
	(113)	(151)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	8,858	9,343
Tax at the Australian tax rate of 30% (2013: 30%)	2,658	2,803
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	14	-
Sundry items	20	36
	2,692	2,839
Under (over) provision in prior years	-	7
Income tax expense	2,692	2,846
(c) Tax losses		
Unused tax losses for which deferred tax assets have not been recognised at 30%	263	263

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. FRANKING CREDITS / DIVIDENDS

	2015 \$'000	2014 \$'000
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	4,242	2,443

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

- (i) Franking credits that will arise from the payment of the amount of the provision for income tax;
- (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 \$1,217,000 (2014 - \$870,000).

Dividends paid		
Interim dividend for the year ended 30 June 2015 of 1.1 cents per share fully franked (at 30%) paid in full on 31 March 2015. (2014: 1.1 cents per share fully franked (at 30%) paid in full on 31 March 2014 fully franked (at 30%).	2,799	2,783
Interim dividends paid in cash or satisfied by the issue of shares under the dividend re-investment plan during the years ended 30 June 2015 and 2014 were as follows:		
Paid in cash	2,489	2,650
Satisfied by issue of shares	310	133
	2,799	2,783
Final dividend for the year ended 30 June 2014 of 0.9 cents per share fully franked (at 30%) paid on 30 September 2014 (2013 – 0.9 cents per share fully franked (at 30%) paid in full on 30 September 2013).	2,284	1,985
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 2014 and 2013 were as follows:		
Paid in cash	2,034	1,865
Satisfied by issue of shares	250	121
	2,284	1,986
Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 1.0 cents per share fully franked fully franked based on tax paid at 30% (2014: 0.9 cents per share fully franked (at 30%) paid in full on 30 September 2014).	2,840	2,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
Cash at bank and on hand	16,159	17,152
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	16,159	17,152
Bank overdrafts	(770)	(1,274)
	15,389	15,878

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

10. TRADE AND OTHER RECEIVABLES

	2015 \$'000	2014 \$'000
Current		
Trade receivables	43,465	41,096
Provision for impairment of receivables	(19)	(76)
	43,446	41,020
Fuel rebates/subsidies	611	522
Future GST recoverable	458	502
Other receivables	788	521
	45,303	42,565

Trade receivables are generally due for settlement within 30 days and are therefore classified as current assets. Trade and other receivables are generally unsecured, non-interest bearing and due 30 to 90 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 2015 current trade receivables of the Group with a nominal value of \$20,000 (2014 - \$84,000) were impaired. The amount of the provision was \$19,000 (2014 - \$76,000). 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:

	2015 \$'000	2014 \$'000
1 to 2 months	2	7
3 to 4 months	1	6
Over 4 months	16	63
	19	76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2015 \$'000	2014 \$'000
Movements in the provision for impairment of receivables are as follows:		
At 1 July	76	258
Provision for impairment recognised/(reversed) during the year	(84)	(170)
Receivables written off during the year as uncollectible	27	(12)
At 30 June	19	76

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 2015 trade receivables of \$11,868,000 (2014 - \$11,061,000) 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:

	2015 \$'000	2014 \$'000
1 to 2 months	9,560	9,435
3 months	530	554
Greater than 3 months	1,778	1,072
	11,868	11,061

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes it is expected that these amounts will be received when due. Of the past due but not impaired receivables approximately 64% (2014: 78%) have been received within one month of end of year. The Group does not hold any collateral in relation to these receivables.

(c) 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.

(d) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INVENTORIES

	2015 \$'000	2014 \$'000
Raw materials and stores – at cost	2,762	2,565
Finished goods – at cost	12,619	10,954
	15,381	13,519
Provision for obsolescence	(204)	(228)
	15,177	13,291

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

12. OTHER CURRENT ASSETS

	2015 \$'000	2014 \$'000
Prepayments	5,157	4,854

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 \$'000	2014 \$'000
Unlisted equity securities	25	25

Unlisted equity securities are traded in inactive markets.

14. PROPERTY, PLANT AND EQUIPMENT

	2015 \$'000	2014 \$'000
Freehold Land and Buildings		
Land - at cost	5,601	2,394
Buildings - at cost	7,869	1,588
Accumulated depreciation	(227)	(166)
	13,243	3,816
Leasehold Improvements		
At cost	5,097	595
Accumulated depreciation	(749)	(224)
Total leasehold improvements	4,348	371
Total property	17,591	4,187
Plant and Equipment		
Plant and equipment		
At cost	99,869	101,615
Accumulated depreciation	(71,591)	(73,411)
	28,278	28,278
Plant and equipment under finance lease		
At cost	97,258	79,451
Accumulated amortisation	(22,838)	(20,050)
	74,420	59,401
Total plant and equipment	102,698	87,605
Total property, plant and equipment	120,289	91,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 & Equipment \$'000	Plant & Equipment Under Finance Lease \$'000	Total \$'000
Carrying amount at 30 June 2013	2,043	1,463	385	29,998	53,905	87,794
Additions	351	-	-	2,262	17,277	19,890
Disposals	-	-	-	(847)	(633)	(1,480)
Transfers	-	-	-	3,761	(3,761)	-
Depreciation/amortisation	-	(41)	(14)	(6,970)	(7,387)	(14,412)
Carrying amount at 30 June 2014	2,394	1,422	371	28,204	59,401	91,792
Additions	3,207	6,281	4,502	5,200	27,479	46,669
Disposals	-	-	-	(2,051)	31	(2,020)
Transfers	-	-	(239)	4,193	(3,954)	-
Depreciation/amortisation	-	(61)	(286)	(7,268)	(8,537)	(16,152)
Carrying amount at 30 June 2015	5,601	7,642	4,348	28,278	74,420	120,289

