



LINDSAY AUSTRALIA
LIMITED

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Company Announcements
Australian Stock Exchange Limited
Sydney.

Dear Sir

TRADING UPDATE

Lindsay Australia's revenue patterns are impacted by seasonal factors such as weather, market prices, crop size, and the harvest times of produce. These factors give rise to variations in expected trading results particularly in the short term. January and February have been difficult trading months with operating results different to that forecast.

REVENUE

Transport

While cartage revenue for January and February at \$14.1 million exceeds last year's revenue at \$12.7 million, revenue is behind that achieved last year if revenue from new areas of Mildura and Robinvale are eliminated. Revenue from Mildura and Robinvale was approximately \$2.3 million for January and February.

This reduction has resulted in higher than expected imbalance of freight that traditionally occurs during the seasonal low period for Transport. The reduction in revenue is attributed to seasonal factors with high temperatures and high rainfall being experienced at various times during January and February in Queensland and northern New South Wales that impact on demand, and a different mix of freight compared with last year.

Rural Supplies

Revenue for Rural Supplies for January and February was \$5.7 million. This compares with revenue for the same period last year of \$5.3 million. Revenue out of Mildura and Robinvale for January and February was \$0.8 million. Again the softness in revenue particularly in February from existing Queensland stores is attributed to seasonal factors.

IMPACT

The greater than expected imbalance in freight (the volume of northbound freight exceeds the volume of southbound freight) has resulted in increased empty running as that part of the fleet which services major southern customers returned south without loads. Further low freight volumes in smaller depots has resulted in inefficiencies in labour and equipment utilisation as the ability to reduce costs are limited. The Cudgen depot is to be closed in early April.

The group is continuing to seek further contracts to reduce the seasonality of its existing revenue patterns and to restructure branches so that the impact of seasonal factors is mitigated as far as possible.

Similarly with Rural Supplies' stores low sales volumes impact on profitability.

With excellent rainfall being received in most of our northern produce areas forecasts for the last quarter indicate strong trading conditions. Operations in Mildura and Robinvale are encouraging.

Yours faithfully,

Kim Lindsay
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