LINDSAY AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 81 061 642 733

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Directors	John F Pressler OAM MAICD (Chairman) Michael K Lindsay MAICD (Managing Director and Chief Executive Officer) Richard A Anderson OAM BCom FCA FCPA Samuel S Doumany BSc MAICD Gregory D Farrell BEcon Leslie R Hancock MAICD Thomas K Lindsay
Company Secretary and Chief Financial Officer	Graham A Johnston BCom, MBA, CPA
Register of Securities	Computershare Investor Services Pty Ltd 307 Queen Street, Brisbane, Queensland, 4000 Telephone: 1300 552 270 www.computershare.com.au
Registered and Principal Administrative Office	116 Ipswich Road, Woolloongabba, Queensland, 4102 Telephone: (07) 3240 4900 Fax: (07) 3393 1999 www.lindsayaustralia.com.au
Auditor	Johnston Rorke 255 Adelaide Street, Brisbane, Queensland, 4000
Banker	Westpac Banking Corporation 65 Molesworth Street, Lismore, New South Wales, 2480
Stock Exchange Listing	Lindsay Australia Limited shares are listed on the Australian Stock Exchange, code LAU.

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

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter either as the consolidated entity or as the Group) consisting of Lindsay Australia Limited and its controlled entities for the financial year ended 30 June 2006.

Directors

The following persons were directors of Lindsay Australia Limited during the financial year and until the date of this report. Directors were in office for the whole of the period unless otherwise stated.

Mr John Frederick Pressler, 64 (Non-executive Chairman)
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 has been a non-executive director of Wide Bay Capricorn Building Society Limited since 1988, and it's Chairman since 1997. 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.

He has held no other directorships with other listed companies during the last three years.

Mr Michael Kim Lindsay, 48 (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 Company's operations.

In 1983 Mr Lindsay established Lindsay Rural, a specialist rural merchandising business with operations in central and southeast 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 is a member of the Australian Institute of Company Directors.

He has held no other directorships with other listed companies during the last three years.

Mr Richard Andrew Anderson, 60 (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.

He was a member of the Queensland Treasury Corporation Capital Markets Board, the Board of Trustees of Brisbane Grammar School and president of CPA Australia in Queensland and the Brisbane Polo Club.

Mr Anderson is the current chairman of Data #3 Limited having been a director since 1997, a member of the boards of Namoi Cotton Cooperative Limited (appointed 2001) and Villa World Limited (appointed 2002) and a member of the Council of the Queensland Art Gallery Foundation. He is also the current president of the Guide Dogs for the Blind Association of Queensland and Patron of the Brisbane Polo Club.

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 Samuel Sydney Doumany, 69 (Non-executive Director)
Mr Doumany has worked for over 40 years in both the government and private sectors in economic research, agribusiness management, public affairs, corporate governance and strategic planning.

Mr Doumany holds a Bachelor of Science degree in Agriculture from the University of Sydney.

He was elected to the Queensland Parliament in 1974 and subsequently served as Minister for Welfare and Minister for Justice and Attorney General.

Mr Doumany has had a long and extensive involvement in rural industry, including more recently the Chairmanship of the Queensland Rural Adjustment Scheme Review Committee (1996/97), the Queensland Rural Adjustment Authority Board (1997/2000) and the Queensland Dairy Legislation Review Committee (1997/1998).

Mr Doumany has been a non-executive director of Teys Brothers (Holdings) Pty Ltd and is currently a director of Frontline Defence Services. He is the principal of a corporate and government relations' consultancy, Sam S Doumany and Associates. Mr Doumany is a member of the Australian Institute of Company Directors. He is currently Chairman of FSA Group Limited and has been a director since 2002.

He has held no other directorships with other listed companies during the last three years.

Mr Gregory Damian Farrell, 47 (Non-Executive Director) (appointed 17 November 2005)
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 Leslie Raymond Hancock, 55 (Non-executive Director)
Mr Hancock has been a solicitor since 1973, specialising in the areas of employment and industrial relations, and commercial and corporate matters. As a partner in BCI Law and as the principal of other legal firms he has provided legal advice to the Company for the past 13 years.

Mr Hancock has an in-depth understanding of the commercial aspects of the Company, and has had significant exposure to the horticultural industry, representing a number of the industry's leading growers in southern and central Queensland. Mr Hancock is currently a director of the Bundaberg Friendly Society Medical Institute Limited. He is a member of the Australian Institute of Company Directors and the Business Law Council of Australia.

He has held no other directorships with other listed companies during the last three years.

Mr Thomas Kelsall Lindsay, 75 (Non-executive Director)
Mr Lindsay co-founded Lindsay Brothers Transport in 1953 and, until 2002, was that Company's joint managing director. Mr Lindsay was instrumental in directing the ongoing expansion of the Company to its status as one of Australia's largest refrigerated transport companies.

Mr Lindsay has over 50 years experience in the Australian transport industry and is widely regarded as one of its most influential figures. Mr Lindsay has served on numerous industry organisations for over 30 years, including the North Coast Road Transport Association and Newcastle Road Transport Association (after its amalgamation with that body), the Long Distance Road Transport Association and National Roads Association. He was inducted into the Transport Hall of Fame in 2003.

He has held no other directorships with other listed companies during the last three years.

Company Secretary
Mr Graham Johnston, 54 (Company Secretary and Chief Financial Officer)
Mr Johnston has over 21 years senior management experience in all aspects of finance and administration.

Mr Johnston has held senior positions with a number of ASX listed companies involved in the tourism / leisure, development and construction, and retirement village industries. These positions entailed responsibility for financial management, accounting, ASX reporting and company secretarial requirements.

Mr Johnston holds a Bachelor of Commerce and Master of Business Administration, and is a Certified Practising Accountant.

Committee Membership
As at the date of this report, the Company has an Audit and Risk Committee, an Environmental and Occupational Health and Safety Committee, and a Remuneration Committee of the board of Directors. Membership of the committees is as follows:

Audit and Risk	Remuneration	Environmental & Occupational Health and Safety
R A Anderson (Chairman)	S S Doumany (Chairman)	L R Hancock (Chairman)
J F Pressler	J F Pressler	S S Doumany
L R Hancock	R A Anderson	M K Lindsay

Interests in Shares, Options, and Convertible Notes of the Company
At the date of this report the interests of current Directors in securities of the Company are as follows:

	Ordinary Shares	Convertible Notes
J F Pressler	2,391,728	-
M K Lindsay	9,973,825	-
R A Anderson	144,000	-
S S Doumany	40,000	-
G D Farrell	22,196,346*	-
L R Hancock	3,541,966	-
T K Lindsay	10,748,903	8,971,309

* Includes 18,275,000 restricted to 4 November 2006

Dividends Paid or Recommended

No final dividend has been declared or recommended for the year ended 30 June 2006.

An interim dividend for the year ended 30 June 2006 of 1.1 cents per share fully franked was paid on 31 March 2006.

Corporate Information

Nature of Operations and Principal Activities

There have been no significant changes in the nature of activities during the year. The principal activities of the consolidated entity during the year were:

- transportation of refrigerated and general freight, and
- merchandising of rural supplies.

Employees

The consolidated entity employed 766 staff as at 30 June 2006 (2005:717).

Review of Operations

Performance Indicators

Management and the board monitor the consolidated entity's overall performance against operating plans and financial budgets. The board together with management have identified key performance indicators that are used to monitor performance.

Operating Results for the Year

For the year ended 30 June 2006 the consolidated entity earned a net profit after tax of $1.283 million. This compares with a net profit after tax of $1.951 million for the previous year. The result for the previous year included a credit to the income tax expense of $972,000 arising from a reduction in the provision for deferred taxation. This adjustment arose as a consequence of the consolidated entity electing to consolidate for taxation purposes and resetting the tax cost base of plant and equipment.

The operating results for the Group are summarised as follows:

	2006 $'000			% Change	2005 $'000		
Revenue and other income	**Transport**	**Rural**	**Total**		**Transport**	**Rural**	**Total**
Freight	113,824	-	113,824	7.4	105,990	-	105,990
Sale of goods	7,798	45,395	53,193	6.5	7,940	42,018	49,958
Other revenue/income	2,036	787	2,823	12.6	1,867	641	2,508
Unallocated	-	-	818	96.2	-	-	417
	123,658	46,182	170,658	7.4	115,797	42,659	158,873
Increase in revenue/other income	6.8%	8.3%					
Expenses							
Purchases and changes in inventories			43,880	6.9			41,035
Fuel and oil costs			25,446	31.4			19,364
Repairs and maintenance			9,513	14.4			8,313
Subcontractors			16,891	(18.5)			20,715
Employee benefits and related costs			40,550	9.1			37,182
Insurance			1,732	8.2			1,601
Pallet charges and compensation			925	8.2			855
Operating lease rentals			3,059	21.1			2,526
Professional fees			508	(33.9)			769
Other expenses			14,267	6.9			13,343
			156,771	7.6			145,703
Earnings before interest, income tax, depreciation and amortisation			**13,887**	5.4			**13,170**
Margin percentage			8.1%				8.3%
Depreciation and amortisation			9,369	7.6			8,706
Finance costs			3,121	2.0			3,061
Profit before income tax			1,397	(.4)			1,403
Income tax (expense) benefit			(114)	-			548
Profit for the year			**1,283**	(34.2)			**1,951**

Earnings before interest, tax, depreciation and amortisation (EBITDA) were $13.887 million at 8.1% of total revenue and other income. This compares with an EBITDA of $13.170 million at 8.3% of total revenue achieved in the year ended 30 June 2005.

The 2006 financial year was a disappointing one for the Group. After an improved first half, trading conditions in the seasonally quieter second half were difficult. On a segment basis the results achieved are as follows:

	2006 $'000		2005 $'000	
	Transport	**Rural**	**Transport**	**Rural**
Result	5,345	3,402	5,519	3,628

From above it can be seen that while Rural and Transport have achieved segment results similar to last year the result for Transport is considered well below potential.

Transport

Transport's financial performance was impacted by continuing high fuel prices and cost pressures which have eroded margins. While Transport increased freight revenue by 7.4% approximately 3% of this increase is attributed to increased fuel levies. The remaining increase of 4.4% is attributed to increased sales and price increases which principally occurred in the first half. Kilometers travelled increased by 2.8% to 46.4 million. Revenue on company vehicles increased by 12.5% with a reduction in revenue generated by subcontractors of 8.9%. Revenue from Transport's top 10 customers increased by approximately 12%.

Throughout the 2006 year fuel prices continued to increase and still remain at high levels. The average cost of fuel and oil increased approximately 31% on the 2005 financial year. While fuel levies are imposed to recover these increases in general the increase in levy lags the actual fuel price increase. Rapid escalation of prices exacerbates the problem caused by the lag. Fuel levies are adjusted monthly with customers. On a per kilometre basis the average cost per kilometre this year is 54.7 cents for fuel and oil compared with 42.8 cents per kilometre last year. This increase represents a cost increase of $5.4 million on equivalent kilometres.

Cost pressures that have eroded margins had a greater impact in the second half of the financial year when revenue growth was below expectations. For the second half revenue increases net of subcontractor margins failed to cover increases in other costs as a result of inflationary and demand influences. The amount of fuel levies imposed on customers has made it difficult to obtain price increase as customer margins are placed under pressure by increase in the cost of transportation as result of fuel cost increases. Increased prices have been agreed with customers, however a general increase in industry rates is needed to achieve an appropriate return on efforts and assets employed.

Notwithstanding these fundamental issues improvements have been made in vehicle utilisation and productivity. Subcontractors expenses reduced by 18.5% during the year as more freight was carried on company vehicles. During the year Transport implemented "Lintrack", an inhouse vehicle allocation and tracking system. This coupled with the establishment of a National Transport Office in Brisbane has increased vehicle utilisation. The next stage of our operations management is to integrate fatigue management into Lintrack. As part of this process satellite navigation has been installed in all company linehaul trucks. This allows the National Transport Office to monitor and track in real time all truck movements.

As part of the process of increasing utilisation of our fleet and reducing costs two small country branches were closed and a branch established in Adelaide. The objective is for company trucks to operate between capital cities and major produce depots to maximise load factors.

The fleet has also been rationalised during the year with the disposal of older and/or high maintenance cost trucks and trailers. This rationalisation occurred in May and June 2006. During the year repairs and maintenance costs increased 14.4% to approximately $9.5 million. Our replacement strategy is to build our B-Double capacity. The proportion of total linehaul vehicles that are B-Double rated has increased to 38% from 31%. B-Doubles can carry approximately 40% more freight than single trailers.

With Lintrack and the information that it captures more clerical functions are to be consolidated into Head Office to further reduce operating costs.

DIRECTORS' REPORT (Cont)

Rural

Rural continues to trade well in a challenging environment. Rural increased revenue by 8.3% during the financial year. Rural's profit contribution however remained at a similar level to last year as a result of decreased margins achieved.

Rural acquired a packaging outlet in Renmark bringing to three the outlets that Rural has along the major produce growing area of the Murray River. This outlet contributed $1,574,000 to sales revenue for the year.

Plastic one way and re-usable crates continue to penetrate the market resulting in increased competition for fibre packaging products. In February a distribution agreement was entered into with Wenco of Chile to distribute their plastic produce crates in Australia and New Zealand. Success has been had with these crates used as an export crate for grapes out of the Murray River area.

While plastic crates have obtained a percentage of the market in many instances they do not have a cost advantage over the fibre carton. Fibre cartons are becoming more generic as part of a competitive response to plastic crates and this has placed pressure on margins. We believe that market shares for plastic crates and fibre cartons will stabilize in the next two years.

Margins on other farm inputs also tightened during the year as a response to industry amalgamation. This is particularly the case with fertilizers.

A wholesale division is to be established to target major customers in existing rural areas in which we operate and in areas where we currently do not cover.

Corporate

The Group's land and buildings at Bundaberg were disposed of at the end of the financial year. These land and buildings were rented to the purchasers of a discontinued business of the Group as part of the restructure undertaken in 2002. The sale proceeds of $1.2 million have been used to retire debt facilities.

Capital Raising

During the year $4,569,000 was raised by the placement of 18,275,000 shares at 25 cents each. This placement was made to a strategic investor, Mulawa Holdings Pty Ltd, at a price above the market price at the time of making the placement. The capital raising has strengthened the financial base of the Group.

Director

Subsequent to the capital rasing an invitation to join the Board was made to Mr Greg Farrell, the managing director of Mulawa Holdings Pty Ltd. Mulawa Holdings own COPE Transport which has an annual turnover of approximately $60 million.

Earnings per Share

Basic earnings per share were 1.0 cent per share compared with 1.7 cents per share last year.