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

15. DEFERRED TAX ASSETS

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Impaired receivables	6	23
Employee benefits	2,283	1,977
Depreciation and amortisation	88	83
Payables	325	341
	2,702	2,424
Other		
Stock obsolescence	15	15
Sundry items	193	121
	208	136
Total deferred tax assets	2,910	2,560
Set-off of deferred tax liabilities pursuant to set-off provisions (refer Note 19)	(2,910)	(2,560)
Net deferred tax assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED TAX ASSETS (CONTINUED)

Movements	Tax losses \$'000	Employee Benefits \$'000	Impaired receivables \$'000	Deprec & Amort \$'000	Payables \$'000	Other \$'000	Total \$'000
At 30 June 2013	-	1,757	77	91	310	71	2,306
(Charged) /credited to profit or loss	(26)	220	(54)	(8)	31	(16)	147
Credited to equity	-	-	-	-	-	81	81
Over provision in prior years	26	-	-	-	-	-	26
At 30 June 2014	-	1,977	23	83	341	136	2,560
(Charged) /credited to profit or loss	-	232	(17)	5	(16)	(51)	153
Liabilities transferred	-	74	-	-	-	-	74
Credited to equity	-	-	-	-	-	135	135
Over provision	-	-	-	-	-	(12)	(12)
At 30 June 2015	-	2,283	6	88	325	208	2,910

16. INTANGIBLE ASSETS

	2015 \$'000	2014 \$'000
Computer software	2,217	2,164
Accumulated amortisation	(2,093)	(1,990)
	124	174
Goodwill	11,138	11,138
Accumulated impairment	(3,577)	(3,577)
	7,561	7,561
Total intangible assets	7,685	7,735

(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 2013	293	7,561	7,854
Additions – acquired separately	51	-	51
Amortisation	(170)	-	(170)
Carrying amount at 30 June 2014	174	7,561	7,735
Additions – acquired separately	52	-	52
Amortisation	(102)	-	(102)
Carrying amount at 30 June 2015	124	7,561	7,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. INTANGIBLE ASSETS (CONTINUED)**(b) Impairment tests for goodwill**

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

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

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

	Gross margin *		Growth rate **		Discount rate***	
	2015	2014	2015	2014	2015	2014
	%	%	%	%	%	%
Rural CGU	17.4	18.4	2.0	3.5	9.6	9.4

* Budgeted gross margin

** Long-term 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

Assumption

Budgeted gross margin:

Long-term growth rate:

Pre-tax discount rate:

Approach used to determining values

Based on past performance and management's expectations for the future

This is the weighted average growth rate used to extrapolate cash flows beyond the budget period and are based off managements estimate of both price and volume increases.

Reflect specific risks relating to the relevant segments and the countries in which they operate.

(d) Impact of possible changes in key assumptions

A sensitivity analysis was performed on key assumptions which included reducing the gross margin from 17.4% to 16.4%, the growth rate down to 1% and increasing the discount rate from 9.6% to 10.6%. All scenarios were tested separately and in conjunction and under all scenarios tested none resulted in an impairment.

(e) Assets pledged as security

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. TRADE AND OTHER PAYABLES

	2015 \$'000	2014 \$'000
Trade payables	26,393	26,061

A major supplier, Orora Limited, has a registered charge over the assets of Lindsay Rural Pty Ltd up to a maximum amount of \$3,200,000 (2014: \$3,200,000). At balance date the amount payable to Orora Limited was \$411,000 (2014: \$2,670,000).

18. BORROWINGS

	2015 \$'000	2014 \$'000
Current		
<i>Secured</i>		
Bank overdraft	770	1,274
Bills payable	-	311
Lease liabilities	15,827	11,519
Bank loans	7,710	12,109
Total secured current borrowings	24,307	25,213
<i>Unsecured</i>		
Other loans	2,250	-
Total unsecured current borrowings	2,250	-
Total current borrowings	26,557	25,213
Non-current		
<i>Secured</i>		
Bills payable	-	2,183
Lease liabilities	50,818	40,056
Bank loans	11,922	3,167
Total secured non-current borrowings	62,740	45,406
<i>Unsecured</i>		
Other loans	-	2,250
Total unsecured non-current borrowings	-	2,250
Total non-current borrowings	62,740	47,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. BORROWINGS (CONTINUED)**(a) Bank overdraft, bills payable and bank loans**

The bank overdraft 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.

At the reporting date the Group had no bills payable (2014: \$2,505,000).

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

	2015 \$'000	2014 \$'000
Current		
Face value	-	312
Less discount	-	(1)
	-	311
Non-current		
Face value	-	2,193
Less discount	-	(10)
	-	2,183

(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 Orora Limited (Orora) 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 agreement was terminated during the reporting period and currently forms part of legal dispute with Orora and is classified as current until the dispute is resolved. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. DEFERRED TAX LIABILITIES

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Prepayments	1,048	885
Inventories	828	769
Depreciation and amortisation	3,155	3,337
Total deferred tax liabilities	5,031	4,991
Set-off of deferred tax assets pursuant to set-off provisions (refer Note 15)	(2,910)	(2,560)
Net deferred tax liabilities	2,121	2,431

