LINDSAY AUSTRALIA
LIMITED

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30 June 2004

Company Announcements
Australian Stock Exchange Limited
SYDNEY NSW 2000

Dear Sir,

LAU

MARKET UPDATE

Lindsay Australia Limited (LAU) has experienced adverse trading conditions which have reduced profitability in the second half of the 2003/2004 financial year. For the financial year ended 30 June 2004 LAU estimates that profit after tax will be in the range of $800,000 to $1,200,000. This forecast result is prior to the recognition of a loss relating to discrepancies between pallet hire balances and physical pallet counts.

Trading

With approximately two thirds of the group's revenue sourced from horticultural areas, seasonal factors have a large impact on group profitability. LAU advised the ASX on 19 March 2004 that it was experiencing seasonal variations in its revenue. Further to this, revenue from our divisions for the five months ended 31 May 2004 is as follows:

	5 months to 31/05/04 $000's	5 months to 31/05/03 $000's	Change $000's	Revenue for Mildura / Robinvale $000's	Change Excluding Robinvale / Mildura $000's
Transport Freight and Cartage	37,441	35,153	2,288	6,032	<3,744>
Rural	15,965	15,418	547	2,041	<1,494>
	53,406	50,571	2,835	8,073	5,238

These figures show that whilst entry into the new areas of Mildura and Robinvale has been successful, revenue from existing operating areas has reduced in the five months to 31 May

2004 compared with the corresponding period last year. After a poor January and February revenue from northern source markets was expected to return to forecast levels during April, May and June. This did not occur in April and May as a result of late seasons and low produce prices. Revenue levels however have returned to forecast in June. Additionally, during May some of our major customers in southern areas experienced seasonal variations in demand for their products which also impacted on revenue levels.

In addition to the reduced level of revenue from existing markets, increased fuel, capital and interest costs have affected the second half-year of trading. The increased cost of fuel as a result of higher barrel prices and the decline in the Australian dollar has impacted on profitability in May and June.

For the half-year to 31 December 2003, the group experienced growth compared to the corresponding period last year and expanded its fleet in order to meet the expected increase in demand. However, with lower than expected freight in the five months to 31 May 2004, the increased fleet has had lower utilisation and resulted in higher capital costs relating to lease amortisation and interest. The fleet is currently being rebalanced.

The combination of the lower revenue from existing operating areas and the higher fixed charges have resulted in an estimated loss of $600,000 to $1,000,000 for the six months to 30 June 2004.

Pallets

A preliminary reconciliation and analysis of pallet hire balances and actual pallets in use has been undertaken. This has revealed significant discrepancies. This process of analysis and reconciliation is continuing. LAU estimates that it has a potential liability of approximately $1.5 million in respect of payments required to be made to compensate pallet hire companies for pallets which LAU group companies have hired but do not now have actual possession or control of. The preliminary analysis indicates that some of this potential liability was incurred prior to the acquisition of the Lindsay Brothers Transport group by LAU.

Legal advice is currently being obtained by LAU in respect of the possible recovery of any losses arising from these potential liabilities.

The recognition of this potential liability and any resultant payment of compensation will, if and when made, have a positive effect in subsequent periods as future pallet hire charges will be reduced by approximately $750,000 per annum.

A more detailed disclosure will be made after LAU's continuing analysis has been completed.

Yours faithfully,

Kim Lindsay
Managing Director and Chief Executive Officer