Financial Condition

At 30 June 2006 the consolidated entity's working capital ratio was 1.075 (2005:1.076) and its net debt to shareholders' funds (gearing) ratio was 1.48 (2005:1.61). The ratios reflect the structure of the consolidated entity with over 75% of the total borrowings of $48.6 million used to fund the acquisition of its transport fleet. The consolidated entity does not have any trucks or trailers acquired by the use of operating leases. The consolidated entity at 30 June 2006 had additional un-drawn equipment finance facilities of $10 million and available bank overdraft and standby bank facilities of $4.86 million.

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 has a number of mechanisms in place to ensure that management's objectives are aligned with the risks identified by the board. These include the following:

- implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPI's of both a financial and non-financial nature, and
- committees to report on specific business risks including, for example, such matters as environmental issues and concerns, and occupational health and safety.

Purchase of the Assets of Bob Fountain Transport

On 30 August 2006 the Group entered into a contract to purchase the assets and business of Bob Fountain Transport. Bob Fountain Transport is an Adelaide based refrigerated transport company with revenue of approximately $12.8 million of which $8.1 million originates out of Adelaide. Bob Fountain Transport principally operates between Adelaide and Brisbane and return. The acquisition includes 13 prime movers, 39 trailers, 11 rigid trucks and small plant and equipment. The acquisition price for plant and equipment is approximately $6.4 million including stamp duty. Inventories will be purchased at cost on day of settlement. No goodwill is payable. Settlement is expected on 3 October 2006.

The purchase of the business and assets of Bob Fountain Transport represents a strategic expansion for the Group. Although Lindsay Transport has established a depot in Adelaide it would have taken a number of years to grow revenues to the level of revenue generated by Bob Fountain Transport out of Adelaide.

As from settlement the business will be integrated into Lindsay Transport. The acquisition gives the Group a critical mass of operations in Adelaide and enables the Group to offer existing customers the opportunity to use Lindsay Transport out of Adelaide and Bob Fountain Transport's customers access to Lindsay Transport's eastern seaboard transport network. The principals of Bob Fountain Transport have agreed to remain in the business for a minimum of two years. Lindsay Transport will lease Bob Fountain Transport's existing depot at Smithfield Adelaide.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- a share placement of 18,275,000 ordinary shares at 25 cents each rasing $4.569 million,
- an issue of 1,831,769 shares at 19.7 cents per share each pursuant to the dividend re-investment plan,
- the cash received from the share issues was used to increase working capital,
- the sale of an investment property for $1.2 million resulting in a gain of $0.354 million, and
- the funds raised of $1.2 million were used to reduce the commercial bill line debt.

Other than the above there has been no significant change in the state of affairs of the Company or the consolidated entity during the year.

Likely Developments and Expected Results

The Directors foresee that the 2007 financial year will be a period of operational consolidation and integration of the assets and business of Bob Fountain Transport into Lindsay Transport.

The Directors consider that total revenue for the 2007 financial year will be at a similar level to that achieved in 2006 prior to revenues generated by the proposed acquisition of the business of Bob Fountain Transport.

Transport's focus is to:

- integrate the proposed acquisition of the business of Bob Fountain Transport,
- increase utilisation of vehicles,
- obtain more all year round freight,
- obtain increased freight rates from existing customers, and
- implement cost reductions.

Rural revenue is expected to increase by approximately 5% from levels achieved in the 2006 year.

Rural's focus is to:

- establish a wholesale division,
- increase its geographical operational coverage, and
- increase sales of plastic crates.

Profit for the Group is forecast to increase as a result of:

- revenue and margin from the proposed acquisition of the business Bob Fountain Transport,
- increased sales margins from customers,
- reduction of labour cost from centralising functions, and
- higher load factors and vehicle utilisation.

These projections are subject to uncertainties regarding the price of fuel and the consolidated entity's capacity to recover adverse fuel price movements by the charging of fuel levies in a timely manner, and the inherent uncertainty of the impact of seasonal factors (both positive and negative) that occur within the industry sectors that the consolidated entity operates.

DIRECTORS' REPORT (Cont)

Matters Subsequent to the End of the Financial Year
Other than as disclosed in note 39 of the financial report and in this Directors' report, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year and that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Environmental Regulations
The Group's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Share Options
No options have been granted since the beginning of the year up to the date of this report. There are no options over shares at the date of this report.

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.

Meetings of Directors
During the financial year the following meetings of Directors and of each Board committee were held. Attendances were:

	Directors' Meetings		Audit and Risk Committee		Remuneration Committee		Environmental & Occupational Health & Safety Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J F Pressler	16	16	4	3	1	1	-	-
M K Lindsay	16	16	-	-	-	-	3	3
R A Anderson	16	14	4	4	1	-	-	-
S S Doumany	16	14	-	-	1	1	3	3
G D Farrell	9	8	-	-	-	-	-	-
L R Hancock	16	15	4	3	-	-	3	3
T K Lindsay	16	15	-	-	-	-	-	-

Indemnities
During or since the end of the financial year the Group has not given any indemnity or entered into any agreement to indemnify, or paid or agreed to pay insurance premiums in relation to an officer or auditor except as detailed below:

Lindsay Australia Limited has paid a premium to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director, other than conduct involving a wilful breach of duty. The amount of the premium was $20,207.

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.

Audit Independence
A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

Non-Audit Services
The following non-audit services were provided by the entity's auditor, Johnston Rorke. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Johnston Rorke received or is due to receive the following amounts for the provision of non-audit services during the year ended 30 June 2006:

Workers compensation audit	$800
Tax compliance services	$9,650

DIRECTORS' REPORT (Cont)

Remuneration Report

The Remuneration Report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Service agreements

C Details of remuneration paid to key management personnel

D Share-based compensation

E Additional information.

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures.* These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the *Corporations Act 2001* and the *Corporations Regulations 2001* which have not been audited.

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (audited)

Remuneration Philosophy

It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality board and executive team by remunerating Directors and executives fairly and appropriately with reference to relevant employment market conditions and results delivered.

The expected outcomes of the remuneration structure are:

- retention and motivation of Directors and executives (key management personnel); and
- attraction of quality Directors and executives to the Company.

Remuneration Committee

The board's Remuneration Committee is responsible for determining and reviewing compensation arrangements for Directors and executives of the Company. To assist in achieving this objective, the Remuneration Committee takes into account the nature and amount of executive Directors' and officers' emoluments and the Company'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 2 November 2002 when shareholders approved an aggregate remuneration of $300,000 per year.

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 then statutory superannuation, to non-executive Directors.

Details of the nature and amount of the emolument of each Director of the Company for the years ended 30 June 2006 and 30 June 2005 are provided later in this report.

Executive Director and Senior Management Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and results achieved.

The executive pay and reward framework has three components:

- base pay and benefits,
- long-term incentives through participation in the Lindsay Australia Limited Employee Option Plan, and
- other remuneration such as superannuation and bonuses.

The combination of these comprises the executives' total remuneration.

Structure
Executives are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles 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 Company. The base emolument and non-monetary payments are not dependent upon the satisfaction of any performance conditions.

In relation to the payment of bonuses (other than where a bonus provision is included in an executive service contract), options 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.

The executive Director and other key management personnel have the opportunity for participation in the Employee Share Option Plan. The terms and conditions under the plan which regulate the issue of options 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; and
- 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.

In general the Directors consider that any options over shares issued pursuant to the plan would have an exercise price above the current market price of the shares on the ASX and would be exercisable at a future period of time so that the executive Director or other key management personnel's interest is aligned with that of the shareholders of the Company.

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 2006 and 30 June 2005 are provided later in this report.

B SERVICE AGREEMENTS (audited)

Service Agreements
Major provisions of service agreements with the executive Director and other key management personnel appear below.

Name	Cash Salary Including Superannuation $	Motor Vehicle Supplied	Payment on Termination by Company	Term Remaining	Notice Period*
Executive Director					
M K Lindsay	396,000	Yes	1 month	-	1 month
Other key management personnel					
B J Baker	171,479	Yes	1 month	-	1 month
A W Bunker	133,100	Yes	Balance of contract	19 months	-
G R Careless	178,200 (1)	Yes	1 month	-	1 month
D M Colclough	119,900	Yes	1 month	-	1 month
S M Foster	171,479	Yes	1 month	-	1 month
L D Greene	130,350	No	1 month	-	1 month
G A Johnston	200,000	No	1 month	-	1 month
T G Lindsay	231,578	Yes	1 month	-	1 month

* where not subject to a fixed term contract

(1) G R Careless is entitled to be paid a bonus up to $15,000 per annum on results achieved in the Rural division.

No executive service contract other than G R Careless' contract includes any terms that require a bonus payment. The Directors may grant a bonus to any employee at their discretion.

C DETAILS OF REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL (audited)

	Short-term Benefits			Long-term Benefits	Post-employment Benefits	Total
	Directors' Fees	Cash Salary and Fees	Non-Monetary Benefits		Superannuation	
	$	$	$	$		$
Non-Executive Directors						
J F Pressler (Chairman)						
2006	-	-	-	-	65,400	65,400
2005	-	-	-	-	65,400	65,400
R A Anderson						
2006	40,000	-	-	-	3,600	43,600
2005	40,000	-	-	-	3,600	43,600
S S Doumany						
2006	40,000	-	-	-	3,600	43,600
2005	40,000	-	-	-	3,600	43,600
G D Farrell						
2006	25,000	-	-	-	2,250	27,250
L R Hancock						
2006	40,000	-	-	-	3,600	43,600
2005	40,000	-	-	-	3,600	43,600
T K Lindsay						
2006	40,000	52,000	-	-	-	92,000
2005	40,000	105,000	9,695	-	-	154,695
Sub-Total 2006	**185,000**	**52,000**	**-**	**-**	**78,450**	**315,450**
Sub-Total 2005	160,000	105,000	9,695	-	76,200	350,895
Executive Director and other key management personnel						
M K Lindsay (Managing Director & Chief Executive Officer)						
2006	-	353,079	18,606	6,002	51,139	428,826
2005	-	357,197	11,671	6,000	36,320	411,188
B J Baker (Operations Manager – Transport)						
2006		97,886	10,663	-	65,522	174,071
2005		107,746	9,771	-	47,735	165,252
A W Bunker (Commercial Manager – Transport)						
2006		112,279	17,839	7,613	11,989	149,720
2005		99,828	18,238	1,797	10,163	130,026
G R Careless (Business Development Manager-Rural - Commenced 30 January 2006)						
2006		69,901	2,266	-	11,390	83,557
D M Colclough (Assistant General Manager Transport - Commenced 27 February 2006)						
2006		37,024	4,896	-	6,973	48,893
S M Foster (Operations Manager – Transport)						
2006		164,284	590	13,839	17812	196,525
2005		154,335	5,312	-	15,323	174,970
L D Greene (Commercial Manager – Rural)						
2006		108,152	13,995	1,975	12,412	136,534
2005		107,696	13,995	10,355	13,205	145,251
G A Johnston (Chief Financial Officer & Company Secretary)						
2006		90,597	-	-	95,989	186,586
2005		155,769	-	-	15,577	171,346
T G Lindsay (General Manager – Transport)						
2006		219,435	2,645	3,524	22,296	247,900
2005		216,174	2,517	3,517	21,969	244,177
E K Schuh (General Manager – Rural – Terminated 31 January 2006)						
2006		74,858	5,303	(23,540)	25,402	82,023
2005		154,575	15,933	2,834	37,741	211,083
Total 2006	**185,000**	**1,379,495**	**76,803**	**9,413**	**399,374**	**2,050,085**
Total 2005	160,000	1,458,320	87,132	24,503	274,233	2,004,188

The above persons 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.

Amounts disclosed for cash salary, fees and superannuation include amounts accrued during the year in respect of leave entitlements. Total remuneration cost may vary, as compared to base salary, with the amount of annual and long service leave an executive takes or accrues during a year and when the Company recognises a provision for long service leave in respect to an employee.

During the year there were no loans to any key management personnel. There were no cash bonuses paid during the current or prior financial years. GR Careless is entitled to a bonus of up to $15,000 per annum payable in cash on results achieved and financial performance of the Rural division. The initial assessment of any bonus payable will be based on the 2006 calendar year undertaken on the anniversary of his employment.

None of the above remuneration paid during the year is related to the Group's profit performance.

D SHARE-BASED COMPENSATION (audited)

During the year there were no equity instruments issued as remuneration. At 30 June 2006 there were no issued employee share options.

There are no bonuses or grants of options or shares outstanding as a result of the executive director or specified directors meeting performance criteria in the 2006 or prior financial year.

Details of equity based compensation for the current year was as follows:

1. As there were no equity instruments granted during the year to key management personnel no percentage value of remuneration was paid as equity.
2. No options granted in prior years as part of remuneration to key management personnel were exercised during the year.
3. During the year 1,155,000 options over shares exercisable at 65 cents each granted to key management personnel lapsed. At lapse date these options had no value. These options lapsed at the discretion of the key management personnel.
4. The aggregate value of the above amounts is$ nil.

E ADDITIONAL INFORMATION (unaudited)

The Company was substantially restructured effective from 1 January 2003. The issue price of shares issued pursuant to a prospectus to the public was 25 cents. At 30 June 2006 the closing price of ordinary shares of the Company was 16 cents. During the period between 1 January 2003 and 30 June 2006 aggregate dividends of 4.3 cents have been paid to shareholders. The total remuneration cost of the executive Director and other key management personnel for the year ended 30 June 2006 was $1.735 million. This compares with $1.653 million for the year ended 30 June 2005, an increase of 4.96%. There is an additional key management person disclosed this year.

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

John F Pressler
Chairman of Directors
Brisbane, Queensland
28 September 2006

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The Directors
Lindsay Australia Limited
116 Ipswich Road
WOOLLOONGABBA QLD 4102

Auditor's Independence Declaration

As lead engagement partner for the audit of the financial report of Lindsay Australia Limited for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

i. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

JOHNSTON RORKE
Chartered Accountants

R.C.N. WALKER
Partner

Brisbane, Queensland
28 September 2006

ANNUAL FINANCIAL REPORT – 30 JUNE 2006

CONTENTS

Financial report

- Income statements
- Balance sheets
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Independent audit report to the members

This financial report covers both Lindsay Australia Limited as an individual entity and the consolidated entity consisting of Lindsay Australia Limited and its subsidiaries. The financial report is presented in the 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
116 Ipswich Road
WOOLLOONGABBA Q 4102

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 report was authorised for issue by the directors on 28 September 2006.

