



new
growth

annual report

for the year ended 30 June 2017

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

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117 Victoria Street, West End, QLD 4101
Telephone: 1300 552 270
Website: www.computershare.com.au

REGISTERED & PRINCIPAL ADMINISTRATIVE OFFICE

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Website: www.lindsayaustralia.com.au

AUDITOR

Pitcher Partners
Level 38 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.





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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 divisions 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

- Brisbane Warehouse
- Berri
- Bowen
- Brandon
- Bundaberg North
- Bundaberg Wyllie
- Childers
- Coffs Harbour
- Emerald
- Gatton
- Innisfail
- Kyabram
- Mareeba
- Adelaide
- Mildura
- Mundubbera
- Murwillumbah
- Nambour
- Invergordon
- Stanthorpe
- Tully

Lindsay Transport

- Adelaide
- Bowen
- Brisbane
- Bundaberg
- Coffs Harbour
- Emerald
- Gatton
- Innisfail
- Mackay
- Mareeba
- Melbourne
- Mildura
- Mundubbera
- Nambour
- Stanthorpe
- Sydney
- Tully

Lindsay Fresh Logistics

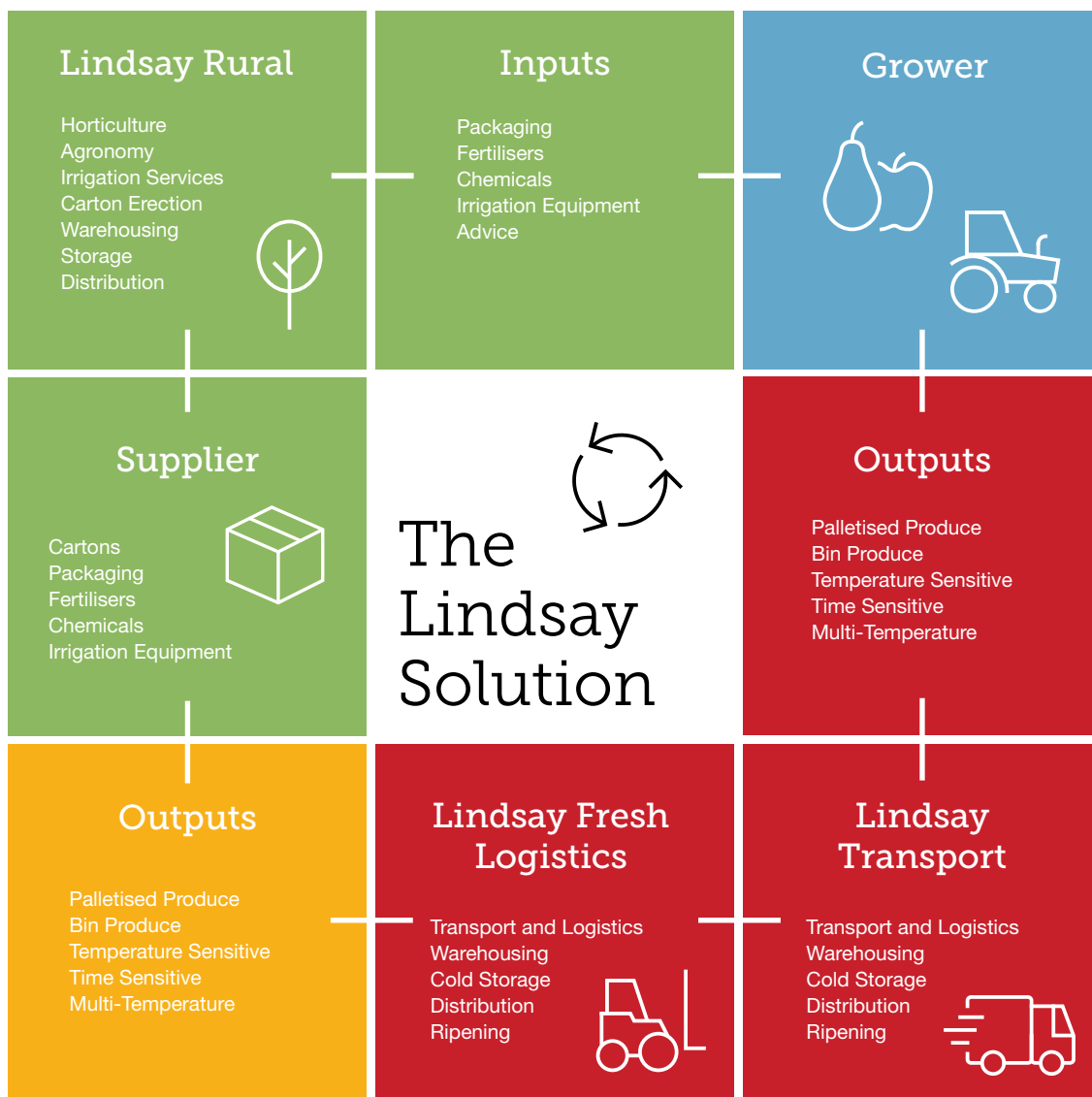
- Brisbane Markets



the 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 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



The Group achieved an operating **profit after tax of \$6.43 million** and grew operating revenue to \$332.86 million.

chairs' report

This year, Lindsay Australia Group, delivered a result that was impacted by many unfavourable weather events, flat economic environment and competition.

Despite these conditions, the company stuck to its strategic plan, delivering all of the planned initiatives. These delivered initiatives will provide the engine of growth in coming years.

The network of locations helps lessen the impact of major weather events allowing different regions to meet end consumer needs. This year's weather events, while harsh, would have been worse if not for a network of locations across much of the country. For example, in November, floods impacted the Adelaide growing regions. In response, growers in Bowen and Bundaberg provided more produce, albeit less than Adelaide, to meet end consumer demand. This was repeated with a heat wave in southern Queensland and Cyclone Debbie in March this year. Other events such as the white spot prawn disease and banana glut were harder to mitigate against. The group continues to invest in the network to provide growth and mitigate against risks specific to one region.

During the year, a new site was commissioned in Mareeba. Mareeba is located less than one hour south-west of Cairns International Airport. The area is sheltered from cyclones, behind the Great Dividing Range and offers growers high levels of sunny days and good water supply from Tinaroo Falls Dam. The Dam feeds water to our customers through an irrigation scheme covering 365km of channels. We expect the utilisation of this site to increase each year over the coming five years.

The consolidation of Brisbane sites began in November with the opening of our Postle Street site. The new site, located at Acacia Ridge, is adjacent to Queensland's interstate rail line and within 15 minutes' drive of the southbound highway. The new facilities offers 45,000 sq metres of space for our Rural, Transport and Head Office divisions, and includes a purpose built workshop with additional washbays for the maintenance of our vehicles, almost 10,000 sq meters of storage (dry and refrigerated) for our Rural and Transport divisions, a 360 sq metre showroom for our Rural division, drivers quarters for our off duty drivers and 2 floors of office space which includes board rooms, meeting rooms and training rooms. Over FY18 we expect to complete the consolidation and improve utilisation of the site.

Information technology is the enabler that supports continual efficiency gains and lean operations. It delivers improved customer experiences, reliability of service and better safety outcomes. This year the completed logistics systems began to deliver on these aspirations, and although we have a long way to go, we can see the competitive advantage our integrated systems offer. Over the coming years we will continue to invest in our systems.

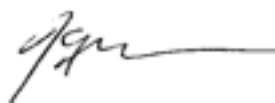
Our export operations, Lindsay Fresh Logistics, continues to grow. The facility located in the Brisbane Markets offers:

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

During the year we also began servicing new groups of end consumers in overseas markets. This is an exciting opportunity that integrates our businesses, offering new markets to growers who use our Rural and Logistic operations. While this currently represents a small portion of our revenue, the Group is focused on growing this overseas market and increasing the integrated offering to our existing customers.

The 2017 result, although lower than planned, reflects a year of tough climatic conditions. The Lindsay Group achieved an operating profit after tax of \$6.43 million and grew operating revenue to \$332.86 million. Off the back of this result the board has declared a full year dividend of 1.6 cents per share. The final year dividend is 0.8 cents.

The Board has high expectations of the year ahead. As major capital works are completed, the focus will turn to improving utilisation, operational efficiency and growing our export markets. I thank our CEO Kim Lindsay and Lindsay Australia employees for their hard work and dedication throughout the year.



John F Pressler

Brisbane, Queensland, 30th August 2017

overview of directors and company secretaries



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 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.



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. He is also a member of the board of Namoi Cotton Cooperative Limited 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 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.



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 RACQ Bank.



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.



operating and financial report

Throughout the year the Group continued to invest in sites and systems to **support sustainable future growth.**

Operating and Financial Report

Summary of Operating Results

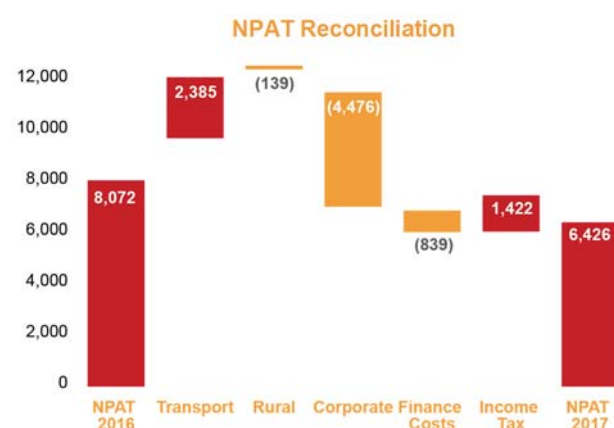
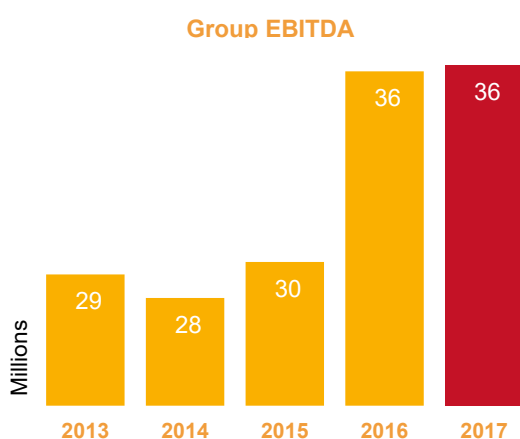
For the financial year ended 30 June 2017, the Lindsay Group of companies included Lindsay Australia Limited (the 'Group') achieved an operating profit after tax of \$6.43 million and grew operating revenue to \$332.86 million. The 2017 financial year was characterised by flat economic conditions, adverse weather and fierce competitive pressures affecting both Transport and Rural divisions. Throughout the year the Group continued to invest in sites and systems to support sustainable future growth and improve the customer experience across both businesses.

Key Metrics	2017 \$'000	2016 \$'000	% Change
Operating Revenue	332,858	324,796	2.5%
EBITDA	35,904	35,690	0.6%
Depreciation & Amortisation	(22,086)	(19,642)	12.4%
EBIT	13,818	16,048	(13.9%)
Finance Costs	(5,483)	(4,644)	18.1%
Income Tax	(1,909)	(3,331)	(42.7%)
Reported NPAT	6,426	8,072	(20.4%)
Key Finance Metrics			
Capital Expenditure	35,160	58,129	(39.5%)
Operating Cash flow	39,702	29,789	33.3%
Divisional Contribution			
• Transport	25,153	22,768	10.5%
• Rural	3,405	3,544	(3.9%)

(a) Transport profit contribution includes fuel tax credits relating to prior periods refer to note 6(a).