Movements	Prepayments \$'000	Inventories \$'000	Depreciation & Amortisation \$'000	Total \$'000
Consolidated				
At 30 June 2013	807	566	3,622	4,995
Charged /(credited) to profit or loss	78	203	(285)	(4)
At 30 June 2014	885	769	3,337	4,991
Charged /(credited) to profit or loss	163	59	(182)	40
At 30 June 2015	1,048	828	3,155	5,031

20. PROVISIONS

	2015 \$'000	2014 \$'000
Current		
Employee benefits	6,327	5,455
Non-current		
Employee benefits	1,284	1,133

21. OTHER LIABILITIES

	2015 \$'000	2014 \$'000
Current		
Deferred revenue	2,538	1,275
Other	433	127
	2,971	1,402
Non-current		
Other	1,561	370

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. CONTRIBUTED EQUITY

	2015 \$'000	2014 \$'000
Fully paid ordinary shares	67,475	54,143

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 2014 and 2015 is reconciled as follows:

	Note	No of Shares	Issue Price	\$'000
Balance at 30 June 2013		220,017,642		45,040
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	551,587	21.85¢	121
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	425,680	31.35¢	133
Issue of shares for payment of interest	(b)	552,970	18.05¢	100
Placement of shares	(c)	31,921,429	28.00¢	8,938
Share issue transaction costs net of tax benefits	(b)	-		(189)
Balance at 30 June 2014		253,469,308		54,143
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	667,250	46.43¢	310
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	692,914	36.10¢	250
Issue of shares for payment of interest	(b)	266,915	32.94¢	88
Placement of shares	(c)	28,888,889	45.00¢	13,000
Share issue transaction costs net of tax benefits	(d)	-		(316)
Balance at 30 June 2015		283,985,276		67,475

(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 2015	667,250	46.43 cents
30 September 2014	692,914	36.10 cents
31 March 2014	425,680	31.35 cents
30 September 2013	551,587	21.85 cents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. CONTRIBUTED EQUITY (CONTINUED)

(b) Shares issued in payment of interest

Shares were issued to Orora Limited pursuant to the Distribution Agreement on interest owing on a loan of \$2,250,000. Refer Note 29 and 33 for further information.

(c) Placement shares

A placement of 28,888,889 ordinary shares (2014: 31,929,429) was made to institutional and sophisticated investors at 45 cents (2014: 28 cents) per share fully paid to raise \$13,000,000 cash on 9 June 2015 (2014: \$8,938,000 cash on 14 March 2014).

(d) 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.

(e) 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 2015 the Group did not alter its capital management policy.

The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	2015 \$'000	2014 \$'000
Total borrowings	89,297	72,869
Less cash and cash equivalents	(16,159)	(17,152)
Net debt	73,138	55,717
Total equity	79,858	65,436
Gearing ratio	48%	46%

Lindsay Australia Limited has complied with the financial covenants of its borrowing facilities during the 2015 and 2014 reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. RESERVES

Movements in the Share-based payments reserve are shown below.

	2015 \$'000	2014 \$'000
Share-based payment reserve		
Open at 1 July	491	491
Employee share schemes – value of employee services	45	-
Close at 30 June	536	491

Nature and purposes of reserve

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

24. RETAINED PROFITS

	2015 \$'000	2014 \$'000
Retained earnings at the beginning of the year	10,802	9,074
Profit for the year	6,166	6,497
Dividends paid or provided	(5,083)	(4,769)
Retained earnings at the end of the year	11,885	10,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. CASH FLOW INFORMATION

	2015 \$'000	2014 \$'000
(a) Reconciliation of Cash Flows from Operating Activities with Profit for the Year		
Profit for the year	6,166	6,497
Depreciation/amortisation	16,254	14,582
Net (gain)/loss on disposal of property, plant and equipment	(793)	(379)
Non-cash interest expense payment by issue of shares	88	100
Non-cash employee benefits expense-share based payments	45	-
Fair value adjustment to financial liabilities	11	2
(Increase)/decrease in trade and other receivables	(1,699)	(1,011)
(Increase)/decrease in prepayments and other assets	(303)	(1,011)
(Increase)/decrease in inventories	(1,886)	(2,611)
(Increase)/decrease in tax assets	(214)	(174)
(Decrease)/increase in trade and other payables	1,827	1,037
(Decrease)/increase in tax liabilities	(2,272)	791
(Decrease)/increase in other liabilities	1,263	(817)
(Decrease)/increase in provisions	1,021	734
Cash flows from operating activities	19,508	17,740
(b) Non-Cash Financing and Investing Activities		
Acquisition of plant and equipment by means of finance leases	27,478	17,277
Dividends satisfied by issue of shares	560	254
Interest satisfied by issue of shares	88	100

26. EARNINGS PER SHARE

	2015 ¢	2014 ¢
Basic earnings per share	2.4	2.8
Diluted earnings per share	2.4	2.8
	2015 \$'000	2014 \$'000
Earnings used in calculating basic and diluted earnings per share – net profit	6,166	6,497
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	256,088,654	230,537,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. AUDITOR'S REMUNERATION

	2015 \$	2014 \$
During the year the auditor of the parent entity earned the following remuneration:		
Audit or review of financial reports	136,000	135,000
Taxation and other services	18,800	28,800
Total remuneration	154,800	163,800

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

28. KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Key management personnel compensation**

	2015 \$	2014 \$
Short-term employee benefits	2,511,878	2,086,581
Long-term employee benefits	41,907	72,184
Post-employment benefits	231,487	186,267
	2,785,272	2,345,032

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

(b) Other transactions and balances with key management personnel

	2015 \$	2014 \$
Amounts recognised as revenues and expenses:		
Revenues		
Cartage revenue received / receivable	5,578,338	1,431,634
Sale of equipment	-	72,667
Expenses		
Fees for corporate uniform consultancy	9,640	-
Fees for legal services provided	23,659	68,625
Amounts receivable / payable to key management personnel and their related parties at balance date		
Current receivables – trade debtors	908,243	219,363
Current payables – trade creditors and accruals	-	7,671

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.