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		$'000	$'000	$'000	$'000
Revenues	4	170,049	158,762	7,998	7,928
Other Income	5	609	111	527	-
Expenses					
Changes in inventories		486	104	-	-
Purchase of inventories		(44,366)	(41,139)	-	-
Fuel and oil costs		(25,446)	(19,364)	(12)	(11)
Repairs and maintenance		(9,513)	(8,313)	(12)	(8)
Subcontractors		(16,891)	(20,715)	-	-
Employee benefits expense		(40,550)	(37,182)	(3,212)	(3,176)
Depreciation and amortisation	6	(9,369)	(8,706)	(1,009)	(895)
Finance costs		(3,121)	(3,061)	(763)	(858)
Insurance		(1,732)	(1,601)	(22)	(37)
Pallet charges		(925)	(855)	-	-
Operating lease rentals	6	(3,059)	(2,526)	(170)	(171)
Professional fees		(508)	(769)	(313)	(440)
Other expenses		(14,267)	(13,343)	(982)	(1,050)
Profit before income tax		1,397	1,403	2,030	1,282
Income tax (expense)/benefit	7	(114)	548	80	49
Profit for the year	26	1,283	1,951	2,110	1,331

		Cents	Cents
Basic earnings per share	28	1.0	1.7
Diluted earnings per share	28	1.0	1.6

The above income statements should be read in conjunction with the accompanying notes.

Lindsay Australia Limited And Controlled Entities

BALANCE SHEETS AS AT 30 JUNE 2006

	Note	Consolidated		Parent Entity	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
CURRENT ASSETS					
Cash and cash equivalents	9	1,685	1,612	54	35
Trade and other receivables	10	28,656	23,450	25	10
Inventories	11	5,089	4,603	-	-
Current tax assets		-	8	-	8
Other	12	2,070	2,594	68	110
TOTAL CURRENT ASSETS		37,500	32,267	147	163
NON-CURRENT ASSETS					
Other receivables	10	-	-	15,217	10,569
Available-for-sale financial assets	13	60	-	-	-
Other financial assets	14	-	60	23,663	23,663
Property, plant and equipment	15	58,056	53,805	2,825	3,762
Investment property	16	-	864	-	864
Deferred tax assets	17	-	-	1,094	1,219
Intangible assets	18	4,057	3,480	417	389
TOTAL NON-CURRENT ASSETS		62,173	58,209	43,216	40,466
TOTAL ASSETS		**99,673**	**90,476**	**43,363**	**40,629**
CURRENT LIABILITIES					
Trade and other payables	19	14,729	13,607	4,744	3,493
Borrowings	20	16,778	13,054	3,231	3,069
Current tax liabilities		-	22	-	-
Provisions	22	2,990	2,998	450	479
Other	23	400	295	-	5
TOTAL CURRENT LIABILITIES		34,897	29,976	8,425	7,046
NON-CURRENT LIABILITIES					
Borrowings	20	31,858	32,365	5,059	9,137
Deferred tax liabilities	21	392	230	-	-
Provisions	22	722	680	114	123
Other	23	38	74	-	-
TOTAL NON-CURRENT LIABILITIES		33,010	33,349	5,173	9,260
TOTAL LIABILITIES		**67,907**	**63,325**	**13,598**	**16,306**
NET ASSETS		**31,766**	**27,151**	**29,765**	**24,323**
EQUITY					
Contributed equity	24	41,639	36,674	41,639	36,674
Reserves	25	-	111	-	111
Accumulated losses	26	(9,873)	(9,634)	(11,874)	(12,462)
TOTAL EQUITY		**31,766**	**27,151**	**29,765**	**24,323**

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Contributed equity			Asset revaluation reserve	Accumulated losses	Total equity
Consolidated	**Ordinary shares**	**Other**	**Other equity securities**			
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2004	32,889	278	189	468	(10,735)	23,089
Issue of shares on conversion of convertible notes (note 24(c))	748	-	(73)	-	-	675
Issue of shares pursuant to exercise of ASX listed options (note 24(a))	2,331	-	-	-	-	2,331
Issue of shares as part of deferred consideration for acquisition (note 24(b))	278	(278)	-	-	-	-
Profit for the year	-	-	-	-	1,951	1,951
Transfers to accumulated losses following sale of re-valued assets	-	-	-	(357)	357	-
Dividend paid during year	312	-	-	-	(1,207)	(895)
At 1 July 2005	36,558	-	116	111	(9,634)	27,151
Adjustment on adoption of AASB132 and AASB139 net of tax (note 20(c))	-	-	38	-	(91)	(53)
Private share placement (note 24(e))	4,569	-	-	-	-	4,569
Share placement expenses net of tax benefit	(3)	-	-	-	-	(3)
Profit for the year	-	-	-	-	1,283	1,283
Transfers from reserves	-	-	-	(111)	111	-
Dividend paid during year	361	-	-	-	(1,542)	(1,181)
At 30 June 2006	**41,485**	**-**	**154**	**-**	**(9,873)**	**31,766**
Parent entity						
At 1 July 2004	32,889	278	189	468	(12,943)	20,881
Issue of shares on conversion of convertible notes (note 24(c))	748	-	(73)	-	-	675
Issue of shares pursuant to exercise of ASX listed options (note 24(a))	2,331	-	-	-	-	2,331
Issue of shares as part of deferred consideration for acquisition (note 24(b))	278	(278)	-	-	-	-
Profit for the year	-	-	-	-	1,331	1,331
Transfers to accumulated losses following sale of re-valued assets	-	-	-	(357)	357	-
Dividend paid during year	312	-	-	-	(1,207)	(895)
At 1 July 2005	36,558	-	116	111	(12,462)	24,323
Adjustment on adoption of AASB132 and AASB139 net of tax (note 20(c))	-	-	38	-	(91)	(53)
Private share placement (note 24(e))	4,569	-	-	-	-	4,569
Share placement expenses net of tax benefit	(3)	-	-	-	-	(3)
Profit for the year	-	-	-	-	2,110	2,110
Transfers from reserves	-	-	-	(111)	111	-
Dividend paid during year	361	-	-	-	(1,542)	(1,181)
At 30 June 2006	**41,485**	**-**	**154**	**-**	**(11,874)**	**29,765**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated		Parent Entity	
		2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts in the course of operations		183,387	175,266	6,449	6,445
Payments in the course of operations		(173,302)	(164,544)	(4,787)	(4,932)
Dividend received from controlled entity		-	-	775	800
Distribution received from controlled entity		-	-	775	811
Interest received		315	284	-	4
Income taxes paid		-	(391)	-	(391)
Income tax refunded		7	1,198	7	1,198
Reimbursements received paid to tax consolidated entities		-	-	-	(816)
Finance costs paid		(3,062)	(3,062)	(704)	(860)
Net cash provided by operating activities	27(a)	7,345	8,751	2,515	2,259
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		2,834	1,764	410	37
Proceeds from disposal of investment property	16(b)	1,200	-	1,200	-
Payments for property, plant and equipment		(1,256)	(1,120)	(87)	(301)
Payments for intangibles		(297)		(286)	-
Payments for acquisition of business	27(e)	(783)	-	-	-
Loans to controlled entities		-	-	(3,931)	(2,088)
Net cash provided by / (used in) investing activities		1,698	644	(2,694)	(2,352)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		4,569	2,331	4,569	2,331
Share issue costs		(3)	-	(3)	-
Proceeds from borrowings		3,334	2,300	-	-
Repayment of borrowings		(6,772)	(3,635)	(3,758)	(1,357)
Repayment of lease liabilities		(8,938)	(7,073)	(154)	(88)
Loans from controlled entities		-	-	725	87
Dividends paid		(1,181)	(895)	(1,181)	(895)
Net cash used in financing activities		(8,991)	(6,972)	198	78
Net increase / (decrease) in cash and cash equivalents		52	2,423	19	(15)
Cash and cash equivalents at beginning of financial year		(507)	(2,930)	35	50
Cash and cash equivalents at end of financial year	27(d)	(455)	(507)	54	35

The above cash flow statements should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis Of Preparation Of Financial Report

This financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRSs
Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Lindsay Australia Lmited comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Disclosure and Presentation.*

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards
This financial report is the first Lindsay Australia Limited financial report to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Lindsay Australia Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Lindsay Australia Limited financial report for the year ended 30 June 2006, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Group has taken the exemption under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs are given in note 40.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lindsay Australia Limited ("company" or "parent entity") as at 30 June 2006 and the results of all subsidiaries for the year then ended. Lindsay Australia Limited and its subsidiaries together are referred to in the financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Lindsay Australia Limited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenue from freight cartage and hire and other services is recognised when the services are provided.

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred which is taken to be upon the delivery of goods to customers.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Lindsay Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Lindsay Australia Limited and the controlled entities in the tax consolidated group continue to 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 taxpayer 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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 7.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(e) Leases

Leases of property, plant and equipment where the Group 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 lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement 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 is 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 retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

(f) Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 flows (cash generating units).

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade and other receivables are due for settlement no more than 30 to 60 days from the date of recognition.

Collectibility 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 the income statement.

(j) Inventories

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(k) Investments and other financial assets

From 1 July 2004 to 30 June 2005
The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, were brought to account at cost and dividend income was recognised in the income statement when receivable.

Adjustments on transition date: 1 July 2005
There were no material adjustments required on 1 July 2005 to make this information comply with AASB 132 and AASB 139.

From 1 July 2005
The Group classifies investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, 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 and re-evaluates this designation at each reporting date.

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

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivates 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 balance sheet date.

Regular way purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. 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 the income statement. 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 and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(k) Investments and other financial assets (cont)

The Group assesses at each balance 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 and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(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 balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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 the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated on a diminishing value or straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

Classification	*Rate*	*Depreciation Basis*
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 each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(n) Investment property

Investment property comprising freehold land and building is held for long-term rental yields and is not occupied by the Group. Investment property is carried on the basis of the cost model. Land is not depreciated. The depreciation on the building is calculated using the straight-line method over its estimated useful life of 40 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(o) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each operation by each primary reporting segment.

(ii) Software

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful lives of two to three years. The line item in the income statement in which the amortisation of software is included is Depreciation and Amortisation expense.

(p) 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 Amcor Packaging – refer note 19) and paid within 30 to 60 days of recognition.

(q) Employee benefits

(i) Wages and salaries, annual and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on national government bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

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

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the Lindsay Australia Limited Employee Share Option Plan.

Share options vested before 1 January 2005
No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 and vested after 1 January 2005
The fair value of options granted under the Lindsay Australia Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance and service criteria). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(r) 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 the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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 balance sheet date.

(s) 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.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders 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.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year, but not distributed at balance date.

(v) GST

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(w) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(x) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB Amendment	Affected Standard (s)	Application Date of Standard	Application Date for Group
2004-3	AASB 1 *First-time adoption of AIFRS*, AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures*	1 January 2006	1 July 2006
2005-1	AASB 139 *Financial Instruments: Recognition and Measurement*	1 January 2006	1 July 2006
2005-4	AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-time adoption of AIFRS*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*	1 January 2006	1 July 2006
2005-5	AASB 1 *First-time adoption of AIFRS* and AASB 139 *Financial Instruments: Recognition and Measurement*	1 January 2006	1 July 2006
2005-6	AASB 3 *Business Combinations*	1 January 2006	1 July 2006
2005-9	AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*	1 January 2006	1 July 2006
2005-10	AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time adoption of AIFRS*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts*, AASB 1038 *Life Insurance Contracts*	1 January 2007	1 July 2007
2006-1	AASB 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2006	1 July 2006

It has been assessed that the implementation of the above AASB amendments is not expected to affect the Group's accounting policies and therefore will have no material impact.

New Standard/UIG	Application Date	Application Date for Group
AASB 119 *Employee Benefits*	1 January 2006	1 July 2006
AASB 7 *Financial Instruments: Disclosures*	1 January 2007	1 July 2007
UIG 4 *Determining whether an Arrangement contains a Lease*	1 January 2006	1 July 2006
UIG 5 *Rights to Interests in Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2006	1 July 2006
UIG 7 *Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies*	1 March 2006	1 July 2006
UIG 8 *Scope of AASB 2*	1 May 2006	1 July 2006
UIG 9 *Reassessment of Embedded Derivatives*	1 June 2006	1 July 2006

It has been assessed that the implementation of the above new AASB standards and UIGs is not expected to affect the Group's accounting policies and therefore will have no material impact.

(y) General

This financial report covers both Lindsay Australia Limited as an individual entity (parent entity) and the consolidated entity consisting of Lindsay Australia Limited and its controlled entities.

Lindsay Australia Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

116 Ipswich Road
WOOLLOONGABBA QLD 4102

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate 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.

Risk management is carried out by the administration department and is subject to review by the board of directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group does not have any assets or liabilities denominated in foreign currencies.

(ii) Price risk

The Group is not exposed to any significant commodity price risk.

(iii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

The Group has significant concentrations of credit risk (refer note 34). The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Outstanding receivables in excess $50,000 per customer are reviewed monthly by the board of directors.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group has a standby bill facility and maintains un-drawn limits on other facilities.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are not materially exposed to changes in market interest rates.

The Group's interest rate risk primarily arises from borrowings. 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. Group policy is to fix the rates for plant and equipment purchases at the time of purchase or leasing.

The Group's cash flow interest rate risk primarily relates to bills payable which are discounted at market rates to September 2006 and the bank overdraft. The proportion of bills payable and bank overdraft of total borrowings is 11.3%.

No hedging instruments are used.

3. CRITICAL ACCOUNTING ESTIMATES AND 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.

(a) Critical accounting estimates and assumptions

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.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(o). 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 18 for details of these assumptions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont)

(a) Critical accounting estimates and assumptions (cont)

(ii) Income taxes

The Group is subject to income taxes in Australia. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Additionally interpretations of applicable taxation that have been made by the Group and the Group's taxation advisor may be proven to be incorrect. No provision is made in the accounts for taxation audit differences.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
4. REVENUES				
Sales revenue				
Freight cartage and hire	113,824	105,990	-	-
Sale of goods	53,193	49,958	-	-
	167,017	155,948	-	-
Other revenue				
Insurance recoveries	289	398	-	4
Rents and sub-lease rentals	304	233	106	103
Interest	313	287	-	4
Dividend received from subsidiaries	-	-	775	800
Distribution received from subsidiaries	-	-	775	811
Management fees received from subsidiaries	-	-	6,282	6,206
Other	2,126	1,896	60	-
	170,049	158,762	7,998	7,928
5. OTHER INCOME				
Net gain on disposal of property, plant and equipment and intangibles	255	111	173	-
Net gain on disposal of investment property (note 16)	354	-	354	-
	609	111	527	-
6. EXPENSES				
Profit/(loss) before income tax includes the following specific expenses:				
Cost of goods sold	43,805	41,001	-	-
Depreciation				
Investment property	18	13	18	13
Plant and equipment	3,783	3,803	728	779
Leasehold improvements	20	23	20	23
Amortisation				
Plant and equipment under finance lease	5,295	4,805	39	77
Computer software	253	62	204	3
Net loss on disposal of property, plant and equipment	-	-	-	1
Defined contribution superannuation expense	2,326	1,888	265	249
Write down of inventories	75	25	-	-
Bad and doubtful debts – trade receivables	(27)	(56)	-	-
Rental expenses relating to operating leases				
Minimum lease payments	3,059	2,526	170	171

	Consolidated		Parent Entity	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
7. INCOME TAX				
(a) Income tax expense (benefit)				
Current tax	172	158	1	(134)
Deferred tax	(36)	266	(81)	85
Under (over) provision in prior years	(22)	-	-	-
Deferred tax adjustment relating to implementation of tax consolidation	-	(972)	-	-
	114	(548)	(80)	(49)
(b) Numerical reconciliation of income tax expense/ (benefit) to prima facie tax payable				
Profit before income tax	1,397	1,403	2,030	1,282
Tax at the Australian tax rate of 30% (2005: 30%)	419	421	609	385
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-taxable dividend received from member of tax consolidated group	-	-	(465)	(480)
Non-assessable profit on disposal of investment property*	(106)	-	(106)	-
Sundry items	(72)	3	(13)	46
	241	424	25	(49)
Under (over) provision in prior years	(22)	-	-	-
Tax losses previously not recognised	(105)	-	(105)	-
Income tax expense/(benefit) before impact of tax consolidation	114	424	(80)	(49)
Impact of tax consolidation:				
Deferred tax adjustment relating to implementation of tax consolidation	-	(972)	-	-
Income tax expense/(benefit)	114	(548)	(80)	(49)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – debited (credited) directly to equity (note 21)	1	-	1	-
(d) Tax losses				
Unused tax losses for which deferred tax assets have not been recognised (@ 30%)	580	270	580	270

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

* Investment property previously written down. Deferred tax asset not recognised as the potential loss was in the nature of a capital loss. On disposal for tax purposes a capital loss was incurred.

