Lindsay Australia Limited

ABN 81 061 642 733

ASX Code LAU

Half-Yearly Report

Half-Year Ended 31 December 2019
ASX Rule 4.2A.3

Information required by Appendix 4D

The information should be read in conjunction with the attached Half-Year Report for the period ending 31 December 2019.

Lindsay Australia Limited (LAU)

Results for announcement to the market

					$ A'000
Revenues from ordinary activities	up	6.28%	to		216,043
Profit from ordinary activities after tax attributable to owners	up	7.17%	to		5,785
Net Profit after tax attributable to members	up	7.17%	to		5,785

Dividends	Amount per security	Franked amount per security
Interim Dividend	1.0¢	1.0¢
Previous corresponding period	1.0¢	1.0¢

Record date for determining entitlements to the dividend.	27 March 2020

4D Management discussion and comments

Refer Half Year Financial Report which has been lodged concurrently with App 4D.

Non-cash financing and investing activities

		31 December 2019 $A'000	31 December 2018 $A'000
	Acquisition of plant and equipment by means of finance leases	-	14,758
	Acquisition of right-of-use assets – plant and equipment	13,770	-
	Acquisition of right-of-use assets – property	1,919	
	Dividends satisfied by issue of shares	650	464

Ratios

		31 December 2019	31 December 2018
	Profit before tax / revenue Consolidated profit before tax as a percentage of revenue	3.84%	3.79%
	Profit after tax / equity interests Consolidated net profit after tax attributable to owners as a percentage of equity at the end of the half year	6.05%	5.73%

Earnings Per Security (EPS)

		31 December 2019	31 December 2018
	Basic EPS	1.9¢	1.8¢
	Weighted average number of ordinary shares used in the calculation of the Basic EPS	297,807,349	294,853,758
	Earnings $A'000's used in calculating basic EPS	$5,785	$5,398

NTA backing

		31 December 2019 $A'000	30 June 2019 $A'000
	Net Tangible Assets (NTA)	$86,197	$84,499
	Net tangible asset backing per ordinary security (cents per share)	*28.85 cents	28.46 cents
	**The net tangible asset backing per ordinary share of 28.85 cents is inclusive of right-of-use assets and lease liabilities.*		

Dividends

Date the dividend is payable	09 April 2020
Record date to determine entitlements to the dividend	27 March 2020

Dividend amount per security

			Amount per security ¢	Franked amount per security at 30% tax ¢
	Interim dividend:	Current year Previous year	1.0 1.0	1.0 1.0

Dividend Reinvestment Plan
The company has a Dividend Reinvestment Plan. The last day for notification of an election to participate in respect of the dividend payable on 09 April 2020 is 30 March 2020. A discount of 5% to the volume weighted average price for the five business days prior to and including the record date will apply to reinvestments.

Issued and Quoted securities at end of current period

Category of securities		Total number	Number quoted	Issue price per security (cents)
	Ordinary securities 1/7/2019	296,856,465	296,856,465	
	Changes during current period Increases through issues-DRIP	1,912,218	1,912,218	34.0 cents
	Ordinary securities 31/12/2019	298,768,683	298,768,683	

Changes in accounting policies since the last annual report are disclosed as follows.

AASB 16 *Leases* was adopted on 1 July 2019. Refer note 2 of the Interim Financial Report for the Half-Year ended 31 December 2019 for details on the impact on transition to the new accounting standard.

Audit Review/Status.

This report is based on accounts that have been subject to review.

Details of entities over which control has been gained or lost during the period.