(c) Loans to key management personnel

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. SHARE-BASED PAYMENTS

(a) Tax Exempt Share Acquisition Plan

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

(b) Employee Share Option Plans

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

Options are designed to reward key personnel for performance over a medium to long term. These Options form the reward for the Long Term Incentive Program. Each year the employees performance is assessed the aggregation of this performance over the longer period. Key terms include:

- 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.

(c) Performance Rights

Performance Rights (options) may be granted to key management personnel as part of a Long Term Incentive Plan (LTIP). The LTIP is structured as a reward for length of service and is variable depending upon cumulative annual performance. Options lapse if prior to the exercise period, the employee is terminated or resigns. The options vest based on service and performance criteria as specified by Directors. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Lindsay Australia Limited. Options granted are as follows:

Tranche	Fair Value per option (cents)	Grant Date	Expiry Date	Number Issued	Number forfeited	Number Exercised
First	45.0	July 2014	Sept 2016	250,000	107,741	-
Second	45.0	July 2014	Sept 2018	250,000	-	-

The fair value at the grant date for the issue was determined using a Black-Scholes option pricing model that takes account of exercise price (\$0.00), the term of the option (3 years and 5 years), the impact of dilution, the share price at grant date (\$0.45) and the expected price volatility of the underlying share (100%), the expected dividend yield (10%) and the risk free interest for the term of the option (2.15%).

(d) Shares issued in payment of interest

The company has an option pursuant to a Distribution Agreement (see Note 33) to elect to pay interest in lieu of cash by the issue of shares in the company based on the volume weighted average price for the 20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. SHARE-BASED PAYMENTS (Continued)

consecutive trading days immediately prior to the date of notice to Amcor of payment of interest by way of shares. The fair value of the interest paid by the issue of shares is expensed in the accounts in the current year with the shares issued on the first business day after the end of the financial year.

(e) Expense arising from share based payment transactions

Total expense arising from share-based payment transactions recognised during the year as part of employee benefit expense was \$45,021 (2014: \$nil).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. SUBSIDIARIES (CONTINUED)

Name	Class Shares/Units	Equity Holding %	
		2015	2014
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), (d)	Ordinary	100	100
Lindsay Brothers Hire Pty Ltd (a), (d)	Ordinary	100	100
Lindsay Brothers Plant & Equipment Pty Ltd (a), (d)	Ordinary	100	100
P & H Produce Pty Ltd (d)	Ordinary	100	100
P & H Produce Trust (d)	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), (d)	Ordinary	100	100
Lindsay Fresh Logistics Pty Ltd (d)	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 2015 and 2014 years. All Group revenue is derived from customers within Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

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 (2014: nil). The largest individual customer accounts for 7.9% of external revenues (2014: 9.1%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

	Transport \$'000	Rural \$'000	Total \$'000
2015			
Revenue			
External sales	215,984	93,945	309,929
Inter-segment sales	4,179	567	4,746
Other revenue	1,543	568	2,111
Other income	783	10	793
Total segment revenue/income	222,489	95,090	317,579
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			(4,746)
Interest revenue			743
Corporate/unallocated revenue			1,366
Total revenue/income			314,942
Segment net profit before tax	20,123	3,749	23,872
Reconciliation of segment profit to group net profit before tax			
Corporate/unallocated			(10,532)
Finance costs			(4,482)
Net profit before income tax			8,858
Income tax expense			(2,692)
Profit for year			6,166
Depreciation and amortisation	15,614	95	15,709
Corporate/unallocated cost			545
			16,254
2014			
Revenue			
External sales	218,798	89,282	308,080
Inter-segment sales	3,088	406	3,494
Other revenue	1,391	366	1,757
Other income	403	(24)	379
Total segment revenue/income	223,680	90,030	313,710
Reconciliation of segment revenue/income to group revenue/income			
Inter-segment elimination			(3,494)
Interest revenue			765
Corporate/unallocated revenue			532
Total revenue/income			311,513
Segment net profit before tax	18,782	5,148	23,930
Reconciliation of segment profit to group net profit before tax			
Corporate/unallocated			(10,071)
Finance costs			(4,516)
Net profit before income tax			9,343
Income tax expense			(2,846)
Profit for year			6,497
Depreciation and amortisation	13,993	123	14,116
Corporate/unallocated cost			466
			14,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. DEED OF CROSS GUARANTEE

During the reporting period the following owned subsidiaries, not previously within the Deed of Cross Guarantee, were added. The subsidiaries added were Lindsay Brothers Fuel Services Pty Ltd, P & H Produce Pty Ltd as trustee of the P & H Produce Trust, Lindsay Fresh Logistics Pty Ltd, Croptec Fertiliser and Seeds Pty Ltd, Lindsay Brothers Plant and Equipment Pty Ltd, and Lindsay Brothers Hire Pty Ltd.