The Group succeeds when our customers succeed in their businesses. This year customers faced varied conditions. In November 2016, floods hit Adelaide's growing regions. Then in December 2016 Queensland's prawn industry was hit with an outbreak of White Spot disease carried by imported products. The outbreak decimated production, which in turn decreased storage and transportation requirements. Throughout FY2017 banana growers experienced an oversupplied market and depressed pricing, which reduced volumes shipped and increased bad debts. These debts have been provided for in the 2017 accounts. Banana prices are now increasing and without new supply growers are looking at a more positive 2018 financial year.

In March 2017, Cyclone Debbie hit Bowen and then turned into a rain depression, travelling south across the Wide Bay district, Nambour and Gatton dumping large falls. Longer term the quenching rains will support future plantings. However, in the short term, the timing delayed planting which decreased demand for rural inputs and transport. Despite these region specific climatic conditions, other regions within the network of sites continued to provide stable and, in some areas, increasing revenue. Maintaining revenue through these challenges underscored the value of a geographically spread network covering different regions.



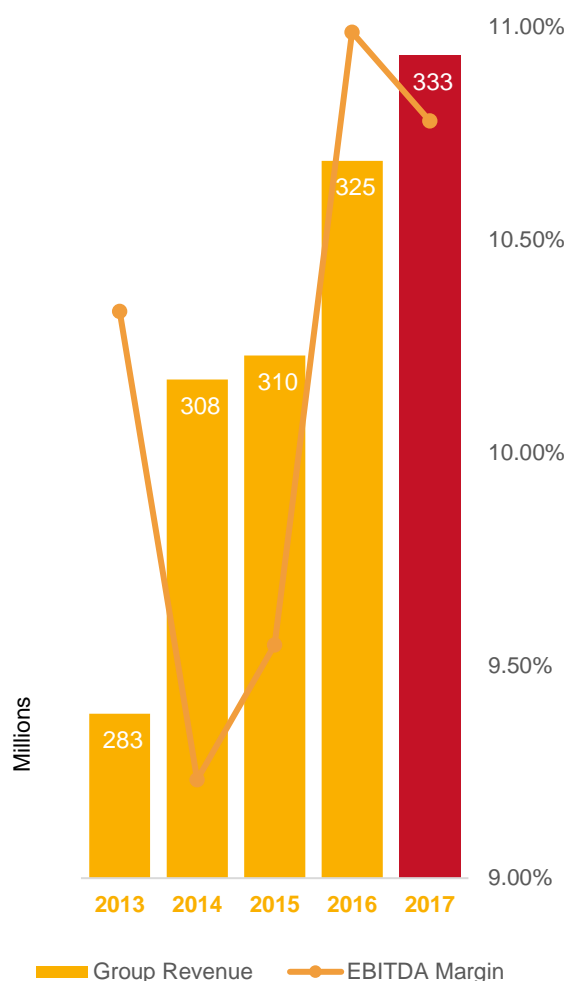
During the period, the Group finished development of the new Transport and Rural sites in Mareeba and Acacia Ridge. The completion of the Mareeba site provides the Group with greater access to the Atherton Tablelands, one of the fastest growing horticultural regions in Australia. The tropical growing conditions within the region makes it essential for growers to have immediate access to cold storage and logistic services to preserve produce shelf life. The new site is strategically positioned to provide these services and will continue to develop as a key freight consolidation point within the Group's network in coming years. A new facility in Acacia Ridge, South East Queensland finished construction in November 2016 providing the Group with a new centre of operations, consolidating Rural, Transport and Corporate functions on a single site with direct access to railway lines. The site provides much needed storage space for both Rural and Transport with dry, chiller and freezer storage capabilities.

Cash generated from operating cash activities increased \$9.9 million on the previous financial year largely a result of several working capital initiatives on stock, debtors and creditors. Refer to note 25 for detailed movements

These investments initially resulted in increased depreciation and interest charges, without increased revenue and profit. However, it is expected that returns on this investment will gradually improve, as utilisation of these facilities increases and the consolidation of Brisbane sites is completed. Our new logistics system was also successfully implemented during the year. Combined with systems installed last year, we now have access to more data which has facilitated accurate fuel tax claims. Evidence of these claims are included in this year's results. Looking forward, more accurate, timely and detailed data will also support improved utilisation and customer experiences.

Our push into exporting produce continues to gain new customers and support integration initiatives through Rural and Transport. These exports also support local growers by providing exposure to international markets.

Group Operating Revenue

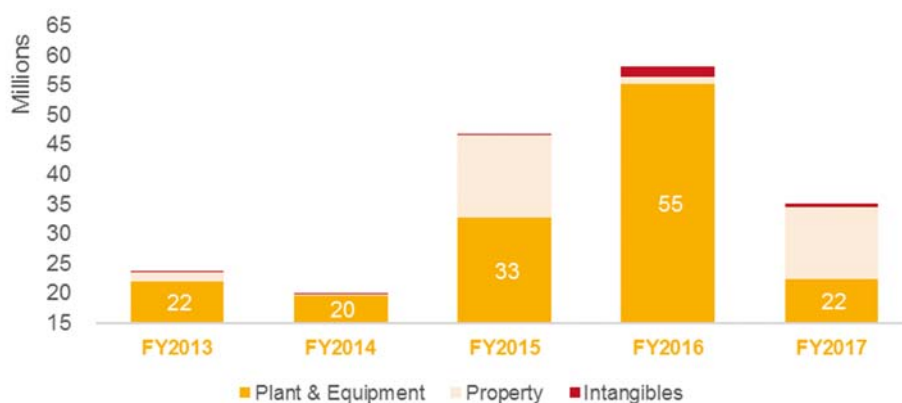


Lindsay Transport & Rural in Mareeba, Queensland



John F Pressler Centre, Acacia Ridge, Queensland

CAPEX Spend



Capital expenditure for FY2017 was \$35.2 million. Plant and equipment spend of \$22.3 million largely represents sustaining spend, which is the spend the Group must make to maintain the age and condition of the fleet and supporting infrastructure. Property spend largely relates to the new sites in Brisbane and Mareeba.

Divisional performance Transport & Rural

Segment Overview	2017	2016	% Change
	\$'000	\$'000	
External Sales			
Transport	227,400	224,331	1.4%
Rural	105,458	100,465	5.0%
Profit Contribution			
Transport	25,153	22,768	10.5%
Rural	3,405	3,544	(3.9%)

Transport profit contribution includes fuel tax credits relating to prior periods refer to note 6(a).

Summary of Transport result

During the year Transport made a profit contribution of \$25.2 million, an increase of 10.5% on the previous corresponding period. The Transport division has a fleet of 390 prime movers and rigids and 650 trailers. The fleet is configured to carry chilled and frozen produce. Measures of success are to move our customers freight safely, on-time performance, while preserving its quality. Costs are managed by optimising each assets value through its life cycle, and maximising freight utilisation through a hub and spoke model. The Rural division provides freight into regional centres and reduces imbalances caused by moving produce from farms to cities.

As discussed, weather events in particular challenged Transport's ability to maximise freight utilisation. While revenue was consistent between 2016 and 2017, additional repositioning moves, where the prime mover and trailers are moved with low volumes of freight, increased costs.

Summary of Rural result

Rural's profit for the year decreased 3.9% on the previous financial year, down to \$3.4 million, while sales increased 5.0%. The main contributor to the margin compression was increased sales of high value low margin fertilisers and chemicals as a proportion of total sales. The additional volumes helped reduce freight imbalances within Transport in regional towns. The Rural division adds value to customers by providing advice and products that help grow and package fruit, vegetables and seafood. The division is successful when it competitively purchases, manages stock levels and turnover and gives customers the products and services they value the most.

Strategy, risk & governance

Business strategies and prospects for future years

The Group's overall business model remains consistent with last year. Plans and initiatives to grow the export service, improve productivity and utilisation of our assets remain in place. Over the coming year the Group will be increasingly focused on profitability through operational excellence (scalable, repeatable processes), a stronger network, and new sources of revenue within the Lindsay solution. We will realise the benefits of our recent capital investment and will focus on utilisation. Achieving further growth in the export division also remains a high priority.

Continue investing for future growth and sustainability:

- New international customers to support integration of Rural and Transport
- Sales teams skilled to sell the full Lindsay solution (i.e. Rural, Transport and export)
- Systems that allow real time measurement and decision making
- Reduce the transactional costs through improved systems and processes
- Review customers to better align the service offering with the customer

Transport Division:

- Maintaining a young fleet that delivers optimal efficiency and safe outcomes
- Increase year round fleet utilisation
- Complete the consolidation of several sites into one at Acacia Ridge
- Innovate within LFL. New export customers for perishable goods

Rural Division:

- Concentrate on back to basics with smart purchasing, strong inventory management and customer engagement
- Deliver improved benefits to the Group through the integrated offering to customers
- Utilise key supplier partnerships to drive further value
- Focusing on growing volume and reducing operating costs in new regions

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, credit risk with Growers and regulatory regime particularly with fuel credits.

Strategic risks include: making unsuccessful acquisitions and not adapting to continually changing technologies.

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

Funding and dividend strategy

This year total dividends of 1.6 cents (0.8 cents interim, 0.8 cents final) for a total payout of \$4,665,000 representing 73% of profit. The board continually evaluates the payout ratio to ensure there are sufficient funds to sustain and grow the company while considering shareholders best interest.

Committee Membership

As at the date of this report, the Group has an Audit and Risk Committee, an Environmental & 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



The directors of Lindsay Australia Limited present their report for **the year ended 30 June 2017.**

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 2017, referred to throughout the report as the Group.

Directors

All of the directors of Lindsay Australia Limited were in office for the full year ending 30 June 2017 financial year. Information on directors (including qualifications and experience and directorships of listed companies held by the directors at any time in the last three years), are set out on page 6 to 7.

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	18	18	4	4	3	3	12	12
M K Lindsay	18	18	-	-	-	-	12	12
R A Anderson	18	13	4	4	3	3	12	10
G D Farrell	18	16	4	4	3	3	12	11

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 16.

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 Lindsay Fresh Logistics.

There were no 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 \$6,426,000.

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 page 9 to 12.

Significant changes in state of affairs

There were no significant changes to state of affairs during the period.

Events after the reporting date

There have been no matters or circumstance arise since the year end that has significantly affected the Group's operations, results or state of affairs, or may do so in future years. When there are events they are outlined in Note 36 of the financial report.

Likely developments and expected results

Refer to Strategy, Risk and Governance section set out on page 11 to 12.

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 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 2017 financial year and their information (including qualifications and experience and directorships of listed companies held in the last three years), are set out on page 7.

Share Options

During the financial year 400,000 performance rights (options) were granted over unissued shares as part of an employee remuneration contract. All share options are held by key management personnel. Refer to the remuneration report for further information on share options issued during the year and existing at year-end.

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.

Dividends Paid or Recommended

Dividends paid to members are as follows:	2017 cents	2016 cents
Final ordinary dividend per share paid on 30 th September	1.1	0.9
Interim ordinary dividend per share paid on 31 st March	0.8	1.1

Since the end of the financial year the directors have recommended payment of a final ordinary dividend of \$2,337,000 (0.8 cents per share fully franked) for the year ended 30 June 2017.

Insurance of officers and indemnities

Lindsay Australia agrees to indemnify each director, officer, and company secretaries of the Group and of its Australian based subsidiaries against any liability:

- 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
- 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 for 2017 financial year was \$55,797 exclusive of GST.

Rounding of Amounts

Unless otherwise stated, the amounts in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) relying on rounding relief under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument (2016/191). The Group is an entity to which the Instrument applies.

Audit Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is attached on page 26 of 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 2017:

Non-audit services	2017	2016
	\$	\$
Tax compliance services	26,870	22,850
Other services	-	20,000

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
J F Pressler	2,659,356
M K Lindsay	11,335,581
R A Anderson	391,869
G D Farrell	14,857,038

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

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

A. Principles used to determine the Nature and Amount of Remuneration

Remuneration Philosophy

It is the Group's objective to provide maximum shareholder benefit via the attraction and retention of a high quality board and executive team (key management personnel). This is in part achieved by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions and results delivered.

