HALF-YEAR FINANCIAL REPORT

31 December 2003

ABN 81 061 642 733

LINDSAY AUSTRALIA LIMITED

Australians Seeking Excellence

Contents

Directors' Report

Your directors present their report on the consolidated entity consisting of Lindsay Australia Limited and its controlled entities for the half-year ended 31 December 2003.

DIRECTORS

The following persons were directors of Lindsay Australia Limited ("Lindsay Australia") during the whole of the half-year and up to the date of this report: -

J F Pressler

M K Lindsay

R A Anderson

S S Doumany

L R Hancock

T K Lindsay

PROFIT

For the half-year ended 31 December 2003, Lindsay Australia recorded a consolidated net profit after tax of $1,849,000. The half-yearly profit is not directly comparable with that achieved last year of $453,000.

The profit for this half-year includes 100% of Lindsay Brothers Transport and P&H Rural Supplies. Last year Lindsay Australia Limited's (formerly P & H Rural Limited) operations included only it's 50% investment in P&H Rural Supplies which was equity accounted.

DIVIDEND

The 2003 fully franked final dividend of $1,208,000 (1.2 cents per share) was paid on 30 September 2003.

A fully franked interim dividend of $1,058,000 (1 cent per share) has been declared on 20 February 2004. This dividend is payable on 31 March 2004.

REVIEW OF OPERATIONS

The group's operations comprise two divisions, Lindsay Brothers Transport and P&H Rural Supplies.

For the six months ended 31 December 2003, the group achieved the following:

- improved operating performance for both Transport and Rural Supplies,
- the purchase of Cordoma Brothers Transport,
- further expansion and modernisation of the transport fleet, and
- continued cost focus.

Directors' Report (Cont.)

Operating revenue for the group for the six months was: -

		Pro-forma	
	2003 $'000	2002 $'000	% Increase / (Decrease)
• Freight cartage	50,626	45,716	10.7
• Sales of agricultural supplies	23,972	21,377	12.1
• Sales of fuel and bricks	5,279	5,712	(7.6)
	79,877	72,805	9.7

The pro-forma 2002 comparatives show the revenue of these businesses in that period. As noted above, in 2002 the group did not own the Transport division and owned 50% of the Rural Supplies division (which was equity accounted for the 2002 half-year).

Revenue growth for Transport was generated from an increased harvest out of the Wide Bay, Central Highlands, and Gatton areas of Queensland combined with increased freight from major customers in Melbourne and Sydney. While there was strong growth in these areas, revenue in Northern New South Wales declined as production of traditional crops grown in these areas reduced, or land has been converted to other uses. Recent rainfall in most of our customer produce areas indicates that solid freight levels for the next six months should be achieved.

Cost control has continued particularly in the use of subcontractors. Additional control over labour costs will be strengthened with the introduction of a computerised time and attendance system currently being implemented. An increased focus on pallet control has identified a number of issues which are being addressed, and has resulted in additional accruals of $250,000 at 31 December 2003 for discrepancies in pallet counts.

The result for Transport for the six months was also impacted by a number of accidents during November resulting in an increase in insurance costs for the half-year. Overall the Transport division increased its operating performance for the half-year.

On 1 October 2003, the group purchased the assets and goodwill of Cordoma Brothers Transport, which operates out of Mildura and Robinvale in Western Victoria. This purchase has allowed the Transport division to enter the Victorian produce growing areas. As the peak harvest time in Western Victoria occurs during the seasonal low in Transport's existing markets in Queensland and northern New South Wales, the Cordoma acquisition provides the opportunity for the relocation of trucks during their peak season resulting in increased utilisation. Transport revenue from Mildura and Robinvale for the three months to December 2003 was $1,065,000.

During the 2003 half-year an additional 15 prime movers and trailers were acquired to increase the fleet to meet growth in freight volumes. In addition, 10 prime movers and B-double trailers were acquired as part of the Cordoma Brothers Transport acquisition. Overall, the linehaul fleet has increased approximately 15% since 1 July 2003 to 180 units.

The growth in sales for P&H Rural Supplies was principally generated from increased sales of packaging materials. This increase reflects the strong harvest in most of the division's operating areas which concentrate on the Wide Bay and Central Highlands areas of Queensland. The gross margin on sales also increased compared to the previous corresponding period. All branches continue to operate satisfactorily within established market share.

On 1 January 2004, Rural Supplies began operating in Robinvale and Mildura in Western Victoria. Initial operations have been restricted to packaging materials and are accommodated in the existing Cordoma transport depots. Sales for January from these two locations were $330,000. These operations will be expanded to supply the full product range during the next six months.