The following companies 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. The companies include: Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd, Lindsay Brothers Fuel Services Pty Ltd, Lindsay Brothers Hire Pty Ltd, Lindsay Brothers Plant and Equipment Pty Ltd, P & H Produce Pty Ltd, P & H Produce Trust, Lindsay Rural Pty Ltd, Skinner Rural Pty Ltd, Croptec Fertiliser and Seeds Pty Ltd, Lindsay Fresh Logistics Pty Ltd.

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'

Below the comparative 2014 year is shown. The financial statements of the closed group now equate to the consolidated statements in this report.

	2014 \$'000
Statement of comprehensive income	
Revenues	311,134
Other income	83
Purchases and changes in inventories	(71,525)
Fuel and oil costs	(40,663)
Repairs and maintenance	(13,762)
Subcontractors	(49,429)
Employee benefits	(73,434)
Depreciation and amortisation	(639)
Finance costs	(620)
Insurance	(1,537)
Management fees	(17,600)
Pallet charges	(1,867)
Operating lease rental	(6,102)
Professional fees	(1,293)
Other expenses	(23,462)
Profit before income tax	9,284
Income tax expense	(2,828)
Profit for the year	6,456
Other comprehensive income for the year	-
Total comprehensive income for the year	6,456
Summary of movements in consolidated retained earnings / (accumulated losses)	
Retained earnings/accumulated losses at the beginning of the financial year	1,928
Profit for the year	6,456
Dividends provided for or paid	(4,769)
Retained earnings at the end of the financial year	3,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. DEED OF CROSS GUARANTEE (CONTINUED)

	2014 \$'000
Current assets	
Cash and cash equivalents	17,152
Trade and other receivables	42,996
Inventories	13,291
Other	4,854
Total current assets	78,293
Non-current assets	
Other receivables	19,029
Available-for-sale financial assets	38
Property, plant and equipment	5,071
Deferred tax assets	828
Intangible assets	7,706
Total non-current assets	32,672
Total assets	110,965
Current liabilities	
Trade and other payables	26,362
Borrowings	5,388
Provisions	5,455
Current tax liabilities	2,257
Other	7,318
Total current liabilities	46,780
Non-current liabilities	
Borrowings	4,433
Provisions	1,133
Other	370
Total non-current liabilities	5,936
Total liabilities	52,716
Net assets	58,249
Equity	
Contributed equity	54,143
Reserves	491
Retained profits	3,615
Total equity	58,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. COMMITMENTS**Finance lease commitments**

Finance lease liabilities are payable exclusive of GST as follows:

	Minimum lease payments 2015 \$'000	Interest 2015 \$'000	Principal 2015 \$'000	Minimum lease payments 2014 \$'000	Interest 2014 \$'000	Principal 2014 \$'000
Less than one year	18,642	2,815	15,827	14,119	2,600	11,519
Between one and five years	54,552	3,735	50,817	43,538	3,482	40,056
	73,194	6,550	66,644	57,657	6,082	51,575

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.

	2015 \$'000	2014 \$'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	5,430	4,802
• Later than 1 year but not later than 5 years	17,910	7,798
• Later than 5 years	2,650	1,621
	25,990	14,221

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.

	2015 \$'000	2014 \$'000
Capital Commitments		
Commitments for capital expenditure (property, plant equipment, and intangibles) contracted for but not recognised in the financial statements are as follows:	30,528	10,288

Distribution Agreement

On 13 July 2009 the Group executed a Distribution Agreement with Orora Limited (Orora) which has been terminated by the parties. Orora paid the Group a signing fee of \$2.25 million on execution with interest payable on an annual basis. The repayment terms of the signing fee and accrued interest is currently part of the dispute between the parties arising from the termination of the Distribution Agreement. Resolution of this matter is expected to occur during the 2015-2016 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. CONTINGENT LIABILITIES

	2015 \$'000	2014 \$'000
Guarantees to secure lease obligations	1,511	1,320
Guarantees to cover Workers policy	1,319	-
Total Guarantees	2,830	1,320

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.

35. PARENT COMPANY INFORMATION

Information relating to Lindsay Australia Limited is as follows:

	2015 \$'000	2014 \$'000
Summary financial information		
Statement of financial position		
Current assets	14,197	16,826
Total assets	261,064	207,897
Current liabilities	180,340	142,153
Total liabilities	189,985	146,849
Issued capital	67,475	54,143
Retained profits	3,068	6,414
Share based payments reserve	536	491
Total shareholders' equity	71,079	61,048
Profit of the parent entity	1,736	7,077
Total comprehensive income of the parent entity	1,736	7,077
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 \$36,122,000 (2014: \$25,953,000) 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 \$22,746,000 (2014: \$38,368,000).

In addition, there are cross guarantees given by Lindsay Australia Limited 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. SUBSEQUENT EVENTS

Issue of Shares

On 8 July the Company issued 3,942,148 shares at \$0.45 per share under a share purchase plan raising \$1,774,000, the share issue cost was 3.1% of the amount raised.

Acquisition of S&J Pennisi

On 23 July Lindsay Australia Limited acquired S&J Pennisi. S&J Pennisi provides packaging supplies to major customers in the Burdekin region of Queensland where it has operated for approximately 40 years. This change will not have a significant impact on day to day operations.

37. LEGAL PROCEEDINGS

Two subsidiaries of the Company, Lindsay Transport Pty Ltd and Lindsay Rural Pty Ltd have brought proceedings in the Supreme Court of Queensland against BCI Lawyers. The proceedings relate to BCI Lawyers involvement with certain security arrangements which Lindsay Transport Pty Ltd and Lindsay Rural Pty Ltd sought over assets and undertakings of a major customer and its associated entities and related persons. The proceedings allege negligence and breach of contract in respect of the security arrangements and is quantified up to a total of approximately \$2.6 million plus interest and costs.