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 2017 was \$225,570 (2016: \$225,570).

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 2017 and 30 June 2016 are set out on page 22.

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:

Component	Vehicle(s)	Rewarding
Fixed remuneration	Base salary, superannuation and salary packaged benefits	Skills and experience relative to the market
Short term incentives (STI)	Discretionary bonus payments	Performance relative to annual goals
Long-term incentives (LTI)	Grants of performance options New plan being rolled out in 2018	Long term performance of the Group

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash, superannuation and fringe benefits such as motor vehicles, and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The Fixed Remuneration is not dependent upon the satisfaction of any performance conditions.

In 2016 a review of the Groups remunerations structures recommended the introduction of new short and long term incentive plans linked to underlying performance. In 2017 the new LTI plan was passed by shareholders and implemented for the CEO. During 2017 all other staff remained on existing remuneration structures. During 2018 the remaining KMP's are expected to move to the new STI and LTI plans.

In relation to the payment of STI (other than where an STI provision is included in one 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 STI earned and paid to the CEO under the new plan during 2017 was measured against delivery of the strategic objectives including:

- Safety outcomes. Benchmarked internally.
- Delivering an updated network with new sites, systems, updating the fleet.
- Completing Brisbane and Mareeba sites. Implementing new logistics systems. Maintaining fleet age below five years.
- Growing new sources of revenue, particularly in export.
- Maintaining a profitable business.
- Preparing to export new lines of produce to overseas markets.
- Building staff skills and retaining KMP's.

These short term objectives were chosen because of the need to renew infrastructure and set the Group on a future path of growth. In 2017 these conditions were largely met.

The new LTI plan was outlined to shareholders at the October 2017 AGM. Measures included an initial stage gate of annual profit of \$9.1 million for the 2017 financial year, followed by improvement in Earnings per Share to 4.42 cents over the following three years. This year the options issued to the CEO will lapse in full because the initial profit target was not achieved. Therefore there will be no impact on future periods. It is expected that the scheme will be rolled out further to KMP's during 2018 financial year with refinement to the measures.

Existing contracts remain in place for Mr King and Mr Lorenz. Mr Lorenz was head of the Rural division throughout 2017 and his STI and LTI were calculated based the following areas:

- Sales growth adjusted for inflation. Achieved above inflation.
- Divisional profit growth adjusted for inflation. Did not achieve above inflation growth.
- Stock turns to profit (gross margin return on investment). Achieved.
- And discretionary effort. Achieved.

These measures were chosen because they balance growth in profitability, revenue and working capital. The method used to calculate each KPI is an agreed formulae understood and able to be referenced. The discretionary amount covers safety, people, and sustainability. As a result of the above measures, Mr. Lorenz achieved 25% of the possible STI.

Mr King's STI and LTI were not reviewed by the remuneration committee in FY2017 and will be updated as part of the implementation of the updated remuneration and performance framework. Elements of the STI & LTI are based on overall business performance, delivery of the strategy, contribution to profit and overall leadership as determined by the remuneration committee.

The Key Management Personnel are eligible to participate in the Employee Share Option Plans, with no grants made during 2017 in relation to LTI being shown below. 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.

During the 2017 financial year a new LTI option plan was approved by shareholders. The terms and conditions under the plans which regulate the options are:

- each option is to acquire one ordinary share in the Company;

- the options will be issued for nil consideration;
- the employee must remain an employed by Company;
- the exercise price to acquire a share is \$nil;
- the options will vest if the employee reaches a number of performance targets. Targets are set each year by the Board. In 2017 the target set were:
 - Initial hurdle of Net Profit After Tax of \$9.1million for the financial year 2016-17
 - Second hurdle, Earnings Per Share Target of 4.42c over the next 3 years – (EPS Hurdle), with a further retest at 4 years against a 4 year target (to be determined by the Board) if the hurdle is not met at the 3 year mark
- notwithstanding the vesting conditions outlined above, in accordance with the LTI Plan rules, the Board may, in its absolute discretion, waive some or all of the vesting conditions such that the options may vest despite a vesting condition not being satisfied;
- the options will not be transferrable other than with the written consent of the Board;
- the options will expire on the date which is seven years after the issue date; and
- in the event an employee leave the Company, the Board will determine their status as a Good Leaver or Bad leaver and determine the treatment of any equity instruments in accordance with the Plan rules.

The table below lists the executive directors and non-executive 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

The following people employed by Lindsay Australia Limited also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Term as KMP
M K Lindsay	Managing Director and Chief Executive Officer	Full financial year
T G Lindsay	General Manager Lindsay Fresh Logistics	Ceased 1 July 2016
N King	Chief Financial Officer and Company Secretary	Full financial year
B Jones	General Counsel and Company Secretary	Full financial year
W T Lorenz	General Manager Rural	Full financial year

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 2017 and 30 June 2016 are provided later in this report.

Use of external consultants

During 2017, the remuneration committee continued with the engagement of an external consultancy, The Indelible Link, to complete the implementation of recommendations made in the 2016 financial year. It is the expected implementation will be completed during 2018 financial year. The review entailed reviewing key management existing salaries to ensure they remain within market. The cost of the engagement in 2017 was \$8,140 for these services.

The Remuneration Committee approved the engagement of The Indelible Link to provide remuneration recommendations regarding the remuneration mix and quantum for executives. Following assurances from the Indelible Link and the remuneration committee, the Board is satisfied the advice received from The Indelible Link is free from undue influence from the KMP to whom the remuneration recommendations apply. The remuneration recommendations were provided to the Group as an input into decision making only. The Remuneration Committee considered the recommendations, along with other factors, in making its remuneration decisions.

The Indelible Link was introduced by the CFO, and then engaged by the chairman of the Remuneration Committee. All reports were passed directly to the chair of that committee and subsequently reviewed with all members of the Remuneration Committee. The committee is satisfied that the review was objective.

Additionally, The Indelible Link were engaged to assist in designing the future performance and remuneration framework to cover the Group's executives. This resulted in a review of the executive performance and remuneration policy and the implementation of a new Long Term Incentive Plan. The cost of the engagement was \$19,885 for these services.

Voting and comments made at the Group's 2016 Annual General Meeting

Lindsay Australia received more than 97% of "yes" votes on eligible votes cast by shareholder present or by proxy on its remuneration report for the 2016 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 in operation during 2017 is that service contracts for CEO and other key management personnel are unlimited in term but capable of termination of twelve months and four weeks' notice respectively. 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 (STI) are based on performance against a key set of performance measures which are aligned to shareholder outcomes. Long term incentives (LTI) include a combination of performance measures and tenure.

Compensation levels are reviewed each year to meet the principles of the remuneration policy.

During 2017 a new CEO contract was implemented with accompanying STI and LTI schemes. The STI earned and paid to the CEO during 2017 was measured against delivery of the strategic objectives outlined under "structure" above. STI is paid as a portion of fixed remuneration between 0 and 60%. The LTI Plan involves a grant each year of up to 400,000 options once presented and passed by shareholders. There is currently no expected impact in future years.

Mr. Lorez has a specific contract containing fixed remuneration and an STI between 0 and 40% of fixed remuneration. An LTI is determined using the STI percentage.

Mr. King has STI & LTI determined by the remuneration committee and based without specific measure against overall business performance, delivery of the strategy, contribution to profit and overall leadership.

All remaining management receive STI's at the description on the CEO and remuneration committee based on non-contracted discretionary measures.

As mentioned above, following the approval of the updated CEO contract in 2017, paves the way to cascade the performance framework further. Updated service agreements will be negotiated for KMP during 2018 financial year, the details of which will be provided subsequently.

C. Details of Remuneration Paid to Key Management Personnel

The persons listed are the only persons to have authority and responsibility for the planning, directing and controlling the activities of Lindsay Australia Limited and the Group. There are no other executives who are key management personnel. Amounts disclosed for cash salary, fees and superannuation include amounts accrued during the year in respect of leave entitlements. Total remuneration expense may vary, as compared to base salary, with the movements in annual and long service leave.

	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payments(a)	Total	Performance related
	Salary and fees \$	Cash Bonus(c) \$	Non-monetary benefits \$	Long service leave \$	Superannuation \$	Options \$	\$	%
Non-executive directors								
J F Pressler (Chairman)								
2017	55,960	-	-	-	34,268	-	90,228	NA
2016	55,960	-	-	-	34,268	-	90,228	NA
R A Anderson								
2017	61,800	-	-	-	5,871	-	67,671	NA
2016	56,650	-	-	-	11,021	-	67,671	NA
G D Farrell								
2017	61,800	-	-	-	5,871	-	67,671	NA
2016	61,800	-	-	-	5,871	-	67,671	NA
Sub-Total 2017	179,560				46,010	-	225,570	-
Sub-Total 2016	174,410				51,160	-	225,570	-
Executive director and other key management personnel								
M K Lindsay (Managing Director & Chief Executive Officer)								
2017	822,513	127,000	-	12,579	35,000	-	997,092	13
2016	821,788	75,000	-	12,614	35,000	-	944,402	8
N King (Chief Financial Officer)								
2017	275,791	7,711	-	-	27,646	-	311,148	2
2016	249,000	27,300	-	-	24,000	12,144	312,444	13
B Jones (General Counsel & Company Secretary)								
2017	226,600	17,000	-	-	21,231	-	264,831	6
2016	206,000	10,000	-	-	20,258	-	236,258	4
T G Lindsay (Chief Executive Officer – Lindsay Fresh Logistics) (b)								
2016	333,661	20,000	19,890	5,178	35,000	-	413,729	5
W T Lorenz (General Manager Rural)								
2017	358,745	46,424	-	-	30,000	4,530	439,699	11
2016	354,902	56,290	-	-	47,424	(12,237)	446,379	10
Total 2017	1,863,209	198,135	-	12,579	159,887	4,530	2,238,340	9
Total 2016	2,139,761	188,590	19,890	17,792	212,842	(93)	2,578,782	8

(a) Share-based option payment are the probable number to vest at the grant date value.

(b) T G Lindsay ceased to be a KMP on 1 July 2016

(c) During 2017 W.Lorenz & N.King share options were modified to vest and exercise through cash settlement. See Note 29 for further information.

D. Other Transactions with Key Management Personnel

Amounts recognised as revenues and expenses:	2017 \$
Revenues	
Cartage revenue received / receivable and the sale of rural supplies from entities associated with GD Farrell	1,357,862
Cartage revenue received / receivable and the sale of rural supplies from entities associated with J Pressler	14,249,297
	15,607,160
Expenses	
Fees for corporate uniform consultancy provided by entities associated with M K Lindsay	20,800

Amounts recognised as revenues and expenses:**2017**
\$**Amounts receivable / payable to key management personnel and their related parties at the reporting date**

Current receivables – trade debtors 312,241

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 (Option) 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	Expiry Date	Exercise price	Vested
July 2014	26.5	August 2017	Sept 2017	-	10%
July 2014	22.7	August 2019	Sept 2019	-	-
July 2015	41.9	August 2016	Sept 2016	-	67%
July 2016	40.8	August 2019	June 2026	-	-

All of the above grants of options are performance related to provide long-term incentives. The exercised options were cash settled.

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 (a)	Number of options forfeited	Number of options vested during the year
K Lindsay	400,000	163,369	400,000	-

(a) 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.

Options granted have an exercise price of zero and no market conditions. The number of options vested ultimately depends on the performance of the individual and the overall company. Fair values at grant date are determined using the share price at the grant date less the dividend discounted where the vesting date is greater than one year. Probability of achieving the performance objective is also taken into account.