7. INCOME TAX (cont)

The adjustment to deferred tax balance relating to implementation of tax consolidation results from the resetting of the tax value of property, plant and equipment under tax consolidation. A reduction of $2,442,000 was recognised during the year ended 30 June 2004, based on an estimate at that time. The estimate was subsequently revised in the process of preparing the first consolidated income tax return during the 2005 financial year, resulting in an additional reduction of $972,000.

Tax Consolidation Legislation

Lindsay Australia Limited and its wholly owned controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy on implementation of the legislation is set out in note 1(l). On adoption of the tax consolidation legislation, the entities entered into a tax sharing agreement which, limits the joint and several liability of the wholly owned entities in the case of default by the head entity Lindsay Australia Limited.

The entities have also entered into a tax funding agreement under which the wholly 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 any 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.

8. FRANKING CREDITS / DIVIDENDS

	Parent Entity	
	2006 $'000	2005 $'000
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2005: 30%)	2,639	3,307

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

(i) franking credits that will arise from the payment of the amount of the provision for income tax;

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

	Parent Entity	
	2006 $'000	2005 $'000
Dividends paid		
Interim dividend for the year ended 30 June 2006 of 1.1 cents per share fully franked (at 30%) paid in full on 31 March 2006 (2005: 1.0 cent per share fully franked (at 30%) paid in full on 31 March 2005)	1,542	1,207
Dividends paid in cash or satisfied by the issue of shares under the dividend re-investment plan during the years ended 30 June 2006 and 2005 were as follows:		
Paid in cash	1,181	895
Satisfied by issue of shares	361	312
	1,542	1,207

9. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash at bank and on hand	1,685	1,612	54	35

Information concerning the effective interest rate and credit risk is set out in note 34.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
10. TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	27,766	22,876	-	-
Provision for doubtful receivables	(429)	(631)	-	-
	27,337	22,245	-	-
Fuel rebates/subsidies	460	451	-	-
Future GST recoverable	103	87	7	9
Other receivables	756	667	18	1
	28,656	23,450	25	10
Non-current				
Amounts receivable from subsidiaries	-	-	15,217	10,569

Trade and other receivables are generally unsecured, non-interest bearing and due 30 to 60 days from date of recognition.

Refer to note 31 for information on the amounts receivable from subsidiaries.

Information concerning the effective interest rate and credit risk is set out in note 34.

	Consolidated		Parent Entity	
11. INVENTORIES	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Raw materials and stores – at cost	1,182	1,238	-	-
Finished goods – at cost	4,157	3,540	-	-
	5,339	4,778	-	-
Provision for obsolescence	(250)	(175)	-	-
	5,089	4,603	-	-
12. OTHER CURRENT ASSETS				
Prepayments	2,070	2,594	68	110
13. AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Unlisted equity securities	60	-	-	-

Unlisted equity securities are traded in inactive markets.

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments, Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards of 1 July 2005 equity securities with a carrying amount of $60,000 that were classified in the balance sheet under previous AGAAP as other financial assets were designated and reclassified as available-for-sale financial assets.

For further information refer to note 1(k).

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
14. OTHER FINANCIAL ASSETS				
Unlisted equity securities	-	60	-	-
Shares in subsidiaries	-	-	23,663	23,663
	-	60	23,663	23,663

These financial assets are recognised based on the cost method. Refer to note 13 for information on transition to AASB 132 and AASB 139.

Refer to note 33 for information on subsidiaries.

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
15. PROPERTY, PLANT AND EQUIPMENT				
Leasehold Improvements				
At cost	130	115	130	115
Accumulated depreciation	(61)	(40)	(61)	(40)
Total leasehold improvements	69	75	69	75
Plant and Equipment				
Plant and equipment				
At cost	38,951	25,668	4,487	4,928
Accumulated depreciation	(25,675)	(10,228)	(1,790)	(1,339)
	13,276	15,440	2,697	3,589
Plant and equipment under finance lease				
At cost	58,884	47,104	199	199
Accumulated amortisation	(14,173)	(8,814)	(140)	(101)
	44,711	38,290	59	98
Total plant and equipment	57,987	53,730	2,756	3,687
Total property, plant and equipment	58,056	53,805	2,825	3,762

(a) Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment are shown below.

	Leasehold Improvements $'000	Plant and Equipment $'000	Plant and Equipment Under Finance Lease $'000	Total $'000
Consolidated				
Carrying amount at 1 July 2004	33	17,574	37,960	55,567
Additions	65	978	7,479	8,522
Disposals	-	(1,298)	(355)	(1,653)
Transfer from lease	-	1,989	(1,989)	-
Depreciation/amortisation	(23)	(3,803)	(4,805)	(8,631)
Carrying amount at 30 June 2005	75	15,440	38,290	53,805
Additions*	14	1,310	15,576	16,900
Disposals	-	(3,294)	(257)	(3,551)
Transfer from lease	-	3,603	(3,603)	-
Depreciation/amortisation	(20)	(3,783)	(5,295)	(9,098)
Carrying amount at 30 June 2006	69	13,276	44,711	58,056
Parent Entity				
Carrying amount at 1 July 2004	33	4,273	175	4,481
Additions	65	133	-	198
Disposals	-	(38)	-	(38)
Depreciation/amortisation	(23)	(779)	(77)	(879)
Carrying amount at 30 June 2005	75	3,589	98	3,762
Additions	14	73	-	87
Disposals	-	(237)	-	(237)
Depreciation/amortisation	(20)	(728)	(39)	(787)
Carrying amount at 30 June 2006	69	2,697	59	2,825

* includes acquisition of plant and equipment for $68,000 as part of the purchase of a rural packaging supply business (refer note 27(e)).

(b) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity or its controlled entities.

	Consolidated		Parent Entity	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
16. INVESTMENT PROPERTY				
Investment property				
Cost	-	910	-	910
Accumulated depreciation	-	(46)	-	(46)
	-	864	-	864

The investment property is recognised based on the cost model. The investment property was revalued to fair value at 30 June 2002 to $910,000 based on an independent valuation. The consolidated entity has elected to use this revaluation as deemed cost at the date of the revaluation.

(a) Movements in carrying amounts

Movements in the carrying amount for the investment property is shown below.

	Consolidated		Parent Entity	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Carrying amount at 1 July	864	877	864	877
Disposals	(846)	-	(846)	-
Depreciation	(18)	(13)	(18)	(13)
Carrying amount at 30 June	-	864	-	864

(b) Sale of investment property

In June 2006 the investment property was sold. Details of the sale are as follows:

	$'000
Consideration – cash	1,200
Less: carrying value	(846)
Gain on disposal	354

(c) Amounts recognised in profit and loss for investment property

	Consolidated		Parent Entity	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Rental income	106	103	106	103
Direct operating expenses from property that generated rental income	(18)	(15)	(18)	(15)
	88	88	88	88

(d) Valuation of investment property

The investment property comprised a property in Bundaberg which was leased as a manufacturing facility. At 30 June 2005 the investment property was valued at $960,000 by Mr G Shelton, a registered valuer of Shelton & Co, prepared on the basis of market value.

Leasing arrangements

An option on the lease of the investment property was exercised with effect for a 3 year term from 1 July 2005. There were a further three by three year options. Rent for the first year was $106,000 per annum (ie to 30 June 2006) and thereafter increased by CPI (with a range between 1.5% and 5%).

The minimum lease payments under a operating lease on the investment property not recognised in the financial statements were receivable as follows:

	Consolidated		Parent Entity	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Within one year	-	106	-	106
Later than one year but not later than five years	-	221	-	221
	-	327	-	327

(e) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity or its controlled entities.

17. DEFERRED TAX ASSETS

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful debts	129	189	-	-
Employee benefits	1,114	1,103	169	144
Depreciation and amortisation	224	258	-	-
Accruals	250	118	53	2
Stock obsolescence	75	52	-	-
Sundry items	2	6	-	-
Amortisation of share issue expense	(192)	(96)	(192)	(96)
Tax losses	801	884	801	884
	2,403	2,514	831	934
Amounts recognised directly in equity				
Share issue expenses	290	289	290	289
	2,693	2,803	1,121	1,223
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,693)	(2,803)	(27)	(4)
Net deferred tax assets	-	-	1,094	1,219

	Parent Entity	
	2006 $'000	2005 $'000
Movements in net deferred tax assets – parent entity		
Opening balance 1 July	1,219	1,041
Credited/(charged) to the income statement	81	(85)
Credited/(charged) to equity	1	-
Change on adoption of AASB 132 and 139	(27)	-
Other	(180)	263
	1,094	1,219

For movement in consolidated net deferred tax liabilities refer note 21.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
18. INTANGIBLE ASSETS	$'000	$'000	$'000	$'000
Computer software	1,022	827	624	392
Accumulated amortisation	(570)	(359)	(207)	(3)
	452	468	417	389
Goodwill	7,182	6,589	595	595
Accumulated impairment	(3,577)	(3,577)	(595)	(595)
	3,605	3,012	-	-
Total intangible assets	4,057	3,480	417	389

(a) Movements in carrying amounts

Movement in the carrying amounts of each class of intangible assets are shown below.

	Computer Software $'000	Goodwill $'000	Total $'000
Consolidated			
Carrying amount at 1 July 2004	110	3,012	3,122
Additions – acquired separately	420	-	420
Amortisation	(62)	-	(62)
Carrying amount at 30 June 2005	468	3,012	3,480
Additions – acquisition of business (note 27(e))	-	593	593
Additions – acquired separately	243	-	243
Disposals	(6)	-	(6)
Amortisation charge	(253)	-	(253)
Carrying amount at 30 June 2006	452	3,605	4,057
Parent Entity			
Carrying amount at 1 July 2004	-	-	-
Additions – acquired separately	392	-	392
Amortisation	(3)	-	(3)
Carrying amount at 30 June 2005	389	-	389
Additions – acquired separately	232	-	232
Amortisation	(204)	-	(204)
Carrying amount at 30 June 2006	417	-	417

(b) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The carrying amount of goodwill since 1 July 2004 is attributable to the Rural segment.

The recoverable amount of the Rural CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

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

	Gross margin *		Growth rate **		Discount rate ***	
	2006	2005	2006	2005	2006	2005
	%	%	%	%	%	%
Rural CGU	18	18	3.5	2.5	14	14

* Budgeted gross margin

** Weighted average growth rate used to extrapolate cash flows beyond the budget period

*** In performing the value-in-use calculations for the Rural CGU, the company has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows

Management determined budgeted gross margin based on past performance and its expectations for the future. The discount rates used are pre-tax and reflect specific risks relating to the Rural segment. The future growth rates are based on management's estimate of both price and volume increases for product lines incorporating seasonal variations and other economic factors in each of the areas in which the CGU operates. The growth rate has increased in 2006 compared with 2005 as a result of increased expectation regarding sales. There is no specific industry growth rate which can be compared with management's expectations regarding growth.

(d) Impact of possible changes in key assumptions

The directors consider that there is no reasonably possible change in key assumptions which management has based its determination of Rural's recoverable amount which would cause the carrying amount of Rural's CGU to exceed its recoverable amount.

(e) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity or its controlled entities.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
19. TRADE AND OTHER PAYABLES				
Trade payables	14,729	13,553	371	383
Other payables	-	54	-	-
Amounts owing to subsidiaries	-	-	4,373	3,110
	14,729	13,607	4,744	3,493

A major supplier, Amcor Packaging (Australia) Pty Ltd, has a registered charge over the assets of Lindsay Rural Pty Ltd up to a maximum amount of $3,200,000. At balance date the amount payable by a subsidiary to Amcor Packaging (Australia) Pty Ltd was $1,509,000 (2005: $1,686,000).

Refer to note 31 for information on amounts owing to subsidiaries.

Information concerning the effective interest rate is set out in note 34.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
20. BORROWINGS				
Current				
Secured				
Bank overdraft	2,140	2,119	-	-
Bills payable	1,807	1,642	1,807	1,642
Lease liabilities	11,448	7,909	151	144
Bank loans	507	648	507	547
Total secured current borrowings	15,902	12,318	2,465	2,333
Unsecured				
Convertible notes	737	709	737	709
Other loans	139	27	29	27
Total unsecured current borrowings	876	736	766	736
Total current borrowings	16,778	13,054	3,231	3,069
Non-current				
Secured				
Bills payable	1,528	4,583	1,528	4,583
Lease liabilities	26,558	23,458	69	230
Bank loans	1,991	2,840	1,991	2,840
Total secured non-current borrowings	30,077	30,881	3,588	7,653
Unsecured				
Convertible notes	1,433	1,417	1,433	1,417
Other loans	348	67	38	67
Total unsecured non-current borrowings	1,781	1,484	1,471	1,484
Total non-current borrowings	31,858	32,365	5,059	9,137

(a) Bank overdraft, bills payable and bank loans

The bank overdraft, bills payable and bank loans are secured by guarantees by all companies in the consolidated entity supported by mortgages over all the consolidated entity's property and other assets.

The bills payable are a revolving line of credit and are to reduce by $458,300 per quarter. The face value of bills drawn at 30 June 2006 was $3,383,400 (2005: $6,225,000). Since 30 June 2006 the facility repayments have been renegotiated to reduce to $250,000 per quarter.

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current				
Face value	1,833	1,642	1,833	1,642
Less discount	(26)	-	(26)	-
	1,807	1,642	1,807	1,642
Non-current				
Face value	1,550	4,583	1,550	4,583
Less discount	(22)	-	(22)	-
	1,528	4,583	1,528	4,583

20. BORROWINGS (cont)

(b) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Certain of the lease liabilities are also secured by guarantees by entities in the consolidated entity, as well as by mortgages/charges over the property and other assets.