Nil

Compliance statement

1. This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

2. This report and the accounts, upon which the report is based, use the same accounting policies.

3. This report does give a true and fair view of the matters disclosed.

4. The entity has a formally constituted audit committee.

Justin T Green　　　　Date 21 February 2020
Chief Financial Officer

LINDSAY AUSTRALIA
LIMITED

ABN 81 061 642 733

INTERIM FINANCIAL REPORT
for the half year ended 31 December 2019

Directors	*Chairman (Non-executive)* Mr John F Pressler OAM MAICD *Managing Director and Chief Executive Officer* Mr Michael K Lindsay *Non-executive Directors* Mr Richard A Anderson OAM BCom FCA FCPA Mr Anthony R Kelly Mr Robert L Green
General Legal Counsel & Company Secretary	Mr Broderick T Jones LLB
Chief Financial Officer & Company Secretary	Mr Justin T Green BBus CPA
Share Register	Computershare Investor Services Pty Ltd Level 1, 200 Mary Street, Brisbane, QLD, 4000 Telephone: 1300 552 270 Website: www.computershare.com.au
Registered and Principal Administrative Office	152 Postle Street, Acacia Ridge, QLD, 4110 Telephone: (07) 3240 4900 Fax: (07) 3054 0240 Website: www.lindsayaustralia.com.au
Auditor	Pitcher Partners Level 38, 345 Queen Street, Brisbane, QLD, 4000
Stock Exchange Listing	Lindsay Australia Limited shares are listed on the Australian Securities Exchange, code LAU.

CONTENTS

Your directors present their report on the consolidated entity consisting of Lindsay Australia Limited and the entities it controlled (referred to as "the Group") at the end of, or during the half year ended 31 December 2019.

This interim financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Lindsay Australia Limited (ASX: LAU) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS

The following persons were directors of Lindsay Australia Limited during or since the end of the half year:

J F Pressler
M K Lindsay
R A Anderson
A R Kelly
R L Green – appointed 26 August 2019

The above mentioned directors held office during and since the end of the half year except as otherwise noted.

REVIEW OF OPERATIONS

Lindsay Australia Limited ("the Group") incorporates the key divisions of Lindsay Transport (including Lindsay Fresh) and Lindsay Rural. These vertically integrated business units have a specific focus on servicing customers across several industries including fresh produce, horticulture, food processing, food services and logistics. Our customers' needs continue to evolve, and it's a testament to the Group's longevity that it continues to deliver new and innovative solutions to meet these changing requirements. What started with three trucks in 1953 has now developed into a business which offers a unique end-to-end solution Australia wide.

For the first half ended 31 December 2019, the Group generated revenue of $216.0 million, an increase of 6.3% on the prior corresponding period (pcp). Transport division revenue (both external and inter-segment) grew by $10.1 million (7.1%) largely driven by an increase in rail revenue. Rural division revenue (both external and inter-segment) grew by $3.2 million (5.0%) despite closure of some marginal branches during the 2019 financial year.

Group underlying EBITDA, which excludes the impact of Accounting Standard AASB 16 adopted on 1 July 2019 was $23.3 million, an increase of $1.7 million (8.0%) on pcp. Refer Note 2 of the financial report for a reconciliation of the impact on the Group's before tax and EBITDA earnings for the half year.

Lindsay Transport reported a divisional profit before tax of $16.96 million for the half year, an increase of 5.5% on pcp. This was achieved despite softer produce volumes in some regions, a testament to our diversification into high utilisation rail freight coupled with robust pricing and cost control.

Lindsay Rural reported a divisional profit before tax of $3.18 million for the half year representing growth of $1.18 million (59.0%) on pcp. The branch rationalisation program completed in the 2019 financial year enabled the division to refocus on high growth regions while also delivering a favorable cost base.

Group profit after tax for the half year of $5.78 million was an increase of 7.2% over pcp. The effective tax rate for the half year remained steady at 30.3 % (1H19: 30.0%).

REVIEW OF OPERATIONS (continued)

Rail expansion remained paramount during the first half with 50 additional refrigerated rail containers commencing operations. At the end of 1H20 the Group was operating 126 owned refrigerated rail containers supported by a further 43 on temporary hire to cover seasonal peak periods.

Since inception, rail has complimented the core logistics offering and provided a diversified service that is not only margin accretive but innovate in meeting customer's needs. A further 60 refrigerated containers will join the portfolio in the second half of the financial year.