Name	Balance 30 June 2016		Granted during year	Modified, vested and Exercised during year (a)	Forfeited	% Forfeited	Balance 30 June 2017	
	Unvested	Vested					Unvested	Vested
W Lorenz	300,373	-	-	(50,373)	(92,685)	19%	157,315	-
N King	41,364	-	-	(41,364)	-	33%	-	-
K Lindsay	-	-	400,000	-	(400,000)	100%	-	-

(a) Modification to cash settle. Refer to note 29 for detailed information.

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 part of the Long Term Incentive Plan. Vested options above were cash settled.

(ii) 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.

2017 Shares	Balance at 30 June 2016	Net change other	Balance at 30 June 2017
Directors of Lindsay Australia Limited			
J F Pressler	2,656,432	2,924	2,659,356
M K Lindsay	11,335,581	-	11,335,581
R A Anderson	391,869	-	391,869
G D Farrell	14,857,038	-	14,857,038
Other key management personnel of the Group			
T G Lindsay (a)	14,093,908	-	14,093,908
N L King	-	-	-
B T Jones	-	-	-
W T Lorenz	-	-	-

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.

(a) T G Lindsay ceased to be a KMP on 1 July 2016

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 ¢
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
2016	2,578,782	2.8	2.2	47.5
2017	2,238,340	2.2	1.6	38.0

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

John F Pressler



Chairman of Directors
Brisbane, Queensland
30 August 2017



PITCHER PARTNERS

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SIMON CHUN
JEREMY JONES

The Directors
Lindsay Australia Limited
152 Postle Street
ACACIA RIDGE QLD 4110

Auditor's Independence Declaration

As lead auditor for the audit of Lindsay Australia Limited for the year ended 30 June 2017, 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 APES110 *Code of Ethics for Professional Accountants* in relation to the audit.

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

Pitcher Partners

PITCHER PARTNERS

J Evans
JASON EVANS
Partner

Brisbane, Queensland
30 August 2017

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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
152 Postle Street
ACACIA RIDGE QLD 4110

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 30 August 2017. The directors have the power to amend and reissue the financial statements.

Lindsay Australia Limited

Consolidated statement of profit and loss and other comprehensive income

for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenues	4	332,858	324,796
Other Income	5a	4,854	5,326
Gain/(Loss) on sale of plant & equipment	5b	(861)	(598)
Expenses			
Changes in inventories		530	(1,416)
Purchase of inventories		(84,500)	(79,495)
Employee benefits expense		(99,964)	(90,263)
Subcontractors		(30,350)	(36,917)
Depreciation and amortisation	6	(22,086)	(19,642)
Vehicle operating charges	6	(45,180)	(50,487)
Finance costs		(5,483)	(4,644)
Insurance		(1,412)	(1,212)
Pallet charges		(2,605)	(2,215)
Operating lease rentals		(8,662)	(6,957)
Professional fees	6	(1,570)	(1,899)
Bad debt expense		(684)	(4)
Other expenses		(26,549)	(22,970)
Profit before income tax		8,335	11,403
Income tax expense	7	(1,909)	(3,331)
Profit for the year	24	6,426	8,072
Other comprehensive income		-	-
Total comprehensive income for the year		6,426	8,072
		Cents	Cents
Basic earnings per share	26	2.2	2.8
Diluted earnings per share	26	2.2	2.8

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Lindsay Australia Limited

Consolidated statement of financial position

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current Assets			
Cash and Cash Equivalents	9	25,037	10,022
Trade and Other Receivables	10	43,946	50,234
Inventories	11	14,308	13,588
Other	12	4,302	6,172
Total Current Assets		87,593	80,016
Non-Current Assets			
Available-For-Sale Financial Assets	13	25	25
Property, Plant and Equipment	14	161,125	153,204
Intangible Assets	16	10,630	9,188
Total Non-Current Assets		171,780	162,417
Total Assets		259,373	242,433
Current Liabilities			
Trade and Other Payables	17	37,074	32,854
Borrowings	18	36,436	34,913
Current Tax Liabilities		684	941
Provisions	20	7,788	7,123
Other	21	2,701	2,216
Total Current Liabilities		84,683	78,047
Non-Current Liabilities			
Borrowings	18	84,279	75,654
Deferred Tax Liabilities	19	795	1,831
Provisions	20	1,074	1,056
Other	21	2,333	1,364
Total Non-Current Liabilities		88,481	79,905
Total Liabilities		173,164	157,952
Net Assets		86,209	84,481
Equity			
Contributed Equity	22	70,884	70,044
Reserves	23	515	536
Retained Earnings	24	14,810	13,901
Total Equity		86,209	84,481

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Lindsay Australia Limited

Consolidated statement of changes in equity

for the year ended 30 June 2017

	Note	Contributed equity \$'000	Share-based payments reserve \$'000	Retained profits \$'000	Total equity \$'000
At 30 June 2015		67,475	536	11,885	79,896
Profit for the year		-	-	8,072	8,072
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	8,072	8,072
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transactions costs		1,785	-	-	1,785
Dividends reinvested /(paid) during year	8	784	-	(6,056)	(5,272)
Employee share schemes – value of employee services		-	-	-	-
At 30 June 2016		70,044	536	13,901	84,481
Profit for the year		-	-	6,426	6,426
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	6,426	6,426
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transactions costs		-	-	-	-
Dividends reinvested /(paid) during year	8	840	-	(5,517)	(4,677)
Employee share schemes – value of employee services		-	(21)	-	(21)
At 30 June 2017		70,884	515	14,810	86,209

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Lindsay Australia Limited

Consolidated statement of cash flows

for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from Operating Activities			
Receipts In the course of operations		379,123	356,811
Payments In the course of operations		(331,254)	(320,464)
Interest received		518	627
Income taxes paid		(3,202)	(2,625)
Finance costs paid		(5,483)	(4,560)
Net Cash Provided by Operating Activities	25	39,702	29,789
Cash Flows from Investing Activities			
Proceeds from disposal of Property, Plant and Equipment		2,753	6,306
Payments for Property, Plant and Equipment		(15,654)	(11,155)
Payments for Intangibles		(566)	(1,805)
Net Cash (Used In) Investing Activities		(13,467)	(6,654)
Cash flows from Financing Activities			
Proceeds from Borrowings		22,807	15,491
Proceeds from Share Placements		-	1,855
Share Issue Transaction Costs		-	(70)
Repayment of Borrowings		(9,333)	(23,789)
Repayment of Lease Liabilities		(20,017)	(16,718)
Dividends Paid		(4,677)	(5,271)
Net Cash (Used In) Financing Activities		(11,220)	(28,502)
Increase/(Decrease) In Cash and Cash Equivalents		15,015	(5,367)
Cash And Cash Equivalents at Beginning of Financial Year		10,022	15,389
Cash And Cash Equivalents At End Of Financial Year	9	25,037	10,022

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Lindsay Australia Group

The Lindsay Australia Group is adding value to the many perishable product value chains that require cold temperatures to extend and preserve life, with the aim of delivering end consumers products in optimal condition. We currently add value in these chains through cold logistics and rural merchandise. These businesses have a strong presence in the Eastern states and South Australia.

Lindsay Australia Limited (LAU) is a for-profit entity limited by shares. Shares in the LAU are publicly traded on the Australian Securities Exchange (ASX). The financial statements relate to the consolidated entity consisting of Lindsay Australia Limited and its subsidiaries.

The full board of LAU authorised the issuance of the consolidated financial statements for the year ended 30 June 2017, on 30 August 2017.

1. Significant Accounting Policies

1.1 Basis of preparation of the financial statements

These general purpose consolidated financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authorised pronouncements of the Australian Accounting Standards Board.

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.

These financial statements have been prepared under the historical cost basis, except for 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 (measured at fair value).

The financial report is presented in Australian dollars and all values are rounded to the nearest (\$000), except where whole dollars are used, relying on rounding relief under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument (2016/191).

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 2016. 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 (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

1.2 Basis of consolidation of the financial statements

The consolidated financial statements contain the financial statements of the LAU and its controlled subsidiaries as at 30 June 2017. Control occurs when LAU 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 its activities. Generally, there is a presumption that a majority of voting rights results in control. Supporting this assertion LAU considers the facts and circumstances in assessing whether it has power over the entity including: the contractual arrangements with other vote holders, rights arising from other contractual arrangements, and LAU's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is obtained, and deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations of the Group.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of LAU and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between LAU members are eliminated in full on consolidation.

1.3 Summary of significant accounting policies

a. 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
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

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. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the sum of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value 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, 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquisition is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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 import and export 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.

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. 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).

g. Cash and cash equivalents

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

h. 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 120 days from the date of recognition.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a Group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. 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.

i. 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. Volume rebates are apportioned evenly across the relevant product purchased. Where the product remains in inventory the rebate reduces its carrying value.

j. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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 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 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, 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.

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 reporting 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 (DV) or straight line (SL) method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

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

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

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

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

n. Intangible assets

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.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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 7 to 60 days of recognition.

p. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave 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.

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.

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

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.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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 derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

r. Contributed equity

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

s. Earnings per share

Basic earnings per share 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 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 reporting 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. New accounting standards and interpretations

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	30 January 2018	30 June 2019
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019
AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 June 2019
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017	30 June 2018

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

AASB 9 – Financial Instruments, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard will be applicable retrospectively.

There will be no impact on the accounting for the Group's financial liabilities as the new standard only impacts financial liabilities designated at fair value through profit or loss. The Group has one small holding classified as available for sale financial assets. No significant accounting impact is anticipated as these holdings are small.

The Group has not yet completed its detail assessment of the classification and measurement of financial assets, debt instruments currently available for sale how the hedging arrangements and the impairment of financial instruments under the expected credit loss model will be affected by the new rules; however, the impact is not expected to be material.

The Group does not anticipate any significant accounting impact to the Group's financial liabilities, as the new standard only impacts financial liabilities designated at fair value through profit or loss and the Group does not have any such liabilities.

The new standard also introduces expanded disclosure requirements and changes in presentation. The Group's assessment of the potential accounting, disclosure and financial impacts on adoption of the standard will continue up to the date of application.

IFRS 15 – Revenue from Contracts with Customers. This new standard replaces AASB 118 and AASB 111. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. 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 not be a material impact from the standard on the Groups accounts. The requirement to recognise transport revenue over a period of time as the service is carried out, instead of at the commencement of the service will not significantly change the amount of revenue recognised. The impact of variable consideration through rebates should also be negligible because rebates are accrued monthly in most cases throughout the Group. It is not expected that there will be a material impact on the Group's accounting policies on the adoption of the standard, however there will be new disclosure requirements. The Group will complete a detailed assessment of the effect over the next twelve months.

AASB 16 Leases – AASB 16 modifies accounting for leases by removing the current distinction between operating and financing leases. The standard requires recognition of an asset and a financial liability for all leases, with exemptions for short term and low value

leases. The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$51.0 million (see note 33). Following implementation, operating leases for which payments are currently required to be expensed, the Group will recognise right of use assets and corresponding liabilities for the principal amount of lease payments, which will then result in amortisation and interest expenses being recognised in the income statement (replacing operating lease expenses). Further, the principal component of lease payments will be reclassified from operating to financing in the statement of cash flows. Certain performance metrics and ratios will be impacted as a result of the above changes, including EBITDA, which is a measure used in bank covenant calculations. The Group is still considering the available options for transition and has not yet forecasted the financial impacts of the new standard, but will do so leading up to application of the 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 2016-1 – Amendment to AASB 112, clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. This does not change the underlying principles for the recognition of deferred tax assets. The Group does not have any temporary taxable or deductible differences on assets that are measured at fair value. Therefore, the impact of the application of the new standard is not expected to be material.