The new stores will provide Rural Supplies with sales growth opportunities in addition to geographic diversity of operations.

On 2 February 2004 the cranes division of the Transport group was sold for $455,000, which mainly comprised plant and equipment. The crane division was not part of our core operations and the opportunity was taken to dispose of these assets during the cyclical high in the building and construction industry. The sale was approximately $200,000 above book value.

ROUNDING

The amounts in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

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

John F Pressler
Director

Brisbane, Queensland
20 February 2004

Consolidated Statement of Financial Performance

FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Note	Half-year ended	
		31 Dec 2003 $'000	31 Dec 2002 $'000
Revenue from ordinary activities	3	81,644	422
Expenses from ordinary activities			
Changes in inventories		41	-
Purchase of inventories		24,138	-
Employee benefits and related costs		20,055	238
Subcontractors		10,124	-
Fuel costs		6,756	-
Depreciation and amortisation		4,099	15
Repairs and maintenance		3,652	-
Borrowing costs expense		1,578	80
Pallet charges		1,076	-
Insurance		877	-
Carrying value of net assets sold		816	-
Other expenses		5,901	120
		79,113	453
Profit / (loss) before tax and share of net profits from associate		2,531	(31)
Share of net profits of associate accounted for using the equity method		-	484
Profit from ordinary activities before income tax		2,531	453
Income tax expense		(682)	-
Net profit		1,849	453
Basic earnings per share	4	1.8 ¢	2.7 ¢
Diluted earnings per share	4	1.6 ¢	2.7 ¢

The consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2003

	Note	Half-year ended	
		31 Dec 2003 $'000	30 June 2003 $'000
Current assets			
Cash assets		1,153	1,189
Receivables		27,699	26,664
Inventories		4,067	4,055
Current tax assets		144	943
Other		1,960	1,446
Total current assets		35,023	34,297
Non-current assets			
Receivables		2,033	2,127
Other financial assets		44	44
Property, plant and equipment		56,463	48,575
Deferred tax assets		1,027	1,038
Intangible assets		6,766	6,318
Total non-current assets		66,333	58,102
Total assets		101,356	92,399
Current liabilities			
Payables		16,041	15,684
Interest bearing liabilities		13,997	14,113
Current tax liabilities		240	433
Provisions		2,703	2,400
Other		-	508
Total current liabilities		32,981	33,138
Non-current liabilities			
Interest bearing liabilities		36,419	29,557
Deferred tax liabilities		4,559	4,599
Provisions		945	822
Total non-current liabilities		41,923	34,978
Total liabilities		74,904	68,116
Net assets		26,452	24,283
Equity			
Contributed equity	6	32,618	31,089
Reserves		468	468
Accumulated losses		(6,634)	(7,274)
Total equity		26,452	24,283

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Note	Half-year ended	
		31 Dec 2003 $	31 Dec 2002 $
Cash flows from operating activities			
Receipts in course of operations		**87,977**	618
Payments to suppliers and employees		**(81,565)**	(612)
Interest received		**160**	18
Borrowing costs		**(1,619)**	(109)
Income taxes refunded		**1,211**	-
Income taxes paid		**(1,268)**	(1)
Net cash provided by / (used in) operating activities		**4,896**	(86)
Cash flows from investing activities			
Payments for purchase of controlled entities, net of cash acquired		**-**	(12,898)
Payments for acquisition of business		**(4,418)**	-
Payments for property, plant and equipment		**(752)**	(5)
Proceeds from disposal of property, plant and equipment		**669**	-
Proceeds from sale of business (in prior period)		**385**	392
Net cash used in investing activities		**(4,116)**	(12,511)
Cash flows from financing activities			
Proceeds from issues of shares		**313**	10,188
Proceeds from borrowings		**7,444**	3,500
Share issue transaction costs		**-**	(1,626)
Repayment of borrowings		**(2,162)**	(970)
Repayment of lease liabilities		**(3,855)**	-
Dividends paid		**(1,208)**	-
Net cash provided by financing activities		**532**	11,092
Net increase / (decrease) in cash held		**1,312**	(1,505)
Cash at the beginning of the reporting period		**(2,735)**	(932)
Cash at the end of the reporting period		**(1,423)**	(2,437)

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

Notes to the Financial Statements

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Lindsay Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year interim reporting period.

Where necessary, comparative figures have been adjusted to conform with changes in presentation for the current period.

2. SEGMENT INFORMATION

The consolidated entity operates predominantly in the following business segments:

- Transport – Cartage of general and refrigerated product and ancillary sales.
- Rural Supplies – Sale and distribution of a range of agricultural supply products.