In 2009 the Group executed a seven year Distribution Agreement with Orora Limited (Orora) which has been terminated in 2015 by the parties prior to the contract term end date. Both parties have made claims for loss as a result of the termination however the quantum of these claims have not yet been expressed by either party. Lindsay continues to recognise a current liability for the loan of \$2.25 million. The repayment terms of the signing fee and accrued interest is part of the dispute between the parties also arising from the termination of the Distribution Agreement. Resolution of this matter is expected to occur during the 2015-2016 financial year. Given the inherent uncertainties associated with legal proceedings no value has been attributed to the proceedings.

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 2014 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 of Directors
Brisbane, Queensland
26 August 2015



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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 2015, 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 company'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 2015 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 22 to 28 of the directors' report for the year ended 30 June 2015. 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 2015 complies with Section 300A of the Corporations Act 2001.

PITCHER PARTNERS



J. J Evans
Partner

Brisbane, Queensland
26 August 2015

GOVERNANCE STATEMENT



CORPORATE GOVERNANCE STATEMENT

Introduction

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:

CONTENTS	PAGE
Principle 1. Lay solid foundations for management and oversight	85
Principle 2. Structure the board to add value	87
Principle 3. Act ethically and responsibly	89
Principle 4. Safeguard integrity in corporate reporting	89
Principle 5. Make timely and balanced disclosure	90
Principle 6. Respect the rights of security holders	91
Principle 7. Recognise and manage risk	91
Principle 8. Remunerate fairly and responsibly	93

Lindsay Australia Limited's Corporate Governance practices recognise the Group's market capitalisation and the complexity of its operations. For further information on corporate governance policies adopted by Lindsay Australia Limited, refer to our website: www.lindsayaustralia.com.au

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 1.

Lay solid foundations for management and oversight

Recommendation 1.1 Recognise and publish the respective roles and responsibilities of the board and management.

During the financial year the Group was governed in accordance with its Corporate Governance Charter adopted by the board. The Corporate Governance Charter is published on the Group's website.

The Group 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 Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.
Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Group undertakes appropriate checks and evaluation before appointing or re-appointing a person including putting forward a candidate for election as a director. The Corporate Governance Charter outlines the process for appointment and retirement of members of the board including the provision of relevant information to security holders.

Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Group has entered into agreements with Directors and senior executives, these documents together with the Corporate Governance charter outline roles, responsibilities and expectations.

Recommendation 1.4 The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary has access to all Board members and the primary functions are to assist and advise the Board on governance matters and compliance with internal processes. The role of the Company Secretary is outlined in the board charter which support the recommendations. The Company Secretary's appointment and engagement terms reflect the requirements of the recommendations.

Recommendation 1.5 – A listed entity should:

- (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them
- (b) Disclose the policy or a summary of it; and
- (c) Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**PRINCIPLE 1. (CONTINUED)**

- (1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined senior executive for these purposes); or
- (2) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.

The Diversity Policy is published on the Group'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	2015	2014
Percentage of women in Group's workforce	15%	12%	12%
Percentage of women in management positions	20%	19%	19%

The Company's Workplace Gender Equality Act public report for 2015 is available on the Company's website.

Recommendation 1.6 – A listed entity should:

- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Group has adopted processes concerning the evaluation and development of the board, board committees and individual directors. Procedures include an internal Board performance assessment. The Corporate Governance Statement outlines the performance review criteria for Directors.

During the 2015 financial Year, an internal board performance assessment was performed and reviewed against the performance criteria. No material weaknesses were identified and no governance changes were deemed necessary

Recommendation 1.7 – A listed entity should:

- (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company's Corporate Governance Charter details the procedures for performance reviews and evaluation. Senior executives are subject to formal/informal evaluations against individual performance and business measures either on an ongoing or annual basis.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 – The board of a listed entity should:

- (a) Have a nomination committee which:
 - (i) Has at least three members, a majority of whom are independent directors; and
 - (ii) Is chaired by an independent director; and disclose:
 - (iii) The charter of the committee;
 - (iv) The members of the committee; and
 - (v) As at the end of each reporting period, the number of times the committee met throughout the reporting period and the individual attendances of the members at those meetings
- (b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skill, knowledge and experience, independence and diversity to enable it to discharge its duties responsibly and effectively.

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 Selection and Re-appointment of Directors Policy contains procedures for the appointment and resignation of Directors. The Board Charter also outlines the requirements for the composition of the board.

Recommendation 2.2 – A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company's objective is an appropriate mix of skills, experience and expertise and attributes relevant to the board in discharging its responsibilities.

Skills/Expertise	Experience	Attributes
Strategy	Transport Industry	Integrity
Financial	Agriculture Industry	Communication
Governance	Import Export Industry	Commitment
Risk Management and Safety	Property	Innovation
Policy, Legal, Compliance		Influence
Government & Stakeholders		
Culture & Values		
Executive Management		
Information Technology		

Recommendation 2.3 – A listed entity should disclose:

- (a) The names of directors considered by the board to be independent directors;
- (b) If a director has a interest, position, association or relationship of the type described in box 2.3 of ASX Corporate Governance Principles and Recommendations, but the board is

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 2. (CONTINUED)

of the opinion that it does not compromise the independence of the director, the nature of the interest position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) The length of service of each director.