AASB 2016-2 – 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107' amends AASB 107 'Statement of Cash flows' to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The changes are designed to improve the information provided to users and it is not anticipated that the application of these amendments will have a material impact on the Group's consolidated financial statements.

AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions. The amendments made to AASB 2 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in AASB 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature. The impact of this standard will not be material.

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle. This Standard clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The impact of this standard will not be material.

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

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.

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.

y. General

Lindsay Australia Limited is a public company limited by shares, incorporated and domiciled in Australia. It's Registered Office and Principal Place of Business is:

Lindsay Australia Limited
152 Postle Street
ACACIA RIDGE QLD 4110

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk. Risk management is undertaken by senior management and the board of directors. Monthly reports of financial assets and financial liabilities including undrawn facilities, analysis and details of significant and/or overdue debtors are provided to the board of directors for review.

The Group holds the following financial instruments:

	2017 \$'000	2016 \$'000
Financial assets		
Cash and cash equivalents (a)	25,037	10,022
Trade and other receivables (a)	43,946	50,234
Available-for-sale financial assets	25	25
	69,008	60,281
Financial liabilities		
Trade and other payables (b)	37,074	32,854
Borrowings (b)	120,715	110,567
	157,789	143,421

(a) Loans and receivables category

(b) Financial liabilities at amortised cost category

Assets pledged as security

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

(a) Market risk

Foreign exchange risk

The Group does not operate internationally. The Group purchases approximately \$2.8 million (3.1%) (2016 - \$5.0 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 2017 and 30 June 2016 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 2017 and 30 June 2016 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 2017 and 2016, 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 Group is 15.5% (2016: 6.0%). The increase is due to a large amount of variable rate borrowings relating to property financing. 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

	2017 %	2016 %	2017 \$'000	2016 \$'000
Cash and cash equivalents	0.0%	0.4%	25,037	10,022
Borrowings				
Bank loans	4.6%	4.4%	18,711	4,439
	-	-	43,748	16,711

At 30 June 2017, 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 \$45,000 lower/higher (2016 – change of 1%: \$39,000 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 customer's 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. Management regularly monitors the compliance of credit limits by customers. 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. The Board of Directors reviews outstanding customer receivables in excess of \$50,000 monthly.

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 \$671,000 (2016: \$998,000).

At 30 June 2017 the largest ten debtors comprised approximately 35% (2016: 37%) of total trade debtors (the largest individual debtor alone comprised 8% (2016: 10%) of trade debtors). The majority of the trade debtors are involved in the rural industry in Queensland, New South Wales, Victoria, and South Australia - approximately 68% (2016: 69%).

At the reporting 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:

	2017 \$'000	2016 \$'000
Available facilities		
Bank overdraft	5,000	5,000
Bank loans	23,770	15,882
Other loans	2,150	5,860
Lease Liabilities	109,629	106,880
Amounts utilised		
Bank loans	(22,809)	(11,335)
Other loans	(2,000)	(2,250)
Lease Liabilities	(95,906)	(96,982)
Unused facilities	19,834	23,055

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 loans

Bank loans are generally repayable by monthly instalments of principal and interest over periods of between 12 months and 3 years with options to refinance. The facilities are subject to annual review.

Other loans

The 2016 balance of other loans includes a \$2,250,000 signing fee paid by Orora Limited for entering into a Distribution Agreement executed on the 13 July 2009. The Distribution Agreement has since been terminated, with the balance reclassified to trade payables. The 2017 amount of \$2,000,000 relates to an interest free loan provided by Visy Board Pty Ltd to help fund working capital growth. The loan is due to be paid in full by July 2020.

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.

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 2016						
Trade Payables	32,854	-	-	-	32,854	32,854
Borrowing (excluding finance leases)	9,781	2,139	1,893	-	13,813	13,585
Finance Leases	29,040	24,515	52,710	-	106,265	96,982
Total	71,675	26,654	54,603	-	152,932	143,421
At 30 June 2017						
Trade Payables	37,074	-	-	-	37,074	37,074
Borrowing (excluding finance leases)	8,478	7,362	13,169	-	29,009	24,809
Finance Leases	31,398	26,973	45,689	-	104,060	95,906
Total	76,950	34,335	58,858	-	170,143	157,789

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be determined 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 of financial instruments represent reasonable approximations of their fair values, given 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.

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.

The Group makes judgements as to its ability to collect outstanding receivables and provides for the portion of receivables when collection becomes doubtful. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. 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. Refer note 10 for details of impaired receivables and the allowance provided.

4. Revenues

	2017 \$'000	2016 \$'000
Freight cartage	227,400	224,331
Sale of goods	105,458	100,465
Total revenue	332,858	324,796

5. Other Income

	2017 \$'000	2016 \$'000
(a) Other income		
Insurance & other recoveries	2,448	1,852
Rents and sub-lease rentals	197	222
Interest	518	627
Litigation settlement	-	1,050
Other items	1,691	1,575
	4,854	5,326
(b) Other income		
Net loss on disposal of property, plant and equipment	(861)	(598)

6. Expenses

	2017 \$'000	2016 \$'000
Profit before income tax includes the following specific expenses:		
Cost of goods sold	83,971	80,911
Professional fees		
Legal fees	275	943
Accounting firms	176	215
Consultancy fees	1,119	741
Total professional fees	1,570	1,899
Depreciation		
Freehold buildings	327	162
Plant and equipment	5,682	6,540
Leasehold improvements	781	401
Amortisation		
Plant and equipment under finance lease	14,285	12,238
Computer software	257	62
Customer list	754	239
Total depreciation and amortisation	22,086	19,642
Vehicle Operating Expenses		
Vehicle Operating Expenses	51,338	50,978
Fuel tax credits relating to prior periods (a)	(6,158)	(491)
Total vehicle operating expenses	45,180	50,487
Defined contribution superannuation expense	6,175	5,757
Impairment losses – trade receivables	684	4
Impairment losses - inventory	56	49
Minimum Lease payments	8,662	6,957

(a) Fuel tax credits relating to prior periods

During the year, external consultants were engaged to conduct a review of the Group's fuel tax credit processes. This followed an internal review in the previous financial year which identified \$491,000 of fuel tax credits that could be claimed relating to prior periods. The external review was conducted to ensure the Lindsay Group was using an accurate and reliable methodology to ensure it was claiming the correct amount of tax to which it was entitled. The new processes focused on utilising new systems and data, which had been implemented with the recent IT system upgrades. Using the new processes to review prior periods, external consultants identified a further \$6,158,000 of fuel tax credits to which the business was entitled. Almost the entire amount had been refunded during the year, with the exception of a \$43,000 receivable at the reporting date.

7. Income Tax

	2017 \$'000	2016 \$'000
Income tax expense		
Current tax	3,371	3,547
Deferred tax	(827)	(216)
Under (over) provision in prior years	(635)	-
	1,909	3,331
Deferred tax is attributable to:		
(Increase) decrease in deferred tax assets (Note 15)	(788)	(99)
Increase (decrease) in deferred tax liabilities (Note 19)	(39)	(117)
	(827)	(216)
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	8,335	11,403
Tax at the Australian tax rate of 30% (2016: 30%)	2,500	3,421
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	44	-
R&D claim	(202)	(138)
Sundry items	-	48
Under (over) provision in prior years	(433)	-
Income tax expense	1,909	3,331
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.

8. Franking Credits / Dividends

	2017 \$'000	2016 \$'000
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2016: 30%)	4,155	3,540
The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:		
c. Franking credits that will arise from the payment of the amount of the provision for income tax;		
d. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and		
e. 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 \$1,001,000 (2016 - \$1,367,000).		
Dividends paid		
Interim dividend for the year ended 30 June 2017 of 0.8 cents per share fully franked (at 30%) paid in full on 31 March 2017. (2016: 1.1 cents per share fully franked (at 30%) paid in full on 31 March 2016 fully franked (at 30%).	2,328	3,177
Interim dividends paid in cash or satisfied by the issue of shares under the dividend re-investment plan during the years ended 30 June 2017 and 2016 were as follows:		
• Paid in cash	1,956	2,731
• Satisfied by issue of shares	372	446
	2,328	3,177
Final dividend for the year ended 30 June 2016 of 1.1 cents per share fully franked (at 30%) paid on 30 September 2016 (2015 – 1.0 cents per share fully franked (at 30%) paid in full on 30 September 2015).	3,189	2,879
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 2016 and 2015 were as follows:		
• Paid in cash	2,721	2,541
• Satisfied by issue of shares	468	338
	3,189	2,879
Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 0.8 cents per share fully franked based on tax paid at 30% (2016: 1.1 cents per share fully franked (at 30%) paid in full on 30 September 2016).	2,337	3,189

9. Cash and Cash Equivalents

	2017 \$'000	2016 \$'000
Cash at bank and on hand	25,037	10,022
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	25,037	10,022
	25,037	10,022

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

10. Trade and Other Receivables

	2017 \$'000	2016 \$'000
Current		
Trade receivables	41,496	47,727
Provision for impairment of receivables	(176)	(345)
	41,320	47,382
Fuel rebates/subsidies	671	998
Future GST recoverable	607	437
Other receivables	1,348	1,417
	43,946	50,234

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

(a) Impaired trade receivables

As at 30 June 2017 current trade receivables of the Group with a nominal value of \$194,000 (2016 - \$379,000) were impaired. The amount of the provision was \$176,000 (2016 - \$345,000). The GST component of the receivables is not considered impaired as this is refundable. The majority of the individually impaired receivables relate to customers in the rural industry sector who are experiencing difficulties as a result of seasonal factors.

The ageing of the full balance of these receivables is as follows:

	2017 \$'000	2016 \$'000
0 to 2 months	221	192
3 to 4 months	1	24
Over 4 months	213	129
	435	345

Movements in the provision for impairment of receivables are as follows:

	2017 \$'000	2016 \$'000
At 1 July	345	19
Provision for impairment recognised/(reversed) during the year	515	330
Receivables written off during the year as uncollectible	(684)	(4)
At 30 June	176	345

The creation and release of the provision for impaired receivables has been included in "Bad debt expense" in the statement of profit and loss and other 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 2017 trade receivables of \$9,179,000 (2016 - \$14,873,000) 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:

	2017 \$'000	2016 \$'000
1 to 2 months	5,196	10,240
3 months	648	776
Greater than 3 months	3,335	3,857
	9,179	14,873

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. 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

The carrying amounts of financial instruments represent reasonable approximations of their fair values, given their short-term nature. 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.

11. Inventories

	2017 \$'000	2016 \$'000
Raw materials and stores – at cost	2,779	2,589
Finished goods – at cost	11,838	11,252
	14,617	13,841
Provision for obsolescence	(309)	(253)
	14,308	13,588

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

12. Other Current Assets

	2017 \$'000	2016 \$'000
Prepayments	4,302	6,172

13. Available-For-Sale Financial Assets

	2017 \$'000	2016 \$'000
Unlisted equity securities	25	25

Unlisted equity securities are traded in inactive markets.