(c) Convertible notes

The parent entity issued 14,952,181 6% convertible notes for $3,738,000 in December 2002. The notes were issued as partial consideration for the acquisition of Lindsay Brothers Holdings Pty Ltd. Each note is convertible to one share. The parent entity has the option to redeem one-fifth of the convertible notes each year at certain times for five years. Where the parent entity elects to redeem the notes in any year the note-holder may accept the redemption or otherwise elect to convert the notes into ordinary shares. Where the Company does not elect to redeem the notes in any year, the note-holder may require the Company to redeem the notes or otherwise can require the Company to convert the notes into shares. Any unredeemed or unconverted notes remaining five years after issue may be elected by the parent entity to be redeemed, at which time the note-holder may accept the redemption or elect to convert the remaining notes to shares. The convertible notes expire December 2007.

In December 2003 and 2004 the note holder elected to convert one fifth of the notes for 2,990,436 ordinary shares issued at each election. In December 2005 neither the Company nor the noteholder elected to redeem or convert one fifth of the notes.

The convertible notes are presented in the balance sheet as follows:

	Consolidated		Parent Entity	
	2006	**2005**	**2006**	**2005**
Current	**$'000**	**$'000**	**$'000**	**$'000**
Face value of notes remaining	2,242	2,242	2,242	2,242
Other equity securities – value of conversion rights*	(220)	(116)	(220)	(116)
Adjustment on adoption of AASB 132 and AASB 139**	130	-	130	-
Adjusted carrying amount	2,152	2,126	2,152	2,126
Interest expense***	153	155	153	155
Interest paid	(135)	(155)	(135)	(155)
	18	-	18	-
Convertible note liability	2,170	2,126	2,170	2,126
Representing convertible notes:				
Current	737	709	737	709
Non-current	1,433	1,417	1,433	1,417
	2,170	2,126	2,170	2,126

* On adoption of AASB 132 and AASB 139 on 1 July 2005 the value of the conversion rights was amended in accordance with the requirements of those standards. The value of the conversion rights (net of tax under AIFRS) is included in note 24 in contributed equity.

** Adjustment to recognise convertible notes at amortised cost at 1 July 2005. The adjustment net of tax (being $91,000) was debited to accumulated losses (refer note 26).

*** Interest expense is calculated by applying the effective interest rate of 9% to the liability component.

(d) Other loans

Other loans consist mainly of:

(i) Vendor finance as part of the purchase of Cordoma Brothers Refrigerated Transport. The loan is repayable by monthly instalments of principal and fixed interest of 6% over a five year period commencing October 2003.

(ii) Loan from Amcor Packaging (Australia) Pty Ltd was provided to assist in the acquisition of a packaging business at Renmark from Tryfopoulos Packaging Supplies Pty Ltd. Refer to note 27(e) for further details of the acquisition and loan.

(e) Assets pledged as security

All the assets of the consolidated entity are pledged as security for the facilities as noted above.

(f) Effective interest rates

Information concerning the effective interest rates is set out in note 34.

21. DEFERRED TAX LIABILITIES

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Prepayments	283	280	-	4
Inventories	354	365	-	-
Finance cost payable – convertible note	(5)	-	(5)	-
Depreciation and amortisation	2,426	2,388	5	-
	3,058	3,033	-	4
Amounts recognised directly in equity				
Equity component of convertible notes	27	-	27	-
	3,085	3,033	27	4
Set-off of deferred tax assets pursuant to set-off provisions	(2,693)	(2,803)	(27)	(4)
Net deferred tax liabilities	392	230	-	-

	Consolidated	
	2006 $'000	2005 $'000
Movements in net deferred tax liabilities – consolidated entity		
Opening balance 1 July	230	778
(Credited)/charged to the income statement	(36)	266
Credit/charged to equity	(1)	-
Change on adoption of AASB 132 and 139	27	-
Adjustment relating to implementation of tax consolidation	-	(972)
Tax losses utilised	172	158
	392	230

For movements in parent entity net deferred tax assets refer note 17.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
22. PROVISIONS				
Current				
Employee benefits	2,990	2,998	450	479
Non-current				
Employee benefits	722	680	114	123
23. OTHER LIABILITIES				
Current				
Deferred revenue	356	265	-	-
Other	44	30	-	5
	400	295	-	5
Non-current				
Other	38	74	-	-
	38	74	-	-

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
24. CONTRIBUTED EQUITY				
Fully paid ordinary shares	41,485	36,558	41,485	36,558
Other equity securities	154	116	154	116
	41,639	36,674	41,639	36,674

Effective 1 July 1998 the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the parent does not have authorised capital nor par value in respect of its issued shares.

The amount shown for other equity securities is the value of conversion rights (net of tax) relating to the 6% convertible notes, details of which are shown in note 20.

24. CONTRIBUTED EQUITY (cont)

The movement in fully paid ordinary shares for 2005 and 2006 is reconciled as follows:

	Note	No of Shares	Issue Price	$'000
Opening balance at 30 June 2004		107,435,836		32,889
Issue of shares pursuant to the exercise of ASX listed options	(a)	9,324,987	25¢	2,331
Issue of shares as part consideration for the acquisition of Cordoma Brothers Refrigerated Transport	(b)	910,747	30.5¢	278
Issue of shares on conversion of convertible notes	(c)	2,990,436	25¢	748
Issue of shares pursuant to the Dividend Reinvestment Plan	(d)	1,173,787	26.6¢	312
Balance at 30 June 2005		121,835,793		36,558
Private share placement	(e)	18,275,000	25¢	4,569
Share issue costs net of tax				(3)
Issue of shares pursuant to the Dividend Reinvestment Plan	(d)	1,831,769	19.7¢	361
Balance at 30 June 2006		141,942,562		41,485

(a) Exercise of ASX listed options

During the 2005 year 9,324,987 ASX listed options for ordinary shares were exercised for cash at an issue price of 25 cents, raising $2,331,000.

(b) Acquisition of Cordoma Brothers Refrigerated Transport

In part consideration for the acquisition of Cordoma Brothers Refrigerated Transport in 2004, the parent entity issued to the vendors 910,747 shares at 30.5 cents per share in October 2003. The parent entity issued to the vendors a further 910,747 shares at 30.5 cents per share in October 2004.

(c) Conversion of convertible notes

During December 2004 2,990,436 convertible notes were converted to ordinary shares at a conversion price of 25 cents per note. Further details regarding these convertible notes are provided in note 20.

(d) 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.

On 31 March 2006 1,831,769 shares were issued pursuant to the Dividend Reinvestment Plan at 19.7 cents per share. On 31 March 2005 1,173,787 shares were issued pursuant to the Dividend Reinvestment Plan at 26.6 cents per share.

(e) Private Share Placement

On 2 November 2005 18,275,000 shares were issued at 25 cents each by way of private placement to raise $4,569,000 cash.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options

As at 30 June 2006 there were no options to purchase ordinary shares in the parent entity.

Refer note 32 for information regarding employee share option plan.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
25. RESERVES				
Asset revaluation reserve				
Opening balance	111	468	111	468
Transfer to accumulated losses following sale of re-valued items	(111)	(357)	(111)	(357)
Closing balance	-	111	-	111

The asset revaluation reserve was used to record increments and decrements on the revaluation of non-current assets in prior years. The balance of the reserve is transferred directly to retained earnings/accumulated losses when the relevant asset is derecognised.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
26. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the year	(9,634)	(10,735)	(12,462)	(12,943)
Adjustment on adoption of AASB 132 and AASB 139, net of tax*	(91)	-	(91)	-
Profit for the year	1,283	1,951	2,110	1,331
Transfer from asset revaluation reserve	111	357	111	357
Dividends paid	(1,542)	(1,207)	(1,542)	(1,207)
Accumulated losses at the end of the year	(9,873)	(9,634)	(11,874)	(12,462)

* Adjustment to recognise accumulated difference between effective interest rate and nominal interest rate on convertible note liability (net of tax) at 1 July 2005 on initial adoption of AASB 132 and AASB 139 (refer note 20).

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
27. CASH FLOW INFORMATION				
(a) Reconciliation of Cash Flows from Operating Activities with Profit for the Year				
Profit for the year	1,283	1,951	2,110	1,331
Depreciation/amortisation	9,369	8,706	1,009	895
Net (gain)/loss on disposal of property, plant and equipment	(255)	(111)	(173)	1
Net (gain)/loss on disposal of investment property	(354)	-	(354)	-
Other	(57)	-	(57)	-
Changes in operating assets and liabilities, net of effects from acquisitions and disposals:				
(Increase)/decrease in trade and other receivables	(4,228)	756	(733)	(1,127)
(Increase)/decrease in prepayments and other assets	524	45	42	2
(Increase)/decrease in inventories	(364)	(104)		-
(Increase)/decrease in tax assets *	118	557	110	628
(Decrease)/increase in trade and other payables	1,176	(2,873)	581	480
(Decrease)/increase in tax liabilities *	30	(298)	23	(5)
(Decrease)/increase in other liabilities	69	30	(5)	-
(Decrease)/increase in provisions	34	92	(38)	54
Cash flows from operating activities	7,345	8,751	2,515	2,259
* net amounts recognised directly in equity				
(b) Finance Facilities				
Available facilities				
Bank overdraft	5,000	5,000		-
Bank bills	5,383	8,225	5,383	8,225
Bank loans	2,498	3,488	2,498	3,387
Amounts utilised				
Bank overdraft	(2,140)	(2,119)		-
Bank bills	(3,383)	(6,225)	(3,383)	(6,225)
Bank loans	(2,498)	(3,488)	(2,498)	(3,387)
Unused facilities	4,860	4,881	2,000	2,000

Bank overdraft

The bank overdraft facility is subject to annual review, may be drawn at any time and may be terminated by the bank without notice. The interest rate is variable and is based on prevailing market rates.

Bank bills

Quarterly principal repayments are required over the term of the facility to December 2008. The facility is subject to annual review.

27. CASH FLOW INFORMATION (cont)

Bank loans

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

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Equipment finance facilities				
Total equipment finance facilities	48,034	43,085	220	374
Amounts drawn (included in lease liabilities)	(38,006)	(31,367)	(220)	(374)
Amounts un-drawn	10,028	11,718	-	-

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.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(c) Non-Cash Financing and Investing Activities				
Acquisition of plant and equipment by means of finance leases	15,576	7,479	-	-
Conversion of convertible notes to equity	-	748	-	748
Dividends satisfied by issue of shares	361	312	361	312
(d) Reconciliation of Cash and Cash Equivalents				
Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows is reconciled to items in the balance sheets as follows:				
Cash and cash equivalents	1,685	1,612	54	35
Bank overdrafts	(2,140)	(2,119)	-	-
	(455)	(507)	54	35

(e) Purchase of business

On 1 August 2005 the company completed the acquisition of a rural packaging supply business in Renmark, South Australia from Tryfopoulos Packaging Supplies Pty Ltd. This business is now operated as a Lindsay Rural store. The acquired business contributed revenues of $1,574,000 and net profit of $121,000 to the Group for the period 1 August to 30 June 2006. If the acquisition had occurred on 1 July consolidated revenue and consolidated profit for the year ended 30 June would be similar to reported revenue and profits as the month of July is a seasonal low month for this rural outlet.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration – paid in cash	740
Direct costs relating to the acquisition	43
Total purchase consideration	783
Fair value of net assets acquired	
- Inventories	122
- Property, plant and equipment	68
	190
Goodwill	593

The goodwill is attributed to the profitability of the acquired business and synergies expected to arise with other Rural stores, particularly ones in close proximity to the Renmark store. The fair value of the assets acquired was determined by reference to market values for property, plant and equipment and selling price less selling costs and allowance for future selling effort of inventories. The acquiree's carrying amount prior to purchase has not been disclosed as it would be impractical to do so as this information is not available due to the assets being acquired rather than the entity.

On 12 August 2005 an advance of $500,000 was provided to the company by Amcor Packaging (Australia) Pty Ltd to part fund the purchase of Tryfopoulos Packaging Supplies. This loan is repayable in quarterly instalments of principal and interest and is to be repaid by 31 October 2009. The interest rate payable is 1.5% above the five year bank bill rate.

28. EARNINGS PER SHARE

	Consolidated 2006	Consolidated 2005
	¢	¢
Basic earnings per share	1.0	1.7
Diluted earnings per share	1.0	1.6

	2006 $'000	2005 $'000
Earnings used in calculating basic earnings per share – net profit	1,283	1,951
Adjustments:		
Interest savings on convertible notes	141	109
Earnings used in calculating diluted earnings per share	1,424	2,060

	2006 Number of Shares	2005 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	133,802,163	115,412,081
Effect of dilutive securities:		
Convertible notes	8,971,309	10,355,922
Share issue – part consideration for Cordoma Brothers Refrigerated Transport	-	234,549
ASX listed options	-	654,670
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	142,773,472	126,657,222

Information relating to the calculation of basic and diluted earnings per share is as follows:

- Convertible notes are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The notes have not been included in the determination of basic earnings per share. Details relating to the notes are set out in note 20.
- Shares issued during the 2005 year to the vendors of Cordoma Brothers Refrigerated Transport were considered to be potential ordinary shares during the period prior to issue. The shares have been included in the determination of diluted earnings per share but have not been included in the determination of basic earnings per share. Details relating to the shares issued are set out in note 24(b).
- Options are considered to be potential ordinary shares. The ASX listed options were dilutive for the 2005 financial year up to expiration and are therefore included in the calculation of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Otherwise options were not dilutive in the current or prior year.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
29. AUDITOR'S REMUNERATION	$	$	$	$
During the year the auditor of the parent entity earned the following remuneration:				
Audit or review of financial reports of the entity or any entity in the consolidated entity	162,000	132,440	149,500	119,940
Other assurance services - workers compensation audit	800	800	-	-
Total audit and other assurance services	162,800	133,240	149,500	119,940
Taxation services	9,650	50,290	9,650	48,100
Total remuneration	172,450	183,530	159,150	168,040

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

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) *Directors*

The following persons were Directors of Lindsay Australia Limited during the financial year:

Name	Position	Appointment Date
J F Pressler	Chairman (Non-Executive)	8 January 1997
M K Lindsay	Managing Director and Chief Executive Officer	26 November 1996
R A Anderson	Director (Non-Executive)	16 December 2002
S S Doumany	Director (Non-Executive)	16 December 2002
G D Farrell	Director (Non-Executive)	17 November 2005
L R Hancock	Director (Non-Executive)	13 September 2002
T K Lindsay	Director (Non-Executive)	16 December 2002

(b) *Other key management personnel*

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
B J Baker	Operations Manager – Transport	Lindsay Brothers Management Pty Ltd
A W Bunker	Commercial Manager – Transport	Lindsay Australia Limited
G R Careless	Business Development Manager – Rural (appointed 30 January 2006)	Lindsay Australia Limited
D M Colclough	Assistant General Manager – Transport (appointed 28 February 2006)	Lindsay Australia Limited
S M Foster	Operations Manager – Transport	Lindsay Brothers Management Pty Ltd
L D Greene	Commercial Manager – Rural	Lindsay Australia Limited
G A Johnston	Chief Financial Officer and Company Secretary	Lindsay Australia Limited
T G Lindsay	General Manager – Transport	Lindsay Australia Limited
E K Schuh	General Manager – Rural (terminated 31 January 2006)	Lindsay Australia Limited

All of the above persons were key management personnel during the year ended 30 June 2005 unless otherwise stated. There were no other key management personnel during the current and prior year.