For the first half, the Group generated operating cash flow of $17.5 million, an increase of $2.24 million on pcp. The application of AASB 16 has led to some operating lease payments which were previously included in cash flows from operating activities now being included as payments of lease liabilities within cash flows from financing activities. Excluding this impact, operating cash flow was $0.5 million (3.6%) below pcp. The decrease was mainly due to timing of customer payments which fell into the second half. Refer Note 2 of the financial report for a reconciliation on the impact of adoption of AASB 16 on operating cash flows.

The Group remains focused on diversifying its product and location offering while meeting the needs of customers through relevant capacity additions and innovation, ultimately delivering value for shareholders.

Segment revenue and contributions (refer Note 3):

	Dec 2019 $'000	Dec 2018 $'000	% Increase / (decrease)
Transport			
Revenue from provision of services	147,837	136,755	8.1%
Revenue from sale of goods	425	1,821	(76.7%)
Other revenue	1,000	998	0.2%
Inter-segment revenue	3,677	3,271	12.4%
Total segment revenue	**152,939**	**142,845**	**7.1%**
Segment contribution	**16,961**	**16,081**	**5.5%**
Rural			
Revenue from sale of goods	66,137	62,784	5.3%
Other revenue	163	405	(59.8%)
Inter-segment revenue	692	601	15.1%
Total segment revenue	**66,992**	**63,790**	**5.0%**
Segment contribution	**3,187**	**2,004**	**59.0%**

DIVIDEND

Dividends are paid taking account of profit, future cash requirements for capital expenditure (sustaining and growth), working capital and the mix of debt and equity. A fully franked interim dividend of 1.0 cent per share was declared on 21 February 2020. This dividend is payable on 9 April 2020. Lindsay Australia Limited's dividend reinvestment plan continues in force.

ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under the section 307C of the *Corporations Act 2001* accompanies this report.

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

John F Pressler

Chairman of Directors
Brisbane, Queensland
21 February 2020

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Street
Brisbane, QLD 4000

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GPO Box 1144
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The Directors
Lindsay Australia Limited
152 Postle Street
Acacia Ridge QLD 4110

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act* 2001; and

(ii) no contraventions of APES110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

PITCHER PARTNERS

DAN COLWELL
Partner

Brisbane, Queensland
21 February 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 $'000
Revenues	4	216,043	203,273
Expenses			
Changes in inventories		(577)	(583)
Purchase of inventories		(53,425)	(53,248)
Employee benefits expense		(59,455)	(55,848)
Subcontractors		(25,070)	(18,097)
Depreciation and amortisation		(14,888)	(11,018)
Vehicle operating costs		(31,730)	(32,458)
Finance costs		(3,986)	(2,885)
Insurance		(1,042)	(867)
Impairment loss on trade receivables		(102)	-
Pallets		(822)	(957)
Operating lease rentals		-	(4,740)
Rental and equipment hire costs		(1,293)	-
Professional fees		(799)	(815)
Other expenses		(14,551)	(14,045)
		(207,740)	(195,561)
Profit before income tax		**8,303**	**7,712**
Income tax expense		(2,518)	(2,314)
Profit for the period		**5,785**	**5,398**
Other comprehensive income		-	-
Total comprehensive income for the period		**5,785**	**5,398**
Basic and diluted earnings per share		1.9¢	1.8¢

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings (refer note 2).

LINDSAY AUSTRALIA LIMITED and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 Dec 2019 $'000	30 Jun 2019 $'000
CURRENT ASSETS			
Cash and cash equivalents		11,762	17,460
Trade and other receivables		59,414	55,003
Inventories		13,635	13,150
Other		5,242	4,552
Current tax assets		-	663
TOTAL CURRENT ASSETS		**90,053**	**90,828**
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income		25	25
Property, plant and equipment	8	54,372	170,064
Right of use assets	9	163,911	-
Intangible assets		9,395	9,606
TOTAL NON-CURRENT ASSETS		**227,703**	**179,695**
TOTAL ASSETS		**317,756**	**270,523**
CURRENT LIABILITIES			
Trade and other payables		39,671	39,549
Borrowings	10	7,043	38,548
Lease liabilities	11	40,723	-
Provisions		10,231	9,533
Current tax liabilities		2,190	-
Other		1,047	3,300
TOTAL CURRENT LIABILITIES		**100,905**	**90,930**
NON-CURRENT LIABILITIES			
Borrowings	10	11,814	77,377
Lease liabilities	11	104,990	-
Deferred tax liabilities		1,145	3,164
Provisions		1,741	1,523
Other		1,569	3,424
TOTAL NON-CURRENT LIABILITIES		**121,259**	**85,488**
TOTAL LIABILITIES		**222,164**	**176,418**
NET ASSETS		**95,592**	**94,105**
EQUITY			
Contributed equity	6	73,265	72,615
Reserves		728	662
Retained profits		21,599	20,828
TOTAL EQUITY		**95,592**	**94,105**