Director	Status	Date of appointment	Length of Service	Interest/Association
J F Pressler	Non-Executive. Independent Director	08/01/1997	18 years (at 08/01/2015)	
R A Anderson	Non-Executive. Independent Director	16/12/2002	14 years (at 16/12/2014)	
M K Lindsay	Executive. Non Independent	26/11/1996	18 years (at 26/11/2014)	Chief Executive Officer
G D Farrell	Non-executive. Non Independent	17/11/2005	9 years (at 17/11/2014)	Substantial shareholder
L R Hancock	Non-executive. Non Independent	12/09/2002	14 years (at 12/09/2014)	A principal of a material professional advisor. Mr Hancock resigned as a Director effective 29 January 2015

Recommendation 2.4 The majority of the board of a listed entity should be independent directors.

The Company has not complied with this recommendation, there are four members of the board of directors, two of which are considered independent directors. 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

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. The board considers the current composition of a board an appropriate blend of skills and experience relevant to the Company's business. The board will assess independence when any new appointments are made.

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.

Recommendation 2.5 The chair of the board of a listed entity should be an independent director, and, in particular, should not be the same person as the Chief Executive Officer of this entity.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 2. (CONTINUED)

The Company complies with this recommendation. Mr J.F. Pressler, an independent director, is the Chair. Mr M.K Lindsay is the Chief Executive Officer.

Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain their skills and knowledge needed to perform their role as directors effectively.

The board assumes responsibility for new board member induction, education and development. The corporate governance charter requires new directors to be provided with relevant information, induction and opportunities for training, and the opportunity to take independent advice at the expense of the Company.

PRINCIPLE 3.

Promote ethical and responsible decision-making

Recommendation 3.1 – A listed entity should:

- (a) Have a code of conduct for its directors, senior executives and employees; and;
- (b) Disclose the code or a summary of it:

A formal Code of Ethics forms part of the Corporate Governance Charter that is disclosed on the Company's website. The Company has a code of conduct, equal opportunity policy and Employee Workplace and Safety Handbook applicable to all employees, a summary of these policies is disclosed on the Company's website.

PRINCIPLE 4.

Safeguard integrity in corporate reporting

Recommendation 4.1 – The board of a listed entity should:

- (a) Have an audit committee which:
 - (i) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors
 - (ii) Is chaired by an independent director who is not the chair of the board, and disclose:
 - (iii) The charter of the committee;
 - (iv) The relevant qualifications and members of the committee; and
 - (v) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and rotation of the audit engagement partner.

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 Charter which is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**PRINCIPLE 4. (CONTINUED)**

The Chairman of the committee is Mr RA Anderson, an independent director. The members of the committee, meetings and attendances are contained in the Directors' Report to the Annual Report disclosed on the Company's website. All members of the audit and risk committee are non-executive Directors. There is a majority of independent directors on the committee.

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.

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 committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a period, receive from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and control which is operating effectively.

In respect of the relevant financial reporting period the Company's Chief Executive Officer and Chief Financial Officer provide the board with a declaration in accordance with S.295A of the Corporations Act which is consistent with Recommendation 4.2.

Recommendation 4.3 A listed entity that has an Annual General Meeting should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company complies with this requirement, representative of the Company's auditor attends the Annual General Meeting and be available to answer questions from security holders.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 5. (CONTINUED)

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 security holders

Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.

The Corporate Governance Charter is available on the website together with other Company policies. The website provides:

- Details of the key business divisions;
- Copies of the annual report;
- Other relevant publications; and
- Investor information.

Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The board encourages attendance at meetings and is available to shareholders at general meetings. General meetings are set well in advance of their scheduled date to facilitate maximum attendance by shareholders. Investors may communicate directly with the company in person or electronically via the website.

Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

The Company's notice of meetings is clear, concise and effective, shareholders receive notice of meetings in hard copy. All general meetings of the Company allow shareholder participation through the opportunity to ask questions directly of the board prior to a poll or vote.

Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company's share registry is maintained electronically through Computershare Limited, a link is provided on the Company's website. Contact information for Computershare Limited is also provided in the annual report. Security holders can also contact the Company electronically via the Company's website.

PRINCIPLE 7.

Recognise and manage risk

Recommendation 7.1 – The board of a listed entity should:

- (a) Have a committee or committees to oversee risk, each of which:

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**PRINCIPLE 7. (CONTINUED)**

- (i) Has at least three members, a majority of whom are independent directors;
 - (ii) Is chaired by an independent director and disclose:
 - (iii) The charter of the committee;
 - (iv) The members of the committee;
 - (v) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings
- (b) If it does not have a risk committee or a committee that satisfies (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.

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. The chairman of the committee is Mr RA Anderson, an independent director. The members of the committee, meetings and attendances are contained in the Directors' Report to the Annual Report disclosed on the Company's website. All members of the audit and risk committee are non-executive Directors. There is a majority of independent directors on the committee.

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.

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 committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The board considers risks at each board meeting.

The Board assesses risk and risk issues at each board meeting described further under recommendation 7.2.

Recommendation 7.2

The board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.

The board is responsible for the Company's overall risk management framework. The Company has conducted an organisational risk assessment and risks are monitored on a regular basis with prevention or mitigation measures adopted as appropriate. Policies and procedures have been established for, asset maintenance, workplace health and safety and inventory control. A business risks checklist is reviewed at each meeting of the board. Details of financial risks are provided in Note 2 to the Financial Statements.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 7. (CONTINUED)

The board has established an environmental and occupational health and safety committee, details on meetings, membership and attendance are contained in the Directors Report to the annual Report located on the Company's website. It is the board's responsibility to ensure that the Company observes all regulatory compliance 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.