(c) *Key management personnel compensation*

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Short-term employee benefits	1,641,298	1,705,452	1,367,875	1,428,288
Long-term employee benefits	9,413	24,503	(4,426)	24,503
Post-employment benefits	399,374	274,233	316,040	211,175
Share-based payments	-	-	-	-
	2,050,085	2,004,188	1,679,489	1,663,966

The company has taken advantage of the relief provided by the *Corporation Regulations 2001* and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-D of the remuneration report in the directors' report.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(d) 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, ie holdings may be included more than once in the disclosure.

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report in the directors' report.

(ii) Option holdings

The number of options over ordinary shares in the Company held during the 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.

2006

	Balance at 1 July 2005	Exercise Price $	Options Lapsed	Options Exercised	Balance at 30 June 2006
Directors of Lindsay Australia Limited					
M K Lindsay	446,250	0.65	(446,250)	-	-
T K Lindsay	446,250	0.65	(446,250)	-	-
Other key management personnel of the Group					
B J Baker	105,000	0.65	(105,000)	-	-
A W Bunker	105,000	0.65	(105,000)	-	-
S M Foster	105,000	0.65	(105,000)	-	-
L D Greene	105,000	0.65	(105,000)	-	-
G A Johnston	105,000	0.25	(105,000)	-	-
T G Lindsay	446,250	0.65	(446,250)	-	-
E K Schuh	183,750	0.65	(183,750)	-	-

2005

	Balance at 1 July 2004	Exercise Price $	Options Lapsed	Options Exercised	Net Change Other	Balance at 30 June 2005	Vested and Exercisable 30 June 2005
Directors of Lindsay Australia Limited							
J F Pressler	383,798	0.25	(296,659)	(87,139)	-	-	-
M K Lindsay	8,161,780	0.25	(7,286,233)	(711,235)	(164,312)	-	-
M K Lindsay	551,250	0.45	(551,250)	-	-	-	-
M K Lindsay	551,250	0.65	(105,000)	-	-	446,250	446,250
R A Anderson	42,000	0.25	-	(42,000)	-	-	-
S S Doumany	13,334	0.25	(13,334)	-	-	-	-
L R Hancock	356,602	0.25	-	(306,602)	(50,000)	-	-
T K Lindsay	8,161,780	0.25	(7,286,233)	(711,235)	(164,312)	-	-
T K Lindsay	551,250	0.45	(551,250)	-	-	-	-
T K Lindsay	551,250	0.65	(105,000)	-	-	446,250	446,250

30. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

2005	Balance at 1 July 2004	Exercise Price $	Options Lapsed	Options Exercised	Net Change Other	Balance at 30 June 2005	Vested and Exercisable 30 June 2005
Other key management personnel of the Group							
B J Baker	105,000	0.45	(105,000)	-	-	-	-
	105,000	0.65	-	-	-	105,000	105,000
A W Bunker	19,334	0.25	-	(19,334)	-	-	-
	105,000	0.45	(105,000)	-	-	-	-
	105,000	0.65	-	-	-	105,000	105,000
S M Foster	83,001	0.25	(83,001)	-	-	-	-
	105,000	0.45	(105,000)	-	-	-	-
	105,000	0.65	-	-	-	105,000	105,000
L D Greene	119,967	0.25	(119,967)	-	-	-	-
	105,000	0.45	(105,000)	-	-	-	-
	105,000	0.65	-	-	-	105,000	105,000
G A Johnston	49,500	0.25	-	(49,500)	-	-	-
	105,000	0.45	(105,000)	-	-	-	-
	105,000	0.65	-	-	-	105,000	105,000
T G Lindsay	8,161,780	0.25	(7,286,233)	(711,235)	(164,312)	-	-
	551,250	0.45	(551,250)	-	-	-	-
	551,250	0.65	(105,000)	-	-	446,250	446,250
E K Schuh	36,668	0.25	(36,668)	-	-	-	-
	183,750	0.45	(183,750)	-	-	-	-
	183,750	0.65	-	-	-	183,750	183,750

There were no options granted during the last two financial years.

(iii) Shareholdings

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.

2006	Balance at 1 July 2005	Held at appointment	Net Change Other	Held at resignation	Balance at 30 June 2006
Directors of Lindsay Australia Limited					
J F Pressler	2,372,013	-	52,447	-	2,424,460
M K Lindsay	36,874,219	-	268,982	-	37,143,201
R A Anderson	168,000	-	-	-	168,000
S S Doumany	40,000	-	-	-	40,000
G D Farrell (appointed 17.11.2005)	-	19,637,000 (1)	2,559,346	-	22,196,346 (1)
L R Hancock	3,647,334	-	303,653	-	3,950,987
T K Lindsay	36,874,219	-	268,982	-	37,143,201
Other key management personnel of the Group					
B J Baker	245,000	-		-	245,000
A W Bunker	147,334	-		-	147,334
S M Foster	65,652	-	(6,000)	-	59,652
L D Greene	302,750	-	-	-	302,750
G A Johnston	89,820	-	109,930	-	199,750
T G Lindsay	36,874,219	-	268,982	-	37,143,201
E K Schuh (Terminated 31.1.06)	38,301	-	-	(38,301)	-

(1) Includes 18,275,000 shares restricted to 4 November 2006

30. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

2005	Balance at 1 July 2004	On Exercise of Options	On Exercise of Convertible Notes	Net Change Other	Balance at 30 June 2005
Directors of Lindsay Australia Limited					
J F Pressler	2,284,874	87,139	-	-	2,372,013
M K Lindsay	33,065,882	711,235	2,990,436	106,666	36,874,219
R A Anderson	126,000	42,000	-	-	168,000
S S Doumany	40,000	-	-	-	40,000
L R Hancock	3,328,664	306,602	-	12,068	3,647,334
T K Lindsay	33,065,882	711,235	2,990,436	106,666	36,874,219
Other key management personnel of the Group					
B J Baker	95,500	-	-	149,500	245,000
A W Bunker	128,000	19,334	-	-	147,334
S M Foster	429,000	-	-	(363,348)	65,652
L D Greene	321,350	-	-	(18,600)	302,750
G A Johnston	37,500	49,500	-	2,820	89,820
T G Lindsay	33,065,882	711,235	2,990,436	106,666	36,874,219
E K Schuh	131,366	-	-	(93,065)	38,301

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

No shares were granted as remuneration during the last two financial years. No shares were issued on exercise of options in 2006.

(e) Loans to key management personnel

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

(f) Other transactions and balances with key management personnel

	Consolidated 2006 $	Consolidated 2005 $
Amounts recognised as revenues and expenses:		
Revenues		
Cartage revenue received / receivable from entities associated with JF Pressler	742,716	637,676
Sale of cartons and stock to entities associated with JF Pressler, net of rebates	1,507,629	952,149
Cartage revenue received / receivable from entities associated with GD Farrell	2,037,043	-
Purchase of stock by MK Lindsay	3,198	172
Sale of fuel to entities owned by relatives of MK Lindsay, TK Lindsay and TG Lindsay	479,047	437,284
Transport services provided to entities associated with TK Lindsay	230,633	174,743
	5,000,266	2,202,024
Expenses		
Rental of premises from entities associated with MK Lindsay, TK Lindsay and TG Lindsay	1,679,088	1,543,440
Transport services provided by an entity owned by a relative of TK Lindsay	80,783	106,800
Travel agency services provided by an entity associated with TK Lindsay	22,077	103,063
Fees for legal services provided by entities associated with LR Hancock	117,303	261,049
Fuel purchased from entities associated with TK Lindsay	342,891	610,055
Interest on convertible notes paid / payable to TK Lindsay	134,570	154,994
Remuneration paid to employees who are relatives of MK Lindsay, TK Lindsay and TG Lindsay	356,543	457,097
Cartage fees paid to entities associated with BJ Baker	746,826	702,800
Hire of plant from relatives of MK Lindsay, TK Lindsay and TG Lindsay	-	2,233
	3,480,081	3,941,531

30. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

	Consolidated	
Amounts receivable / payable to key management personnel and their related parties at balance date	**2006**	**2005**
	$	**$**
Current receivables – trade debtors	1,095,950	178,583
Current payables – trade creditors and accruals	88,235	48,104
Convertible notes *		
- current	736,878	708,675
- non-current	1,433,563	1,417,349
	2,258,676	2,174,128

* in addition an amount of $154,380 (2005: $116,803) has been recognised as other equity securities (refer note 24).

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. Refer to note 20 for terms and conditions of convertible notes.

31. RELATED PARTY INFORMATION

(a) Key Management Personnel

Disclosures relating to key management personnel are detailed in note 30.

(b) Subsidiaries

The Group consists of the ultimate parent entity Lindsay Australia Limited and its wholly owned subsidiaries. Ownership interests in those subsidiaries are detailed in note 33.

	Parent Entity	
	2006	**2005**
(c) Transactions with subsidiaries	**$**	**$**
Current tax payable assumed from wholly-owned tax consolidated entities	718,768	1,496,533
Tax losses assumed from wholly-owned tax consolidated entities	(545,795)	(786,964)

Transactions between Lindsay Australia Limited and subsidiaries during the years ended 30 June 2006 and 30 June 2005 also included:

- Loans advanced to/by subsidiaries and repayments (refer cash flow statements);
- Management fees received by Lindsay Australia Limited for accounting, administrative services, management and use of assets (refer note 4). Management fees are charged by the parent entity generally to recover costs and are based on estimated management and staff requirements and resource usage;
- Transactions between Lindsay Australia Limited and its wholly-owned controlled entities in accordance with the tax funding agreement (refer note 7 – being recognition of receivables and payables in relation to current tax payable and tax losses assumed as disclosed above);
- Dividends/distributions received by Lindsay Australia Limited (refer note 4).

In addition to the above, certain subsidiaries utilise operating leased assets for which the parent entity is the lessee. As such the subsidiaries pay the lease rentals directly to the lessor and recognise the associated lease rental expense.

	Parent Entity	
	2006	**2005**
	$	**$**
(d) Loans to/from subsidiaries		
Loans to subsidiaries	15,217,549	10,567,357
Loans from subsidiaries	(4,372,506)	(3,100,964)

Loans are repayable on demand in cash, are non-interest bearing and unsecured.

The parent entity is reliant upon revenue and/or loans from its subsidiaries so as to be able to pay its debts as and when they fall due.

32. SHARE-BASED PAYMENTS

Tax Exempt Share Acquisition Plan

The establishment of the Tax Exempt Share Acquisition Plan was approved by shareholders on 5 November 2004. Participation in the plan is open to all employees. The Company however does not intend to make any offers under this plan to Directors or senior executives. The plan is in accordance with the Employee Share Scheme provisions of Division 13A of the *Income Tax Assessment Act 1936*, which allows the issue of up to a maximum of $1000 worth of shares to employees which will be tax exempt for the employees. It is expected that shares will be issued for no consideration. Offers under the plan must be made to at least 75% of full time and long term part time employees. There have been no shares issued during under the plan since its approval.

Employee Share Option Plan

The establishment of the Employee Share Option Plan was approved by shareholders on 4 November 2002. Employees eligible to participate in the plan are generally those of manager level and above (including executive Directors) who are designated by Directors.

Options are granted under the plan for no consideration. The exercise price which is payable in cash will be the amount specified by Directors at the time of issue. The exercise period is the period specified by Directors at the time of issue. The options vest based on service or performance criteria as specified by directors. Options issued under the plan may not exceed 5% of the total number of issued shares of the Company at the date of issue.

Options lapse if prior to or during the exercise period the employee is terminated or resigns. If a person dies, becomes disabled, or is made redundant prior to the exercise period the option lapses. If a person dies, becomes disabled or is made redundant during the exercise period special rules apply that allow options to be exercised.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Lindsay Australia Limited. Amounts receivable on the exercise of options are recognised as share capital. No remuneration expense was recognised in respect of options granted before 1 November 2002 or granted after that date but vested before 1 January 2005.

There were no options granted under the plan exercised during the last two financial years. There were no options granted during the last two financial years under the plan.

For the year ended 30 June 2006 the movement in options granted under the plan was as follows:

Grant Date	Exercise Period	Exercise Price	Balance at Start of Year	Lapsed	Balance at End of Year
December 2002	1 October 2004 to 1 October 2005	65¢	1,417,500	(1,417,500)	-
December 2003	1 October 2004 to 1 October 2005	65¢	105,000	(105,000)	-

For the year ended 30 June 2005 the movement in options granted under the plan was a follows:

Grant Date	Exercise Period	Exercise Price	Balance at Start of Year	Lapsed	Balance at End of Year
December 2002	1 October 2003 to 1 October 2004	45¢	1,522,500	(1,522,500)	-
December 2003	1 October 2003 to 1 October 2004	45¢	105,000	(105,000)	-
December 2002	1 October 2004 to 1 October 2005	65¢	1,522,500	(105,000)	1,417,500
December 2003	1 October 2004 to 1 October 2005	65¢	105,000	-	105,000

All options outstanding at 30 June 2005 were vested and exercisable.

The weighted average remaining contractual life of share options outstanding at the end of the year was nil years (2005:0.33 years).

33. 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 of Shares/Units	Equity Holding 2006 %	2005 %
Lindsay Brothers Holdings Pty Ltd*,***	Ordinary	100	100
Lindsay Transport Pty Ltd*,***	Ordinary	100	100
Lindsay Brothers Management Pty Ltd*,***	Ordinary	100	100
Lindsay Brothers Fuel Services Pty Ltd*	Ordinary	100	100
Lindsay Brothers Hire Pty Ltd*	Ordinary	100	100
Lindsay Brothers Plant & Equipment Pty Ltd*	Ordinary	100	100
P & H Produce Pty Ltd	Ordinary	100	100
P & H Produce Trust	Ordinary	100	100
Lindsay Rural Pty Ltd**,***	Ordinary	100	100

* 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.

** Lindsay Rural Pty Ltd is 50% owned by P&H Produce Trust and 50% owned by the parent entity.

*** These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 36.

34. FINANCIAL INSTRUMENTS

Credit Risk

The credit risk on financial assets which have been recognised in the balance sheet is generally the carrying amount, net of any provisions.