14. Property, Plant and Equipment

	2017 \$'000	2016 \$'000
Freehold Land and Buildings		
Land - at cost	6,430	6,430
Buildings - at cost	15,468	7,948
Accumulated depreciation	(716)	(389)
	21,182	13,989
Leasehold Improvements		
At cost	12,597	5,097
Accumulated depreciation	(1,792)	(1,150)
	10,805	3,947
Total property	31,987	17,936
Plant and Equipment		
At cost	97,066	92,135
Accumulated depreciation	(73,300)	(68,691)
	23,766	23,444
Plant and equipment under finance lease		
At cost	142,789	136,572
Accumulated amortisation	(37,417)	(30,687)
	105,372	105,885
Work in progress	-	5,939
Total plant and equipment	129,138	135,268
Total property, plant and equipment	161,125	153,204

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 Improvements \$'000	Plant & Equipment \$'000	Plant & Equipment Under Finance Lease \$'000	Work In Progress \$'000	Total \$'000
Carrying amount at 30 June 2015	5,601	7,642	4,348	28,278	74,420	-	120,289
Additions	885	291	-	3,030	46,180	5,939	56,325
Disposals	(56)	(212)	-	(3,684)	(117)	-	(4,069)
Transfers	-	-	-	2,360	(2,360)	-	-
Depreciation/amortisation	-	(162)	(401)	(6,540)	(12,238)	-	(19,341)
Carrying amount at 30 June 2016	6,430	7,559	3,947	23,444	105,885	5,939	153,204
Additions	-	6,091	6,203	3,410	18,890	-	34,594
Disposals	-	-	(31)	(2,909)	(771)	-	(3,711)
Transfers	-	1,429	1,467	5,503	(4,347)	(5,939)	(1,887)
Depreciation/amortisation	-	(327)	(781)	(5,682)	(14,285)	-	(21,075)
Carrying amount at 30 June 2017	6,430	14,752	10,805	23,766	105,372	-	161,125

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

15. Deferred Tax Assets

	2017 \$'000	2016 \$'000
<i>The balance comprises temporary differences attributable to:</i>		
Impaired receivables	53	103
Employee benefits	2,658	2,454
Depreciation and amortisation	-	47
Payables	231	314
	2,942	2,918
<i>Other</i>		
Stock obsolescence	93	15
Other	842	150
	935	165
Total deferred tax assets	3,877	3,083
Set-off of deferred tax liabilities pursuant to set-off provisions (refer Note 19)	(3,877)	(3,083)
Net deferred tax assets	-	-

Movements	Employee Benefits \$'000	Impaired Receivables \$'000	Deprec & Amort \$'000	Payables \$'000	Other \$'000	Total \$'000
<i>At 30 June 2015</i>	<i>2,283</i>	<i>6</i>	<i>88</i>	<i>325</i>	<i>208</i>	<i>2,910</i>
(Charged) /credited to profit or loss	252	97	(41)	(11)	(199)	98
Credited to equity	-	-	-	-	156	156
Over provision	(81)	-	-	-	-	(81)
<i>At 30 June 2016</i>	<i>2,454</i>	<i>103</i>	<i>47</i>	<i>314</i>	<i>165</i>	<i>3,083</i>
(Charged) /credited to profit or loss	204	(50)	-	(87)	721	788
Credited to equity	-	-	-	-	-	-
Over provision	-	-	(47)	4	49	6
<i>At 30 June 2017</i>	<i>2,658</i>	<i>53</i>	<i>-</i>	<i>231</i>	<i>935</i>	<i>3,877</i>

16. Intangible Assets

	2017 \$'000	2016 \$'000
Computer software	4,673	2,220
Accumulated amortisation	(2,909)	(2,155)
	1,764	65
Goodwill	7,805	11,138
Accumulated impairment	(244)	(3,577)
	7,561	7,561
Customer list	1,802	1,801
Accumulated amortisation	(497)	(239)
	1,305	1,562
Total intangible assets	10,630	9,188

(a) Movements in carrying amounts

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

	Computer Software \$'000	Goodwill \$'000	Customer List \$'000	Total \$'000
Carrying amount at 30 June 2016	124	7,561	-	7,685
Additions – acquired separately	3	-	1,801	1,804
Amortisation	(62)	-	(239)	(301)
Transfers	-	-	-	-
Carrying amount at 30 June 2017	65	7,561	1,562	9,188
Additions – internal development	566	-	-	566
Amortisation	(754)	-	(257)	(1,011)
Transfers from WIP – internal development	1,887	-	-	1,887
Carrying amount at 30 June 2017	1,764	7,561	1,305	10,630

(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 should be impaired 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 of the Rural CGU

	2017 \$'000	2016 \$'000
Average Gross margin	17.9	17.2
Terminal growth rate	2.0	2.0
Free cash growth rate	17.3	25.3
Discount rate	9.6	9.4

Assumption	Approach used to determining values
Budgeted gross margin	Based on past performance and management's expectations for the future
Terminal growth rate	The growth rate used to extrapolate cash flows beyond the 5 year forecasted period based off management's expectations of long-term growth.
Free cash grow rate	The average cash flow growth rate over the five-year forecast period of 17.3% is based off management's expectations for the future.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate based off management's expectations for the future.

(d) Impact of possible changes in key assumptions

A sensitivity analysis was performed on key assumptions, which included increasing the discount rate from 9.6 to 11.6% and reducing product margin growth. Both scenarios did not result in impairment.

(e) Assets pledged as security

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

(f) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Computer Software 2 - 3 years
- Customer list 7 years

See note 1(f) for the other accounting policies relevant to impairment of assets, and note 1(n) for the Group's policy regarding intangible assets.

17. Trade and Other Payables

	2017 \$'000	2016 \$'000
Trade payables	37,074	32,854

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 (2016: \$3,200,000). At the reporting date the amount payable to Orora Limited was \$3,500,000 (2016: \$178,000).

18. Borrowings

	2017 \$'000	2016 \$'000
Current		
<i>Secured</i>		
Bank overdraft	-	-
Lease liabilities	27,898	25,329
Bank loans	7,741	7,334
Total secured current borrowings	35,639	32,663
<i>Unsecured</i>		
Other loans	797	2,250
Total unsecured current borrowings	797	2,250
Total current borrowings	36,436	34,913
Non-current		
<i>Secured</i>		
Lease liabilities	68,008	71,653
Bank loans	15,068	4,001
Total secured non-current borrowings	83,076	75,654
<i>Unsecured</i>		
Other loans	1,203	-
Total unsecured current borrowings	1,203	-
Total non-current borrowings	84,279	75,654
Total borrowing	120,715	110,567

(a) Bank overdraft and bank loans

The bank overdraft and bank loans are secured by guarantees by all companies in the consolidated entity supported by mortgage charges over all the consolidated entity's property and other assets.

(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 lease liabilities are also guaranteed by entities in the consolidated entity in addition to mortgage charges over the property and other assets.

(c) Other loans

The 2016 balance of other loans includes a \$2,250,000 signing fee paid by Orora Limited for entering into a Distribution Agreement executed on the 13 July 2009. The Distribution Agreement has since been terminated, with the balance reclassified to trade payables. The 2017 amount of \$2,000,000 relates to an interest free loan provided by Visy Board Pty Ltd to help fund working capital growth. The loan is due to be paid in full by July 2020.

(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.

19. Deferred Tax Liabilities

	2017 \$'000	2016 \$'000			
<i>The balance comprises temporary differences attributable to:</i>					
Prepayments	1,136	1,103			
Inventories	834	768			
Depreciation and amortisation	2,518	3,026			
Other	184	17			
Total deferred tax liabilities	4,672	4,914			
Set-off of deferred tax assets pursuant to set-off provisions (refer Note 15)	(3,877)	(3,083)			
Net deferred tax liabilities	795	1,831			
Movements	Prepayments \$'000	Inventories \$'000	Depreciation & Amortisation \$'000	Other \$'000	Total \$'000
Consolidated					
At 30 June 2015	1,048	828	3,155	-	5,031
Charged /(credited) to profit or loss	55	(60)	(129)	17	(117)
At 30 June 2016	1,103	768	3,026	17	4,914
Charged /(credited) to profit or loss	33	58	(297)	167	(39)
Over provision	-	8	(211)	-	(203)
At 30 June 2017	1,136	834	2,518	184	4,672

20. Provisions

	2017 \$'000	2016 \$'000
<i>Current</i>		
Employee benefits	7,788	7,123
<i>Non-current</i>		
Employee benefits	1,074	1,056

21. Other Liabilities

	2017 \$'000	2016 \$'000
Current		
Deferred revenue	2,620	1,697
Other	81	519
	2,701	2,216
Non-current		
Other	2,333	1,364

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

22. Contributed Equity

	2017 \$'000	2016 \$'000
Fully paid ordinary shares	70,884	70,044

The movement in fully paid ordinary shares for 2017 and 2016 is reconciled as follows:

	Note	No of Shares	Issue Price	\$'000
Balance at 30 June 2015		283,985,276		67,475
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	850,717	39.80¢	338
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	1,028,163	43.39¢	446
Placement of shares	(b)	3,942,148	45.00¢	1,774
Issue of shares to customers - sign on fee	(c)	128,640	46.64¢	60
Share issue transaction costs net of tax benefits		-	-	(49)
Balance at 30 June 2016		289,934,944		70,044
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	1,061,640	44.00¢	468
Issue of shares pursuant to the Dividend Reinvestment Plan	(a)	1,094,210	34.00¢	372
Balance at 30 June 2017		292,090,794		70,884

(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:

2016 Dividends	Number of Shares	Issue Price
30 September 2015	850,717	39.80 cents
31 March 2016	1,028,163	43.39 cents
2017 Dividends	Number of Shares	Issue Price
30 September 2016	1,061,640	44.00 cents
31 March 2017	1,094,210	34.00 cents

Dividends payable on 30 September 2016 and 31 March 2017 were each settled in to two tranches due to rounding errors in the DRP, with 1,005,868 and 1,033,423 shares being issued on 30 September 2016 and 31 March 2017 respectively and a further issuance of 60,787 and 55,772 shares issued on 10 April 2017 and 21 June 2017 respectively.

(b) Placement shares

A placement of 3,942,148 ordinary shares was made to institutional and sophisticated investors at 45 cents per share fully paid to raise \$1,773,967 cash on 8 July 2015. No placements were made during the year ended 30 June 2017.

(c) Issue of shares to customers – sign on fee

In the 2016 financial year shares were issued to a number of customers pursuant to the Customer Supply Agreement on execution of a long term supply contract. No shares were issued to customers during the year ended 30 June 2017.

(d) 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 2017 the Group did not alter its capital management policy.

The gearing ratios at 30 June 2017 and 30 June 2016 were as follows:

	2017 \$'000	2016 \$'000
Total borrowings	120,715	110,567
Less cash and cash equivalents	(25,037)	(10,022)
Net debt	95,678	100,545
Total equity	86,209	84,481
Gearing ratio	53%	54%

Lindsay Australia Limited has complied with the financial covenants of its borrowing facilities during the 2017 and 2016 reporting periods.

23. Reserves

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

	2017 \$'000	2016 \$'000
Share-based payment reserve		
Open at 1 July	536	536
Employee share schemes – value of employee services	(21)	-
Close at 30 June	515	536

a. Nature and purposes of reserve

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

24. Retained Earnings

	2017 \$'000	2016 \$'000
Retained earnings at the beginning of the year	13,901	11,885
Profit for the year	6,426	8,072
Dividends paid or provided	(5,517)	(6,056)
Retained earnings at the end of the year	14,810	13,901

25. Cash Flow Information

	2017 \$'000	2016 \$'000
Reconciliation of Cash Flows from Operating Activities with Profit for the Year		
Profit for the year	6,426	8,072
Depreciation/amortisation	22,086	19,642
Net (gain)/loss on disposal of property, plant and equipment	861	598
Non-cash interest expense payment by issue of shares	-	-
Non-cash employee benefits expense-share-based payments	(21)	-
Fair value adjustment to financial liabilities	-	-
(Increase)/decrease in current taxes	(257)	995
(Increase)/decrease in deferred taxes	(1,035)	(289)
(Increase)/decrease in trade and other receivables	6,054	(5,910)
(Increase)/decrease in prepayments and other assets	1,871	(985)
(Increase)/decrease in inventories	(720)	1,589
(Decrease)/increase in trade and other payables	2,300	6,349
(Decrease)/increase in other liabilities	1,454	(841)
(Decrease)/increase in provisions	683	569
Cash flows from operating activities	39,702	29,789
Non-Cash Financing and Investing Activities		
Acquisition of plant and equipment by means of finance leases	18,940	46,180
Dividends satisfied by issue of shares	840	785

26. Earnings per Share

	2017 \$'000	2016 \$'000
Basic earnings per share	2.2	2.8
Diluted earnings per share	2.2	2.8
Earnings used in calculating basic and diluted earnings per share – net profit	6,426	8,072

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	290,833,967	288,769,334

27. Auditor's Remuneration

	2017 \$	2016 \$
During the year the auditor of the parent entity earned the following remuneration:		
Audit or review of financial reports	150,000	146,500
Taxation and other services	26,870	42,850
Total remuneration	176,870	189,350

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

28. Related Party Disclosures

(a) Key management personnel compensation

	2017 \$	2016 \$
Short-term employee benefits	2,061,344	2,348,241
Long-term employee benefits	12,579	17,792
Post-employment benefits	159,887	212,842
Share-based payments	4,530	(93)
	2,238,340	2,578,782

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

(b) Other transactions and balances with key management personnel

	2017 \$	2016 \$
Amounts recognised as revenues and expenses:		
Revenues		
Cartage revenue received / receivable	8,235,078	7,521,661
Sale of rural supplies	7,372,082	5,197,400
	15,607,160	12,719,061

Expenses

Fees for corporate uniform consultancy	20,800	14,478
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Amounts receivable / payable to key management personnel and their related parties at the reporting date

Current receivables – trade debtors	312,241	1,773,199
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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.