Recommendation 7.3 A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

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. Details of financial risks are provided in Note 2 to the Financial Statements. The board may engage an independent third party to undertake the equivalent activities of internal audit at any time if it requires.

Recommendation 7.4 A listed entity should disclose whether it has a material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company has undertaken an organisational risk assessment and actively considers and monitors business and other risks, but does not consider it has material exposure to these risks. Where possible the Company looks to adopt products or processes that have a positive environmental or social sustainability impact.

The board has established an environmental and occupational health and safety committee, details on meetings, membership and attendance are contained in the Directors Report to the Annual Report located on the Company's website. 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.

PRINCIPLE 8.

Remunerate fairly and responsibly

Recommendation 8.1 – The board of a listed entity should:

- (a) Have a remuneration committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director; And disclose:
 - (iii) the charter of the committee; and
 - (iv) the members of the committee; and

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**PRINCIPLE 8. (CONTINUED)**

- (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or
- (b) If it does not have a remuneration committee, disclose the fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive

The Company has established a Remuneration Committee. The Remuneration Committee has a formal charter contained in the Corporate Governance Charter on the Company's website. The members of the committee, meetings and attendances are disclosed in the Directors report to the Annual Report disclosed on the Company's website.

The Company does not meet the recommendation of the Remuneration Committee having an Independent Chairman, however the committee has a majority of independent directors. The current chairman of the committee is Mr G.D Farrell, as a non-executive director and material shareholder of the Group. The board considers Mr Farrell appropriately qualified to chair the committee to oversee matters of remuneration.

It is the Group's objective to provide maximum security holder 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 Group's financial and operational performance. The expected outcomes of the remuneration structure are:

- (i) *Retention and motivation of key executives;*
- (ii) *Attraction of quality management to the Group; and*
- (iii) *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 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 Group the only direct link between remuneration and performance of the Group for the Chief Executive Officer and Senior Executive staff is by the potential issue of options or performance rights over shares.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**PRINCIPLE 8. (CONTINUED)**

There were no employee options or performance rights on issue at 30 June 2015 or held by key management personnel. At any review the performance of the Group 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 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Executives will be remunerated by way of salary and statutory superannuation. Senior Executives may participate in a performance based incentive structure.

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

- 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.
- Non-executive Directors should not receive options or bonus payments.
- Non-executive Directors should not be provided with retirement benefits other than statutory superannuation.

The Group complies with the guidelines Refer also to the Remuneration Report contained in the Directors' Report.

Recommendation 8.3 – A listed entity which has an equity based remuneration scheme should:

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) Disclose the policy or a summary of it.

The Group has a limited equity based incentive scheme applying to a small number of senior executives only. Trading in Group securities is regulated by the Securities Trading Policy disclosed on the Group's website. Trading activities relating to any short term or speculative gain is prohibited.

SHAREHOLDER INFORMATION

Information relating to security holders as at 7 August 2015.

Shares

DISTRIBUTION OF SHAREHOLDERS

	Number of Shareholders	Number of Shares
1- 1,000	79	22,672
1,001 – 5,000	360	1,027,826
5,001 – 10,000	257	2,029,683
10,001 – 100,000	721	24,191,992
100,001 and over	185	260,655,251
Total	1,602	287,927,424

Number of holdings less than a marketable parcel of shares – 81 (1,334 shares)

TOP TWENTY SHAREHOLDERS

Name	Number of Shares	% of Issued Shares
WASHINGTON H SOUL PATTINSON AND GROUP LIMITED	55,526,491	19.28
MULAWA HOLDINGS PTY LTD	27,794,450	9.65
ANKLA PTY LTD	19,430,408	6.75
CITICORP NOMINEES PTY LIMITED	16,796,021	5.83
BKI INVESTMENT GROUP LIMITED	15,983,130	5.55
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	12,752,782	4.43
MR THOMAS KELSALL LINDSAY + MR THOMAS GLEN LINDSAY	11,364,402	3.95
MILTON CORPORATION LIMITED	8,004,000	2.78
LINDSAY SUPER CO PTY LTD <LINDSAY FAMILY S/F A/C>	6,219,739	2.16
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,656,716	1.96
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,798,572	1.32
K & D LINDSAY PTY LTD <D LINDSAY FAMILY A/C>	3,222,148	1.12
RM AND DM PELL PTY LTD <PELL FAMILY SUPER A/C>	3,022,761	1.05
HEADING EAST PTY LTD <HEADING EAST 2012 S/F A/C>	2,549,506	0.89
MS GRETA MARJORIE LINDSAY <THE GRETA LINDSAY NO 2 A/C>	2,328,551	0.81
NATIONAL NOMINEES LIMITED	2,200,417	0.76
PROCO PTY LTD <THE COSOFF SUPER FUND A/C>	2,100,000	0.73
MR MATTHEW SINGLETON	2,033,333	0.71
JANALA PTY LTD	1,919,626	0.67
YESOR PTY LTD <ORR SUPERANNUATION FUND A/C>	1,833,333	0.64
	204,536,386	71.04

SHAREHOLDER INFORMATION (CONTINUED)

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	10.32
Washington H Soul Pattinson & Group Limited	55,526,491	19.28
Mizikovsky Group	21,232,072	7.48
Naos Asset Management Limited	15,656,288	6.14
BKI Investments Group Limited	16,341,631	5.75

Voting Rights of Ordinary Shares

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

On-market Buy Back of Shares

There is no current on-market buyback of shares.