The consolidated entity has the following material credit risk exposures:

- There are a number of individually significant receivables. These include:
  - Government fuel rebates/subsidies receivable – refer note 10.
  - Other rebates receivable included in other debtors of $451,000 (2005 – $425,000).
  - Amounts receivable from individually significant trade debtors. At 30 June 2006 the largest 10 debtors comprised approximately 55% (2005 – 47%) of total trade debtors (the largest individual debtor alone comprised 17% (2005 – 17%) of trade debtors).
- A majority of the trade debtors are involved in the rural industry in Queensland, New South Wales and Victoria, approximately 62% (2005: 63%).

At balance date cash was held with Westpac Banking Corporation.

Derivative Financial Instruments

The consolidated entity does not normally use derivative financial instruments.

Net Fair Values

The net fair values of financial assets and financial liabilities approximate their carrying amounts.

Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the weighted average effective interest rate for each class of financial asset and financial liability is as follows:

34. FINANCIAL INSTRUMENTS (cont)

	Weighted Average Effective Interest Rate %	Floating Interest Rate $'000	Fixed Interest Rate Maturing Within 1 Year $'000	Fixed Interest Rate Maturing 1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
2006						
Financial Assets						
Cash and cash equivalents	4.0	1,675	-	-	10	1,685
Receivables	-	-	-	-	28,656	28,656
Available-for-sale financial assets	-	-	-	-	60	60
Total Financial Assets		1,675			28,726	30,401
Financial Liabilities						
Payables	-	-	-	-	14,729	14,729
Bank overdraft	8.2	2,140	-	-	-	2,140
Bills payable	6.3	3,335	-	-	-	3,335
Lease liabilities	6.4	-	11,448	26,558	-	38,006
Convertible notes	9.0	-	737	1,433	-	2,170
Bank loans	6.9	-	507	1,991	-	2,498
Other loans	7.6	420	29	38	-	487
Total Financial Liabilities		5,895	12,721	30,020	14,729	63,365
2005						
Financial Assets						
Cash and cash equivalents	4.0	1,602	-	-	10	1,612
Receivables	-	-	-	-	23,450	23,450
Other financial assets	-	-	-	-	60	60
Total Financial Assets		1,602	-	-	23,520	25,122
Financial Liabilities						
Payables	-	-	-	-	13,607	13,607
Bank overdraft	8.0	2,119	-	-	-	2,119
Bills payable	6.3	6,225	-	-	-	6,225
Lease liabilities	6.2	-	7,909	23,458	-	31,367
Convertible notes	6.0	-	709	1,417	-	2,126
Bank loans	6.9	-	648	2,840	-	3,488
Other loans	6.0	-	27	67	-	94
Total Financial Liabilities		8,344	9,293	27,782	13,607	59,026

No interest is charged on trade debtors except for certain debtors who pay late and are charged interest at 1.5% per month by agreement.

35. SEGMENT INFORMATION

Business Segments

The consolidated entity operates predominantly in the following business segments:

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

The consolidated entity operated in these business segments for the whole of the 2006 and 2005 years.

Geographical Segments

The consolidated entity operates in one geographical segment, being Australia.

35. SEGMENT INFORMATION (Cont)

Primary reporting – business segments

2006	**Transport $'000**	**Rural $'000**	**Elimination $'000**	**Consolidated $'000**
Revenue				
Sales to external customers	121,622	45,395	-	167,017
Intersegment sales	1,259	10	(1,269)	-
Total sales	122,881	45,405	(1,269)	167,017
Other revenue/income	2,036	787	-	2,823
Total segment revenue/income	124,917	46,192	(1,269)	169,840
Unallocated revenue/income				818
Total revenue/income				170,658
Results				
Segment results	5,345	3,402	-	8,747
Unallocated revenue less unallocated expenses				(7,350)
Profit before income tax				1,397
Income tax expense				(114)
Profit for the year				1,283
Assets				
Segment assets	79,506	19,299	-	98,805
Unallocated assets				868
Total assets				99,673
Liabilities				
Segment liabilities	11,791	6,148	-	17,939
Unallocated liabilities				49,968
Total liabilities				67,907
Other segment information				
Acquisitions of property, plant and equipment and intangible assets	16,587	284	-	16,871
Unallocated acquisitions				272
				17,143
Depreciation/amortisation expense	8,762	251	-	9,013
Unallocated depreciation/amortisation				356
				9,369
Non-cash expenses other than amortisation and depreciation	334	45	-	379
Unallocated non-cash expenses				1
				380

35. SEGMENT INFORMATION (Cont)

Primary reporting – business segments

2005	**Transport $'000**	**Rural $'000**	**Elimination $'000**	**Consolidated $'000**
Revenue				
Sales to external customers	113,930	42,018	-	155,948
Intersegment sales	1,058	108	(1,166)	-
Total sales	114,988	42,126	(1,166)	155,948
Other revenue/income	1,867	641	-	2,508
Total segment revenue/income	116,855	42,767	(1,166)	158,456
Unallocated revenue/income				417
Consolidated revenue/income				158,873
Results				
Segment results	5,519	3,628	-	9,147
Unallocated revenue less unallocated expenses				(7,744)
Profit before income tax				1,403
Income tax benefit				548
Profit for the year				1,951
Assets				
Segment assets	73,813	15,087	(234)	88,666
Unallocated assets				1,810
Total assets				90,476
Liabilities				
Segment liabilities	11,944	4,946	(234)	16,656
Unallocated liabilities				46,669
Total liabilities				63,325
Other segment information				
Acquisitions of property, plant and equipment and intangible assets	8,224	181	-	8,405
Unallocated acquisitions				537
				8,942
Depreciation/amortisation expense	8,242	259	-	8,501
Unallocated depreciation/amortisation				205
				8,706
Non-cash expenses other than amortisation and depreciation	170	(130)	-	40
Unallocated non-cash expenses				52
				92

35. SEGMENT INFORMATION (Cont)

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

(b) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

36. DEED OF CROSS GUARANTEE

Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd and Lindsay Rural Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. This deed of cross guarantee was entered into during the 2006 financial year.

(a) Consolidated income statement and a summary of movements in consolidated accumulated losses

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Lindsay Australia Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2006 of the Closed Group consisting of Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd and Lindsay Rural Pty Ltd.

	2006 $'000
Income statement	
Revenues	163,642
Other income	772
Purchases and changes in inventories	(37,599)
Fuel and oil costs	(25,611)
Repairs and maintenance	(9,513)
Subcontractors	(16,891)
Employee benefits and related costs	(40,550)
Depreciation and amortisation	(1,903)
Finance costs	(1,047)
Insurance	(1,731)
Management fees	(9,500)
Pallet charges	(925)
Operating lease rental	(3,059)
Professional fees	(485)
Other expenses	(14,235)
Profit before income tax	1,365
Income tax expense	(120)
Profit for the year	1,245
Summary of movements in consolidated accumulated losses	
Accumulated losses at the beginning of the financial year	(14,362)
Profit for the year	1,245
Dividends provided for or paid	(1,542)
Accumulated losses at the end of the financial year	(14,659)

36. DEED OF CROSS GUARANTEE (cont)

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2006 of the Closed Group consisting of Lindsay Australia Limited, Lindsay Brothers Holdings Pty Ltd, Lindsay Transport Pty Ltd, Lindsay Brothers Management Pty Ltd and Lindsay Rural Pty Ltd.

	2006 $'000
Current assets	
Cash and cash equivalents	1,685
Trade and other receivables	28,085
Inventories	4,824
Other	2,076
Total current assets	**36,670**
Non-current assets	
Other receivables	12,141
Available-for-sale financial assets	60
Property, plant and equipment	5,331
Deferred tax assets	1,988
Intangible assets	4,025
Total non-current assets	**23,545**
Total assets	**60,215**
Current liabilities	
Trade and other payables	14,684
Borrowings	5,661
Current tax liabilities	-
Provisions	2,990
Other	3,452
Total current liabilities	**26,787**
Non-current liabilities	
Borrowings	5,687
Provisions	722
Other	38
Total non-current liabilities	**6,447**
Total liabilities	**33,234**
Net assets	**26,981**
Equity	
Contributed equity	41,639
Reserves	-
Retained profits	(14,658)
Total equity	**26,981**

37. COMMITMENTS

Finance lease liabilities are payable as follows:

	Minimum lease payments 2006 $'000	Interest 2006 $'000	Principal 2006 $'000	Minimum lease payments 2005 $'000	Interest 2005 $'000	Principal 2005 $'000
Consolidated						
Less than one year	13,565	(2,117)	11,448	9,627	(1,718)	7,909
Between one and five years	29,560	(3,002)	26,558	25,543	(2,085)	23,458
	43,125	(5,119)	38,006	35,170	(3,803)	31,367
Parent entity						
Less than one year	161	(10)	151	175	(31)	144
Between one and five years	71	(2)	69	233	(3)	230
	232	(12)	220	408	(34)	374

Finance leases comprise leases of items of plant and equipment under normal commercial finance lease terms and conditions. Finance leases doe 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.

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Operating Lease Commitments				
Non-cancellable operating leases contracted for but not recognised in the financial statements are payable as follows:				
- not later than 1 year	3,056	2,744	694	494
- later than 1 year but not later than 5 years	3,281	3,560	934	604
- later than 5 years	134	181	-	-
	6,471	6,485	1,628	1,098

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. Consolidated operating lease commitments include $2,748,000 (2005 - $3,588,000) for leases of premises from entities associated with MK Lindsay, TK Lindsay and TG Lindsay.

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Capital Commitments				
Commitments for capital expenditure (property, plant and equipment) contracted for but not recognised in the financial statements are payable as follows:				
- not later than 1 year	1,955	1,938	-	210
Remuneration Commitments				
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:				
- not later than 1 year	211	267	211	267

Remuneration commitments comprise the minimum amounts payable under termination under long-term service agreements.

37. COMMITMENTS (cont)

Lindsay Rural Pty Ltd (Rural)

On 24 July 2002 Rural entered into a distribution agreement with Amcor. The agreement commenced 1 November 2002 and expires 31 October 2009. Rural has agreed to the distribution of Amcor products in a number of areas where Rural presently carries on business. The agreement includes:

- an option for both parties to extend the agreement for a further 5 years upon terms and conditions as agreed between parties;
- an option for Amcor to buy the Rural business during the term of the agreement on terms no less favourable than those that would be offered to a third party, should the parent entity wish to sell or assign its interest in Rural.

38. CONTINGENT LIABILITIES

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Secured guarantees by the parent entity in respect of bank facilities (including lease liabilities) of subsidiaries (secured by mortgages over all assets)	-	-	39,926	35,767
Guarantees by the parent entity in respect of leases of subsidiaries	-	-	420	420

Cross guarantees have been given as described in note 36.

On 12 November 2004 Lindsay Rural Pty Ltd was served an amended statement of claim for damages of approximately $1.4 million (previously $5.6 million) in respect of the supply and installation of an irrigation system. Lindsay Rural Pty Ltd are named as second defendant, the first defendant being the company that designed and supplied the system. The claim relates to a failure to warn, as the plaintiff alleges that Lindsay Rural Pty Ltd has an obligation to consider to propose, or to propose, variations to the plaintiff or the first defendant. The Directors are of the view that the claim is not supported by the facts and deny liability. Accordingly the claim is to be vigorously defended. The Directors consider that no liability is likely to be incurred by Lindsay Rural Pty Ltd.

A notice of claim under the *Personal Injuries Proceeding Act 2002* was served on Lindsay Brothers Management Pty Ltd on 29 October 2004 by a previous employee. The amount of the claim is $692,000 plus costs and interest. The claim relates to injuries sustained by a Queensland resident employee whilst working in Victoria. At this stage neither of the Company's Workers Compensation insurers have accepted liability for this claim. The Company believes that the claim is covered by Workers Compensation insurance policies held by the Company. The Directors consider that no liability is likely to be incurred by Lindsay Brothers Management Pty Ltd pursuant to the claim.

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.

39. SUBSEQUENT EVENTS

On 30 August 2006 the consolidated entity entered into a contract to purchase the assets of Bob Fountain Transport, a transport business based at Adelaide, South Australia. The business is to be integrated into Lindsay Transport. Details of the acquisition which is expected to be settled on 3 October 2006 (subject to finance approval) is as follows:

	$'000
Inventories (estimated subject to stock-take)	50
Property, plant and equipment including stamp duty	6,400
Goodwill	-
	6,450

To the Directors' knowledge no other 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.

The financial effects of the above are not recognised as at 30 June 2006.

40. EXPLANATION OF TRANSITION TO AIFRS

The impact of adopting AIFRS on the total equity and profit after tax as reported under AGAAP are illustrated below:

(a) Reconciliation of profit after income tax under AGAAP to that under AIFRS

	Note	Consolidated 2005 $'000	Parent Entity 2005 $'000
Profit after income tax as previously reported under AGAAP		1,693	1,395
Changes in profit on transition to AIFRS			
Reversal of goodwill amortisation	(1)	355	31
Straight-lining of operating lease rentals	(2)	(1)	1
Tax effect of share issue costs	(3)	(96)	(96)
Profit after income tax under AIFRS		1,951	1,331

(b) Reconciliation of total equity from that previously reported under AGAAP to total equity under AIFRS

		Consolidated			
		Consolidated		Parent Entity	
	Note	As at 1 July 2004 $'000	As at 30 June 2005 $'000	As at 1 July 2004 $'000	As at 30 June 2005 $'000
Total equity as previously reported under AGAAP		26,449	30,253	24,174	27,680
Changes in accumulated losses					
Reversal of goodwill amortisation	(1)	-	355	-	31
Straight-lining of operating lease rentals	(2)	(72)	(73)	(4)	(3)
Tax effect of share issue costs	(3)	-	(96)	-	(96)
Write off of impaired goodwill	(4)	(3,577)	(3,577)	(595)	(595)
Write down of investment	(5)	-	-	(2,983)	(2,983)
Changes in contributed equity					
Tax effect of share issue costs	(6)	289	289	289	289
Total equity under AIFRS		23,089	27,151	20,881	24,323

(1) Under previous AGAAP goodwill was amortised on a straight-line basis over its estimated useful life being 20 years. Under AIFRS goodwill will not be subject to amortisation but tested for impairment at least annually. Goodwill of $355,000 for the consolidated group and $31,000 for the parent entity for the year ended 30 June 2005 recognised under AGAAP has been reversed.

(2) Under previous AGAAP payments made under operating leases were expensed as incurred. Under AIFRS operating lease expense is recognised on a straight-line basis over the term of the lease. For the consolidated group for the year ended 30 June 2005, the effect is to increase operating lease rentals by $1,000 on the amount previously reported under AGAAP. On transition to AIFRS the straight-lining of rentals resulted in a liability of $103,000 being recognised with a related deferred tax asset of $31,000 for the consolidated group. For the parent for the year ended 30 June 2005, the effect is to decrease operating lease rentals by $1,000 on the amount previously reported under AGAAP. On transition to AIFRS the straight-lining of rentals resulted in a liability of $6,000 being recognised with a related deferred tax asset of $2,000 for the parent entity.