29. Share-based Payments

Lindsay Australia has a number of share-based incentive plans described in the Remuneration Report. These plans have been accounted for in accordance with the fair value recognition provisions of AASB 2 "Share-based Payment".

Expense arising from share-based payment transactions

During the period \$4,530 (2016: (\$93)) was recognised as employee benefit expense arising from share-based payment transactions. There was no expense incurred for the issue of shares as sign on payments to customers (2016: \$10,000). There was an additional expense of \$13,315 recognised for the modification of a plan outlined further within the note. Therefore, the total expense for share-based payments was \$17,845 (2016: \$9,907).

	2017 \$	2016 \$
Expense arising from equity settled share-based payment transactions	4,530	9,907
Expense relating to modification on equity settled share-based plan	13,315	-
Total expense arising from share-based payment transactions	17,845	9,907

There were no share options converted to shares during the year.

Change in share-based payment reserve

During the year the share-based payment reserve decreased by \$20,984 comprising of the modification and cash settlement of \$25,514 outlined below and offset by the expense arising from equity settled share-based payment transactions of \$4,530.

Employee share option plans

Long Term Incentive (Option) Plan (LTIP)

In 2016 shareholders approved a LTIP and approved to grant the CEO options under the plan. No further grants were made under the plan in 2017 financial year and it is expected to be progressively rolled out to other staff in future years. The plan has the following characteristics:

Eligibility	The LTIP will be open to eligible employees (including directors, contractors and consultants) of the Company who the Board determines in its absolute discretion to issue options.
Grant of options	No amount is payable by eligible employees for the issue of options under the LTIP. The offer must be in writing and specify, amongst other things, the number of options being issued, the exercise period, any conditions to be satisfied before the options may be exercised and the exercise price of the options. The options may also be subject to specific terms established by the Board.
Exercise	The options may be exercised, subject to any exercise conditions, by the participant giving a signed notice to the Company and paying the exercise price in full. The Company will apply for official quotation of any Shares issued on exercise of any options.
Lapse	The options shall lapse in accordance with specific offer terms or events contained in the LTIP rules, including termination of employment or resignation, redundancy, death or disablement (subject to the Board's direction to extend the terms of exercise in restricted cases).
Right of participants	Once shares are allotted upon exercise of the options the participant will hold the shares free of restrictions (unless the Board determines otherwise). The shares will rank for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue. Should the Company undergo any reorganisation of capital, the number of options or shares will be adjusted in accordance with the Listing Rules as applicable to options at the time of the reorganisation. In the event of a change of control, and subject to the Listing Rules and any applicable laws, the Board may determine that: (a) a participant's unvested options will vest notwithstanding some or all of the vesting conditions have not been satisfied; (b) that an eligible employee may transfer or otherwise dispose of their options; or (c) that a disposal restriction will be waived in respect of the options. A holder of options is not entitled to participate in dividends, a new issue of shares or other securities made by the Company to shareholders merely because he or she holds options.
Assignment	The options are not transferable or assignable without the prior written approval of the Board.
Administration	The LTIP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and, subject to the Listing Rules and applicable laws, all decisions of the Board as to the interpretation, effect or application of the plan rules and all calculations and determinations made by the Board under the plan rules are final, conclusive and binding in the absence of manifest error.
Termination and amendment	The LTIP may be terminated or suspended at any time by the Board, or if an order is made or an effective resolution is passed for the winding up of the Company other than for the purpose of amalgamation or reconstruction. The LTIP may be amended at any time by the Board provided that any amendment does not materially alter the rights of any participant in respect of the issue of options under the plan prior to the date of the amendments unless: (a) the amendment is introduced primarily for the purposes of complying with or conforming to present or future applicable legislation; (b) to correct any manifest error or mistake; or (c) to enable the plan or Company to comply with any applicable laws or any required policy.

Fair value of options granted under LTIP

The assessed fair value at grant date of options granted during the year ended 30 June 2017 was \$0.4084 per option. The options have nil exercise price, a three year vesting period where they do not participate in dividends, and two performance criteria (year one NPAT and year three EPS). There are no direct market criteria incorporated in valuing the option. Under these criteria both the Black Scholes and a discounted cash model produce a similar result, and are permitted methodologies under ASIC Regulatory Guide 76. The Board believes this valuation model to be appropriate to the circumstances and has not used any other valuation or other models in proposing

the terms of the options. Under these valuation methods based on a number of assumptions, set out below, with an adjustment to the expected life of the options to take account of limitations on transferability. This valuation imputes a total value of \$163,369 after tax for the proposed options over the three year vesting period.

The models used the following assumptions:

- risk free rate set at 1.96% is based on the Australian Government bond 10-year bond rate as at the grant date;
- a share price of \$0.47 being the most recent traded price on ASX on 1st July 2016 before the valuation was completed;
- the option exercise price on 30 June 2019 is zero;
- volatility of 30% is based on the standard deviation of the monthly Company's share price movement over the last 4 years; and
- no discount has been applied to reflect the fact the options will be unlisted and non-transferrable.

Existing option plan

The existing option plan in place prior to 2017 is expected to be phased out and replaced by the LTIP. The existing plan has the same characteristics as the LTIP, except exercise conditions are specific to the individual's performance rather than the performance of the Group. These are outlined in the Remuneration Report. During the year, two senior employees were a part of long term incentive programs involving employment contract specific options. No grants were undertaken in 2017 under this plan.

Options granted

The following table summarises options granted under the LTIP and existing option plan. The number and weighted average exercise price (WAEP) per option in cents of, and movements in, share options during the year: no options expired during the periods covered by the below table.

	2017		2016	
	Number	WAEP	Number	WAEP
Balance at beginning of year	341,737	-	392,259	-
Granted during the year	400,000	-	62,045	-
Forfeited and lapsed during the year	(492,685)	-	(112,568)	-
Modified, vested and exercised during the year	(91,737)	-	-	-
Balance at the end of the year	157,315	-	341,737	-
Exercisable at end of year	-	-	-	-

Summary of options outstanding

The share options outstanding at the end of the year had an exercise price of nil (2016: nil) and a weighted average remaining contractual life of 1.8 years (2016: 2.2 years).

A summary of the status of the Groups' equity settled share options plans at 30 June 2017 is presented below. When exercisable, each option is convertible into one ordinary share of Lindsay Australia Limited at a zero exercise price.

Tranche	Fair Value Per Option (cents)	Grant Date	Expiry Date	Number Issued	Number Forfeited	Number Modified, Vested and Exercised (a)	Vested Not Exercisable
First	26.5	July 2014	Sept 2018	250,000	180,139	50,373	-
Second	22.7	July 2014	Sept 2020	250,000	-	-	-
Third	41.9	July 2015	Sept 2017	62,045	20,681	41,364	-
LTIP	40.8	July 2016	June 2026	400,000	400,000	-	-

(a) Refer to modification section below

Determining option value at grant date

All issued and outstanding options contain no market conditions to vest. All options are non-participating zero priced options. These options have an exercise price of zero and do not participate in dividends until exercised. The fair value at the grant date for the issues was determined by taking the share price at grant date less the present value of dividends discounted at the risk free rate of 2% where the vest date is greater than one year from grant date.

Modification of share-based payment arrangements

In September 2016, Lindsay Australia Limited cash settled 91,737 options from the existing option plan in preparation for transition to the LTIP at a price of 48 cents. The settlement price was based on the 5 day weighted average from 1 September 2016. The change in

settlement resulted in an additional expense being recognised in income statement of \$13,315. This difference is also recognised as a cash bonus in Remuneration report for each relevant employee.

Existing Option plan	Grant Price (cents)	Settlement price (cents)	Options exercised	Expensed in income	Change in share-based payment reserve
Tranche 1 (Mr. Lorenz)	26.6	48.0	50,373	\$10,809	(\$13,370)
Tranche 3 (Mr. King)	41.9	48.0	41,364	\$7,711	(\$12,144)
Total	-	-	91,737	\$13,315	(\$25,514)

*grant price is rounded in the model from 5 decimal places to 2.

30. Subsidiaries

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

Name	Class Shares/Units	Equity Holding %	Equity Holding %
		2017	2016
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 ASIC Corporations (wholly-owned companies) Instrument 2016/785. 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 2017 and 2016 years. All Group revenue is derived from customers within Australia.

Basis of accounting for purposes of reporting segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The Group does not allocate assets or liabilities to each segment because management does not include this information in its measurement of the performance of the operating segments.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. All such transactions are eliminated on consolidation for the Group's financial statements. Some corporate charges are allocated to reporting segments based on the segments' overall proportion of usage within the Group.

Unallocated items

The following items of revenue and expense are not allocated to operating segments as they are not considered part of the core operations of any segment:

Interest received;

Borrowing costs;

Corporate costs including bad debt expense; and

Income tax expense.

Major customers

No customer of the Group accounts for more than 10% of external revenue (2016: nil). The largest individual customer accounts for 7.8% of external revenues (2016: 10.0%).

Segment information

	Transport \$'000	Rural \$'000	Total \$'000
2017			
Revenue			
External sales	227,400	105,458	332,858
Inter-segment sales	5,415	765	6,180
Other income	2,187	406	2,593
Other gains/(losses)	(832)	1	(831)
Total segment revenue/income	234,170	106,630	340,800
Reconciliation of segment revenue/income to Group revenue/income			
Inter-segment elimination			(6,180)
Interest income			518
Corporate/unallocated income			1,713
Total revenue/income			336,851
Segment net profit before tax	25,153	3,405	28,558
Reconciliation of segment profit to Group net profit before tax			
Corporate/unallocated			(14,739)
Finance costs			(5,483)
Net profit before income tax			8,335
Income tax expense			(1,909)
Profit for year			6,426
Depreciation and amortisation	19,327	478	19,805
Corporate/unallocated cost			2,281
			22,086
2016			
Revenue			
External sales	224,331	100,465	324,796
Inter-segment sales	4,727	865	5,592
Other income	2,279	258	2,537
Other gains/(losses)	(615)	17	(598)
Total segment revenue/income	230,722	101,605	332,327
Reconciliation of segment revenue/income to Group revenue/income			
Inter-segment elimination			(5,592)
Interest income			627
Corporate/unallocated income			2,162
Total revenue/income			329,524
Segment net profit before tax	22,768	3,544	26,312
Reconciliation of segment profit to Group net profit before tax			
Corporate/unallocated			(10,265)
Finance costs			(4,644)
Net profit before income tax			11,403
Income tax expense			(3,331)
Profit for year			8,072
Depreciation and amortisation	18,543	369	18,912
Corporate/unallocated cost			730
			19,642

32. Deed of Cross Guarantee

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 ASIC Corporations (wholly-owned companies) Instrument 2016/785. 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 Instrument, 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'.