The consolidated entity acquired the Transport operations and the Rural Supplies operations during December 2002, with the results of these operations included in consolidated results from 1 January 2003. Therefore no segment information is shown for these business segments for the period ended 31 December 2002. Prior to the acquisition of the Transport and Rural Supplies businesses, the revenue of the consolidated entity consisted of management fees and the share of net profits of the rural supply operation, the latter being accounted for using the equity method up to 31 December 2002.

Primary Reporting – Business Segments

	Transport	Rural Supplies	Elimination	Consolidated
Half Year 2003	**$'000**	**$'000**	**$'000**	**$'000**
Revenue				
Total segment revenue	57,602	24,207	(398)	81,411
Unallocated revenue				233
Revenue from ordinary activities				81,644
Results				
Segment result	4,038	2,298	45	6,381
Unallocated revenue less unallocated expenses				(3,850)
Profit from ordinary activities before related income tax expense				2,531

Notes to the Financial Statements (Cont.)

3. REVENUE

	Half-year ended	
	31 Dec 2003 $'000	31 Dec 2002 $'000
Revenue from operating activities		
Freight cartage and hire	50,626	-
Sale of goods	29,251	-
	79,877	-
Revenue from outside the operating activities		
Management fees – Lindsay Brothers Transport	-	300
Insurance recoveries	117	-
Interest	160	32
Rental income	128	72
Sale of property, plant and equipment	966	-
Other	396	18
Revenue from ordinary activities	81,644	422

4. EARNINGS PER SHARE

	Half-year ended	
	31 Dec 2003 ¢	31 Dec 2002 ¢
Basic earnings per share	1.8	2.7
Diluted earnings per share	1.6	2.7
Alternative basic earnings per share		0.5
Alternative diluted earnings per share		0.5

The alternative basic and diluted earnings per share values disclosed for the period ended 31 December 2002 were calculated to reflect the major capital restructure that was finalised in December 2002, under which the company issued 83,866,417 shares fully paid at 25 cents. At this date the company acquired Lindsay Brothers Holdings Pty Ltd and its subsidiaries and the remaining 50% of P & H Rural Supplies Pty Ltd which it did not own. The operating result of Lindsay Brothers Holdings Pty Ltd and its subsidiaries and P & H Rural Supplies Pty Ltd were consolidated from 31 December 2002. The alternative basic and diluted earnings per share therefore reflects the total issued capital as at period end 31 December 2002, but does not reflect the operating results of the entities acquired as a consequence of the restructure, with the exception of the consolidated entity's original 50% interest in P & H Rural Supplies Pty Ltd that was equity accounted.

As the operating results of entities acquired during the restructure were included in the consolidated operating result from 1 January 2003, the related shares issued pursuant to the capital restructure have been included in the calculation of basic and diluted earnings per share from that date. Therefore no alternative basic or diluted earnings per share values have been calculated for the current period ended 31 December 2003.

Notes to the Financial Statements (Cont.)

4. EARNINGS PER SHARE (Cont.)

Details of the weighted average number of ordinary shares used in the calculations are:

	31 Dec 2003 Number of Shares	31 Dec 2002 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	101,564,179	16,750,000
Effect of dilutive securities:		
• convertible notes	14,692,143	-
• shares to be issued as part consideration for Cordoma Brothers - refer note 5	450,424	-
• ASX listed options	5,946,432	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	122,653,178	16,750,000
Weighted average number of shares used as denominator in:		
Alternative basic earnings per share		100,616,417
Alternative diluted earnings per share		100,616,417

Details of earnings used in the calculations are:

	$'000	$'000
Earnings used in calculating basic / alternative basic earnings per share – net profit	1,849	453
Adjustments:		
Interest savings on convertible notes	77	-
Earnings used in calculating diluted / alternative diluted earnings per share	1,926	453

5. ACQUISITION OF BUSINESS

During the period ended 31 December 2003 the consolidated entity acquired the assets of Cordoma Brothers Refrigerated Transport Pty Ltd ("Cordoma Brothers"). This transaction was completed on 2 October 2003 and the assets were employed by Lindsay Brothers Transport from that date. Details of the acquisition are as follows:

Fair value of identifiable net assets acquired

		$'000
Inventories		54
Property, plant and equipment		4,585
Deferred tax assets		47
Provisions – employee benefits		(192)
Net identifiable assets acquired		4,494
Goodwill		618
		5,112
Consideration		
Purchase price	- paid in cash *	4,179
	- vendor finance	138
	- shares issued	278
	- shares to be issued **	278
Acquisition costs *		239
		5,112

* Total cash paid $4,418,000.

** A further 910,747 shares are to be issued on 2 October 2004 as part of the purchase consideration for the acquisition of Cordoma Brothers. The issue of these shares is contingent upon the achievement of defined future sales levels per the sale agreement. The directors believe that it is probable that these sales levels will be achieved.