(3) Under previous AGAAP the tax benefit of certain items such as share issue cost was treated as a permanent difference with a reduction in income tax expense. Under AIFRS the tax benefit of these items is initially recognised as a credit to equity and a deferred tax asset. This has resulted in a reversal of the tax benefit recognised in income tax expense under AGAAP.

40. EXPLANATION OF TRANSITION TO AIFRS (cont)

(4) Under AIFRS goodwill is not subject to amortisation but tested for impairment at least annually. Goodwill was tested for impairment on transition to AIFRS on 1 July 2004 and again at 30 June 2005.

Goodwill less amortised amounts at 30 June 2004 for the cash generating units of the consolidated entity was as follows:

	Transport $'000	Rural $'000	Total $'000
Goodwill – at cost	3,842	3,256	7,098
Accumulated amortisation	(265)	(244)	(509)
	3,577	3,012	6,589

The goodwill of the consolidated entity applicable to the Transport cash generating unit of $3,577,000 including goodwill of the parent entity applicable to the Transport cash generating unit of $595,000 was determined as impaired at 1 July 2004. Accordingly this goodwill impairment has been adjusted against accumulated losses as at 1 July 2004. The impairment was based on value-in-use calculations. These calculations used cash flow projections based on financial budgets covering an asset replacement cycle of eight years. Revenue (including volume and price) growth rates were approximately 7.1% over the evaluation period. A pre-tax discount rate of 15.5% was used. A pre-tax discount rate of 14.25% would have resulted in no impairment. The impairment will not be reversed in future years. A prime reason for the recognition of impairment loss under AIFRS is the requirement to discount future cash flows in assessing value in use. Discounting was not required under AGAAP.

(5) The value of the parent entity investment in the transport cash generating unit whose goodwill was impaired was written down by an equivalent amount to the impairment. The resulting value is the assessed recoverable amount of the investment.

(6) Recognition of deferred tax asset in respect to share issue costs on transition to AIFRS (refer (3) above).

(7) Other impacts of transition to AIFRS with no effect on profit after income tax or equity:

(i) Under previous AGAAP proceeds from sale of fixed assets were included in revenue and the carrying amount of the assets at disposal date sold disclosed in expenses. Under AIFRS the gain on sale of fixed assets (sales proceeds less carrying value at date of sale) is disclosed as other income.

(ii) Under AIFRS reclassification of certain items previously classified as property, plant and equipment is required. Under previous AGAAP computer software and investment properties were included in the property, plant and equipment category. On transition to AIFRS investment properties at a carrying amount at 30 June 2005 of $864,000 have been reclassified to investment property for both the consolidated and the parent entity and computer software at a carrying value at 30 June 2005 of $468,000 for the consolidated entity and $389,000 for the parent entity has been reclassified to intangibles.

(iii) On transition to AIFRS the group policy on future GST recoverable in respect to financial leases, accruals and provision has been changed. Consistent with general practice future GST payable and recoverable is now recognised when the underlying transaction giving rise to the GST occurs.

(c) Adjustments at 1 July 2005

As disclosed in note 1, the Group has taken the exemption under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005. On this date an adjustment was made to reduce equity by $53,000 and increase the convertible note liability by $26,000 and the deferred tax liability by $27,000 for both the group and parent entity.

(d) Reconciliation of cash flow statement

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes (including the remuneration disclosures that are contained in sections A to D of the remuneration report in the directors' report) are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory financial reporting requirements; and

  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, 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) the audited remuneration disclosures set out on in sections A to D of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 36 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 36.

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

Brisbane, Queensland
28 September 2006

JOHNSTON RORKE JR

Chartered Accountants

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Independent Audit Report to the Members of Lindsay Australia Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statements, balance sheets, statements of changes in equity, cash flow statements, accompanying notes to the financial statements, the disclosures made as required by Australian Accounting Standard AASB 124 *Related Party Disclosures* in sections A to D of the remuneration report in the directors' report as permitted by the *Corporations Regulations 2001* (the remuneration disclosures) and the directors' declaration for both Lindsay Australia Limited (the company) and Lindsay Australia Limited and its controlled entities (the consolidated entity) for the financial year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that financial year.

The remuneration report also contains information not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001.* This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards.*

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Australian Accounting Standard AASB 124 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001,* Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional and ethical pronouncements and the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company would be in the same terms if provided to the directors as at the date of this audit report.

Audit Opinion

1. In our opinion, the financial report of Lindsay Australia Limited is in accordance with:

   (a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (b) other mandatory financial reporting requirements in Australia.

2. The remuneration disclosures that are contained in sections A to D of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants

RCN WALKER
Partner

Brisbane, Queensland
28 September 2006

CORPORATE GOVERNANCE STATEMENT

The board of Directors of Lindsay Australia Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Lindsay Australia Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Lindsay Australia Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

Lindsay Australia Limited's Corporate Governance practices recognise the Company's market capitalisation and the complexity of its operations.

Departures from the Council's recommendations are as follows:

Principle 1. **Lay solid foundations for management and oversight** – 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.

Principle 2. **Structure the board to add value** – Have a board of an effective composition, size, and commitment to adequately discharge its duties and responsibilities.

Recommendation 2.1 A majority of the board should be independent directors.

The Company has not complied with this recommendation. The following Directors are not considered to be independent:

- *G D Farrell – substantial shareholder,*
- *M K Lindsay – Chief Executive Officer and substantial shareholder,*
- *T K Lindsay – substantial shareholder, and*
- *L R Hancock – a principal of a material professional advisor.*

The independent Directors are:

- *J F Pressler,*
- *R A Anderson, and*
- *S S Doumany.*

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.

Recommendation 2.2 The chairperson should be an independent director.

The Company complies with this recommendation.

Recommendation 2.3 The role of chairperson and chief executive officer should not be exercised by the same individual.

The Company complies with this recommendation.

Recommendation 2.4	The board should establish a nomination committee. *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.*
Recommendation 2.5	Implement reporting of Corporate Governance *The Company's Corporate Governance Charter is published on its website.*
Principle 3.	**Promote ethical and responsible decision-making**
Recommendation 3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 1.1.1 the practices necessary to maintain confidence in the company's integrity, 1.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. *A formal Code of Conduct forms part of the Corporate Governance charter.*
Recommendation 3.2	Disclose the policy concerning trading in company securities by directors, officers and employees. *The Corporate Governance Charter contains a Code of Conduct for Transactions in Securities.*
Principle 4.	**Safeguard integrity in financial reporting** – have a structure to independently verify and safeguard the integrity of the company's financial reporting.
Recommendation 4.1	Require the chief executive officer and the chief financial officer to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards. *The Company complies with this recommendation.*
Recommendation 4.2	The board should establish an audit committee. *The Company complies with this recommendation.*
Recommendation 4.3	Structure the audit committee so that it consists of: • only non-executive directors, • a majority of independent directors, • an independent chairperson, who is not chairperson of the board, and • at least three members. *The Company complies with this recommendation.*
Recommendation 4.4	The audit committee should have a formal charter. *The Company complies with this recommendation*
Recommendation 4.5	The audit committee should report to the board on a range of issues. *The Company complies with this recommendation.*

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 management level for that compliance.

The Company complied with the continuous disclosure requirements of Chapter 3 of the Australian Stock Exchange Listing Rules. The Corporate Governance Charter contains additional requirements.

Recommendation 5.2 Implement reporting of departures from best practice recommendation in the annual report and make publicly available a summary of policies and procedures designed to guide compliance with listing rule disclosure requirements.

Departures from the recommendations are contained in the Corporate Governance Statement. The Corporate Governance Charter is published on the Company's website.

Principle 6. **Respect the rights of shareholders** – and facilitate the effective exercise of those rights.

Recommendation 6.1 Design and disclose a communication strategy to promote effective communication with shareholders and encourage participation at general meetings.

The Corporate Governance Charter contains the requirements of this obligation. The Company complied with the Corporations Act 2001 and the requirements of the ASX Listing Rules during the year.

Recommendation 6.2 Request the external auditor to attend the annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company complies with this recommendation.

Principle 7. **Recognise and manage risk** – establish a sound system of risk oversight and management and internal control.

Recommendation 7.1 The board or appropriate board committee should establish policies on risk oversight and management.

Part of the responsibilities of the Audit and Risk Committee is to monitor risk. 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. A business risks checklist is reviewed at each meeting of the board.

Recommendation 7.2 The chief executive officer and the chief financial officer should state to the board in writing that:

7.2.1 the statement given in accordance with the best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board, and

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The chief executive officer and chief financial officer have provided the written statements required by 7.2.1 and 7.2.2.

Recommendation 7.3 Implement reporting of Corporate Governance.

The Corporate Governance Charter is published on the Company's website.

Principle 8. **Encourage enhanced performance** – fairly review and actively encourage enhanced board and management effectiveness.

Recommendation 8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

The Corporate Governance Charter includes requirements for these processes.

Principle 9. **Remunerate fairly and responsibly** – ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Recommendation 9.1 Provide disclosures in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies, and (ii) the link between remuneration paid to directors and key executives and corporate performance.

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 issue of options over shares. There were no employee options on issue at 30 June 2006. 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 are disclosed in the Remuneration Report.

Recommendation 9.2 The board should establish a remuneration committee.

The Company complies with this recommendation.

Recommendation 9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

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

9.3.1 Non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or equity); they should not participate in schemes designed for the remuneration of executives.

9.3.2 Non-executive directors should not receive options or bonus payments.

9.3.3 Non-executive directors should not be provided with retirement benefits other than statutory superannuation.

The Company complies with this recommendation.

Recommendation 9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The Company complies with this recommendation. Shareholders approved the Employee Share Option Plan during November 2002. There are no other plans in operation that executive employees are eligible to participate in.

Recommendation 9.5 Implement reporting of Corporate Governance.

The Corporate Governance Charter is published on the Company's website.

Principle 10 **Recognise the legitimate interests of stakeholders** – recognise legal and other obligations to all legitimate stakeholders.

Recommendation 10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Corporate Governance Charter includes a Code of Conduct. The Charter is published on the Company's website.

For further information on corporate governance policies adopted by Lindsay Australia Limited, refer to our website: www.lindsayaustralia.com.au/corporategovernance

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of the annual report are included in the Directors' Report. 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
S S Doumany

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.

The term in office held by each Director at the date of this report is as follows:

Name	Term in Office	Name	Term in Office
J F Pressler	10 Years	G D Farrell	1 Year
M K Lindsay	10 Years	L R Hancock	4 Years
R A Anderson	4 Years	T K Lindsay	4 Years
S S Doumany	4 Years		

For additional details regarding board appointments, please refer to the Company's Corporate Governance Charter.

Nomination Committee

The Company does not have a Nomination Committee. The Directors consider that due to the relatively small size of the Company it is not necessary to have a Nomination Committee. Functions that are usually performed by the Nomination Committee are performed by the board.

Audit and Risk Committee

The board has established an audit and risk committee, which operates under a charter approved by the board. 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 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.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the audit and risk committee are non-executive Directors. A majority of the Directors are independent.

The members of the audit committee during the year were:

R A Anderson - Chairman
J F Pressler
L R Hancock

For details of the qualifications of members of the audit and risk committee refer to the Directors' Report.

For details on the number of meetings of the audit and risk committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Remuneration Committee

It is the Company's objective to provide maximum shareholder 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. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives,
- attraction of quality management to the Company, and
- 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 board has established a remuneration committee, comprising three non-executive Directors. Members of the remuneration committee throughout the year were:

S S Doumany - Chairman
J F Pressler
R A Anderson

For details on the number of meetings of the remuneration committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Environmental and Occupational Health and Safety Committee

The board has established an environmental and occupational health and safety committee. 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. The members of the committee during the year were:

L R Hancock - Chairman
S S Doumany
M K Lindsay

For details on the number of meetings of the environmental and occupational health and safety committee held during the year and the attendees at those meetings, refer to the Directors' Report.

SHAREHOLDER INFORMATION

Information relating to security holders as at 31 August 2006.

Shares
Distribution of Shareholders

	Number of Shareholders	Number of Shares
1 - 1,000	28	16,962
1,001 – 5,000	263	832,777
5,001 – 10,000	267	2,258,629
10,001 – 100,000	726	21,754,187
100,001 and over	124	117,080,007
Total	1,408	141,942,562

Number of holdings less than a marketable parcel of 3,031 shares – 175

Top Twenty Shareholders

Name	Number of Shares	% of Issued Shares
Amcor Packaging (Australia) Pty Ltd	24,245,296	17.08
Mulawa Holdings Pty Ltd	20,758,295	14.62
Thomas Kelsall Lindsay	7,307,400	5.15
K & D Lindsay Pty Ltd (D Lindsay Family A/C)	6,524,469	4.60
Washington H Soul Pattinson & Company Limited	2,863,112	2.02
Andrew David Lindsay	2,805,218	2.00
Barolin Nominees Pty Ltd (Magnum Unit Account)	2,540,590	1.79
Thomas Glen Lindsay	2,417,718	1.70
Greta Marjorie Lindsay (The Greta Lindsay No 2 A/C)	2,295,218	1.62
Brickworks Investment Company Limited	1,868,000	1.32
Maria Gail Orr	1,745,000	1.23
Milton Corporation Limited	1,600,000	1.13
Maria Elizabeth Lorenzo (The Damien Lindsay A/C)	1,495,218	1.05
RM & DM Pell Pty Limited (Pell Family Super Fund A/C)	1,447,370	1.02
Janala Pty Ltd	1,438,051	1.01
Legendary Pty Ltd (Lindsay Family Account)	1,251,908	0.88
Yesor Pty Ltd (The Orr Super Fund A/C)	1,160,000	0.82
Christopher Bruce Hordern & Mrs Sandra Marcelle Hordern (Hordern Family Super Fund A/C)	1,132,000	0.80
Legendary Pty Ltd (Rangia Incentive A/C)	1,070,000	0.75
Sandra Marcelle Hordern	1,065,218	0.75
	87,030,081	61.34

SHAREHOLDER INFORMATION (Cont)

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
Amcor Packaging (Australia) Pty Ltd	24,245,296	17.08
Mulawa Holdings Pty Ltd	22,196,346	15.64
K & D Lindsay Pty Ltd	9,973,825	7.02
Thomas Kelsall Lindsay	10,748,903	7.57
Thomas Glen Lindsay	8,018,967	5.65

Voting Rights of Ordinary Shares

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

Unquoted Equity Securities

6% Convertible Notes

There are 8,971,309 convertible notes on issue. The convertible notes are held by Thomas Kelsall Lindsay and were issued at 25c each. Convertible notes do not entitle the holder to a vote at any general meeting.