33. Commitments

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2017 \$'000	2017 \$'000	2017 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Less than one year	31,398	3,500	27,899	29,040	3,711	25,329
Between one and five years	72,662	4,654	68,008	77,225	5,572	71,653
	104,060	8,154	95,906	106,265	9,283	96,982

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.

	2017 \$'000	2016 \$'000
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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	7,270	7,782
Later than 1 year but not later than 5 years	12,508	14,579
Later than 5 years	31,229	3,376
	51,006	25,737

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.

	2017 \$'000	2016 \$'000
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Capital Commitments

Commitments for capital expenditure (property, plant, equipment and intangibles) contracted for but not recognised in the financial statements are as follows:

	7,256	15,497
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34. Contingent Liabilities

	2017 \$'000	2016 \$'000
Guarantees to secure lease obligations	4,405	1,462
Guarantees to cover Workers policy	3,090	2,746
Total Guarantees	7,495	4,208

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:

	2017 \$'000	2016 \$'000
Summary financial information		
Statement of financial position		
Current assets	3,074	4,819
Total assets	351,308	303,824
Current liabilities	256,389	223,461
Total liabilities	275,169	227,790
Issued capital	70,884	70,044
Retained profits	4,740	5,454
Share-based payments reserve	515	536
Total shareholders' equity	76,139	76,034
Profit of the parent entity	4,803	8,442
Total comprehensive income of the parent entity	4,803	8,442
Contingent liabilities of the parent entity	-	-
Contractual commitments	-	-

Guarantees entered into by parent entity

Lindsay Australia Limited has guaranteed the Groups external debt in respect of bank overdrafts, financial leases, and bank loans of subsidiaries amounting to \$28,049,722 (2016: \$20,824,048) secured by registered mortgage charges over property and other assets. The parent entity has also given unsecured guarantees in respect of financial leases of subsidiaries amounting to \$42,000,000 (2016: \$42,223,495).

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.

36. Events after the reporting period

On 30 August 2017 a debtor classified as Trade Receivables, which is under a repayment plan, did not meet a payment obligation and therefore under the credit agreement the full debt has been called. The Group currently holds securities with an estimated value greater than the debt and believes no impairment is required to be recognised. The maximum credit exposure not taking into account collateral held is \$2.78 million at 30 August 2017 (\$3.46 million at 30 June 2017).

Collateral held to reduce possible credit loss includes registered charges over properties and water rights valued at \$11.9 million. A third party holds the first registered charges on the properties and a deed of priority is in place between the mortgagees to regulate payment priorities. Under the priority deed the third party's repayment priority is \$8.395 million plus interest, costs or other expenses.

The underlying properties and water rights have been subject to third party valuation and risk analysis which support the value of the security held.

37. Legal Proceedings

In 2009 the Group executed a seven-year Distribution Agreement with Orora Limited (Orora) which was terminated in 2015 by the parties prior to the contract term end date. A settlement of the ensuing legal proceedings was agreed in December 2016 and formally discontinued without admission of liability. Settlement was agreed to avoid litigation risk and the expected expense of a lengthy trial.

The settlement includes payment to Orora in two tranches:

- The first tranche of \$2.5 million to cover retirement of a loan and accrued interest repayable under the terms of the Distribution Agreement between the parties, and
- The second tranche of \$1 million representing agreed settlement proceeds is due for payment in December 2017 and is held on the balance sheet as a liability.

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 2017 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

30 August 2017



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN
JEREMY JONES

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lindsay Australia Limited, "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Impairment of goodwill <i>Refer to Note 16: Intangible Assets</i>	
<p>At 30 June 2017 the Group's balance sheet includes goodwill amounting to \$7.561 million relating to historical business acquisitions.</p> <p>In accordance with AASB136 <i>Impairment of Assets</i>, an annual impairment test is performed which requires management to exercise judgement in determining the key assumptions to calculate the recoverable amount using a value-in-use model. Key assumptions in the model include discount rates, annual revenue and terminal growth rates and interest rates.</p> <p>The key assumptions and a sensitivity analysis is included in Note 16.</p> <p>It is due to the use of key estimates and judgement that this is a key area of audit focus.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Checking management's calculations for accuracy; ▪ Critically assessing the reasonableness of key inputs including assumptions, considering supporting documentation and historic performance, where available; and ▪ Performing a sensitivity analysis of management's calculations to assess the level of headroom available. <p>We also considered the adequacy of the Group's disclosures on goodwill impairment in light of the requirements of the Australian Accounting Standards.</p>
Borrowings classification and loan covenant compliance <i>Refer to Note 18: Borrowings</i>	
<p>The Group has borrowings of \$120.715 million as at 30 June 2017 of which \$36.436 million is classified as current and the remainder non-current.</p> <p>The Group has established a portfolio of finance facilities with various terms and lenders, which have loan covenants.</p> <p>The Group's portfolio of facilities is crucial to the continued liquidity and solvency of the Group. Non-compliance with loan covenants could present a significant financial risk to the Group and impede its ability to raise additional financing if needed.</p> <p>Accordingly, the classification and measurement of borrowings and disclosures is considered to be a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Inspecting the loan documents, determined the key terms and conditions, including the existence of covenants; ▪ Confirming a selection of the loan balances with the lenders; ▪ Testing the loan covenant calculations prepared by management to assess mathematical accuracy, agreement to underlying financial records, consistency with loan documents and overall compliance with the requirements; and ▪ Assessing the maturity profile of the Group's borrowings to check that loans maturing within the next twelve months were classified as current liabilities.

Key audit matter	How our audit addressed the matter
Recoverability of trade receivables <i>Refer to Note 10: Trade and Other Receivables and Note 2(b): Financial Risk Management, Credit Risk</i>	
<p>A significant portion of the Group's customers are involved in the rural industry. Due to the challenging operating environment within this industry, there is an inherent exposure to credit risk from these customers.</p> <p>Provisions are made for expected impairment losses when the Group will not collect all amounts due. Management judgement is required in assessing the expected impairment losses.</p> <p>This area is a key audit matter due to the inherent subjectivity that is involved in management making judgements in relation to credit risk exposures to determine the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Assessing the impairment provisioning methodology; ▪ Testing the trade receivables aging analysis; ▪ Obtaining a list of long outstanding receivables and identifying any debtors with financial difficulty through discussion with management; ▪ Assessing the recoverability of these long outstanding receivables through discussion with management and with reference to the credit profile of the customers, publically available information, any available customer financial data and the latest correspondence with those customers; ▪ Reviewing minutes of the board of directors relating to the recoverability of trade receivables; and ▪ Assessing the recoverability of the balances by comparing the outstanding amounts as at year end and subsequent receipts.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 25 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Lindsay Australia Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Pitcher Partners

PITCHER PARTNERS


JASON EVANS
Partner

Brisbane, Queensland
30 August 2017

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. Lindsay Australia Limited's Corporate Governance practices recognise the Company'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

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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

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

The Company should establish the functions reserved to the board and those delegates to senior executives and disclose those functions.

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

Recommendation 1.2

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

	Objective	2017	2016
Percentage of women in Group's workforce	15%	12%	11%
Percentage of women in management positions	20%	14%	15%

The Company's Workplace Gender Equality Act public report for 2017 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 Company has adopted processes concerning the evaluation and development of the board, board committees and individual directors. Procedures include an internal Board assessment. The Corporate Governance Statement outlines the skills criteria for Directors of the Company.

During the 2017 financial Year, an internal board performance assessment was performed and reviewed against the criteria. The review did not result in any governance or other changes.

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.

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

Skills/Expertise	Experience	Attributes
Policy, Legal, Compliance		Influence
Government & Stakeholders		
Culture & Values		
Executive Management		
Information Technology		

Recommendation 2.3

A listed entity should disclose:

- The names of directors considered by the board to be independent directors;
- If a director has an interest, position, association or relationship of the type described in box 2.3 of ASX Corporate Governance Principles and Recommendations, but the board is 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
- 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	20 years (as at 08/01/2017)	
R A Anderson	Non-Executive. Independent Director	16/12/2002	14 years (as at 16/12/2016)	
M K Lindsay	Executive. Non Independent	26/11/1996	20 years (as at 26/11/2016)	Chief Executive Officer
G D Farrell	Non-executive. Non Independent	17/11/2005	11 years (at 17/11/2016)	Substantial Shareholder

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.

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.

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.

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.

The Company has adopted a Continuous Disclosure Policy and has 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 recent annual reports, 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:
 - 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 risk management framework. Risks are monitored on a regular basis and 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.

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 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
 - 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 Company. The board considers Mr Farrell appropriately qualified to chair the committee to oversee matters of remuneration.

It is the Company'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 Company's financial and operational performance.

- 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 Company the only direct link between remuneration and performance of the Company for the Chief Executive Officer and Senior Executive staff is by the potential issue of options or performance rights over shares. There were no employee options or performance rights on issue at 30 June 2017 held by key management personnel. At any review the performance of the Company and the contribution by particular executives form part of the process. Details of the remuneration of the Directors and the key management personnel of the Group is disclosed in the Remuneration Report.

Recommendation 8.2

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 Company complies with the guidelines of the Council, specifically Non-executive Directors do not receive

options or bonus payments nor retirement benefits other than statutory superannuation. 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 Company has a limited equity based incentive scheme applying to a small number of senior executives only. Trading in Company securities is regulated by the Securities Trading Policy disclosed on the Company's website. Trading activities relating to any short term or speculative gain is prohibited.

Shareholder Information

Information relating to security holders as at 20 August 2017.

Distribution of Shareholders

Range	Number of Shareholders	Number of Shares
1- 1,000	105	25,814
1,001 – 5,000	381	1,079,911
5,001 – 10,000	258	2,067,219
10,001 – 100,000	940	35,485,733
100,001 and over	224	253,432,117
Total	1,908	292,090,794

Number of holdings less than a marketable parcel of shares – 143 (1,334 shares)

Top Twenty Shareholders

Name	Number of Shares	% of Issued Shares
WASHINGTON H SOUL PATTINSON	55,526,491	19.01
ANKLA PTY LTD	21,189,439	7.25
BKI INVESTMENT COMPANY LIMITED	16,783,130	5.75
MULAWA HOLDINGS PTY LTD	12,937,412	4.43
MILTON CORPORATION LIMITED	12,843,330	4.40
SANDHURST TRUSTEES LTD	11,718,858	4.01
POLTICK PTY LTD	11,667,937	3.99
MR THOMAS KELSALL LINDSAY & LINDSAY SUPER CO PTY LTD	11,364,402	3.89
K & D LINDSAY PTY LTD	6,219,739	2.13
RM & DM PELL PTY LTD	3,222,148	1.10
HEADING EAST PTY LTD	2,994,592	1.03
MS GRETA MARJORIE LINDSAY	2,549,506	0.87
NATIONAL NOMINEES LIMITED	2,328,551	0.80
PROCO PTY LTD	2,300,321	0.79
CAROLINE HOUSE SUPERANNUATION	2,100,000	0.72
MR MATTHEW SINGLETON	2,000,000	0.68
YESOR PTY LTD	2,000,000	0.68
JANALA PTY LTD	1,919,626	0.66
SCSJB PTY LTD	1,757,448	0.60
Totals: Top 20 holders	185,422,930	63.5

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
Mizikovsky Group	34,086,963	11.7

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.