Notes to the Financial Statements (Cont.)

6. CONTRIBUTED EQUITY

	31 Dec 2003	30 June 2003
	$'000	$'000
Fully paid ordinary shares	**32,151**	30,812
Other equity securities	**189**	277
Other – Cordoma Brothers	**278**	-
	32,618	31,089

The amount shown as "Other – Cordoma Brothers" comprises the 910,747 shares to be issued on 2 October 2004 as part of the purchase consideration for the acquisition of Cordoma Brothers - refer note 5.

	Number of shares	Issue Price	Value
		¢	$'000
Movement in fully paid ordinary share capital			
Opening balance at 1 July 2003	100,671,485		30,812
Issue of shares as part consideration for the acquisition of Cordoma Brothers:			
• Issued on settlement	910,747	30.5 ¢	278
Issue of shares pursuant to the exercise of:			
• ASX listed options*	141,002	25 ¢	35
• Employee share options*	927,500	30 ¢	278
Issue of shares on conversion of convertible notes	2,990,436	25 ¢	748
Closing balance at 31 December 2003	105,641,170		32,151

* issued for cash

7. DIVIDENDS

	Half-year ended	
	31 Dec 2003	31 Dec 2002
	$'000	$'000
Ordinary shares		
Dividends paid during the half-year	**1,208**	-
Dividends not recognised at the end of the half-year		
Since the end of the half-year the directors have recommended the payment of an interim dividend of 1 cent per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 31 March 2004, but not recognised as a liability at the end of the half-year, is	**1,058**	-

8. NON-CASH FINANCING AND INVESTING ACTIVITIES

	Half-year ended	
	31 Dec 2003 $'000	31 Dec 2002 $'000
Acquisition of plant and equipment by means of finance leases *	6,805	-

Acquisition of controlled entities – refer Note 23(e) 2003 annual report

Acquisition of business – refer note 5

Conversion of convertible notes to fully paid ordinary shares – refer note 6

* GST exclusive amount

9. SUBSEQUENT EVENTS

Sale of North Coast Cranes

On 2 February 2004, Lindsay Brothers Transport sold its crane hire division for $455,000. The profit on sale of the net assets of the division was approximately $200,000.

The financial effects of the above were not recognised as at 31 December 2003.

10. CONTINGENT LIABILITIES

On 15 July 2003 P & H Rural Supplies Pty Ltd was served a statement of claim for damages of approximately $5.6 million in respect of the supply and installation of an irrigation system. The claim relates to the design, supply and installation of a central automation irrigation control system. P & H Rural Supplies Pty Ltd are named as second defendant, the first defendant being the company that designed and supplied the system. The Directors are of the view that the claim is not supported by the facts and deny any liability. Accordingly the claim is to be vigorously defended. The Directors consider that no liability is likely to be incurred by P & H Rural Supplies Pty Ltd. The Directors believe that, even if the claim against P & H Rural Supplies Pty Ltd were to be successful, the consolidated entity would have indemnity from their insurer to at least $3.3 million of the total claim.

As at 31 December 2003 the directors are not aware of any other significant changes in contingent liabilities from those disclosed in the 2003 annual report.

Directors' Declaration

The directors declare that the attached financial statements and notes:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that Lindsay Australia Limited will be able to pay its debts as and when they become due and payable.

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

John F Pressler
Director

Brisbane, Queensland
20 February 2004

Independent Review Report to the Members of Lindsay Australia Limited

JOHNSTON RORKE

Chartered Accountants

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Scope

We have reviewed the financial report being the Directors' Declaration, Consolidated Statements of Financial Performance, Financial Position and Cash Flows and Notes to the Consolidated Financial Statements of Lindsay Australia Limited (the company) for the half-year ended 31 December 2003. The company's directors are responsible for the financial report which includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the company to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lindsay Australia Limited is not in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

JOHNSTON RORKE
Chartered Accountants

R C N Walker
Partner

Brisbane, Queensland
20 February 2004

Corporate Information

DIRECTORS

John Frederick Pressler *OAM, MAICD*
Chairman

Michael Kim Lindsay *MAICD*
Managing Director & Chief Executive Officer

Richard Andrew Anderson *OAM, BCom, FCA, FCPA*
Non-Executive Director

Samuel Sydney Doumany *BSc, MAICD*
Non-Executive Director

Leslie Raymond Hancock *MAICD*
Non-Executive Director

Thomas Kelsall Lindsay
Non-Executive Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Graham Andrew Johnston *BCom, MBA, CPA*

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STOCK EXCHANGE LISTING

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