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings (refer note 2).

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in course of operations		229,128	215,818
Payments to suppliers and employees		(206,828)	(197,449)
Interest received		160	126
Finance costs paid		(3,976)	(2,885)
Income taxes refunded		819	1,414
Income taxes paid		(1,752)	(1,717)
Net cash provided by operating activities		**17,551**	**15,307**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(5,005)	(2,167)
Payments for intangible assets		(60)	(25)
Proceeds from disposal of property, plant and equipment		1,016	1,027
Net cash used in investing activities		**(4,049)**	**(1,165)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5,600	20,480
Repayment of borrowings		(6,821)	(21,150)
Repayment of lease liabilities		(15,364)	(11,997)
Dividends paid	5	(2,615)	(2,478)
Net cash used in financing activities		**(19,200)**	**(15,145)**
Net decrease in cash and cash equivalents		(5,698)	(1,003)
Cash and cash equivalents at the beginning of the reporting period		17,460	14,716
Cash and cash equivalents at the end of the reporting period		**11,762**	**13,713**

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

The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings (refer note 2).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Contributed equity $'000	Share-based payments reserve $'000	Retained profits $'000	Total equity $'000
At 1 July 2019		72,615	662	20,828	94,105
Adjustment to retained earnings with application of AASB 16	2	-	-	(1,749)	(1,749)
Adjusted balance at 1 July 2019		**72,615**	**662**	**19,079**	**92,356**
Profit for the period		-	-	5,785	5,785
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	5,785	5,785
Transactions with owners in their capacity as owners:					
Employee share schemes – value of employee services		-	66	-	66
Dividend paid during half year	5	650	-	(3,265)	(2,615)
At 31 December 2019		**73,265**	**728**	**21,599**	**95,592**
At 1 July 2018		71,656	565	18,186	90,407
Adjustment to retained earnings with application of AASB 15		-	-	(340)	(340)
Adjusted balance at 1 July 2018		**71,656**	**565**	**17,846**	**90,067**
Profit for the period		-	-	5,398	5,398
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	5,398	5,398
Transactions with owners in their capacity as owners:					
Employee share schemes – value of employee services		-	51	-	51
Dividend paid during half year	5	464	-	(2,942)	(2,478)
At 31 December 2018		**72,120**	**616**	**20,302**	**93,038**

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings (refer note 2).

NOTE 1 CORPORATE INFORMATION

Lindsay Australia Limited (the "Company") is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The condensed consolidated interim financial statements ('interim financial report') of the Company as at and for the half year ended 31 December 2019 comprise the financial statements of the Company and its subsidiaries (together referred to in these financial statements as the "Group"). The consolidated half year financial report was authorised for issue in accordance with a resolution of the directors on the 21 February 2020.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the half year ended 31 December 2019 has been prepared in accordance with accounting standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2019 with the exception of the adoption of new accounting standards as detailed below. The changes in accounting policies will also be reflected in the Group's consolidated financial statements for the year ending 30 June 2020.

New accounting standard – AASB 16 *Leases*

AASB 16 *Leases* supersedes AASB 117 *Leases*. AASB 16 introduces a single lessee accounting model and eliminates the classification between operating and finance leases. All leases are required to be accounted for "on balance sheet" by lessees, other than for short-term and low value asset leases. The standard also provides new guidance on the definition of a lease and on sale and leaseback accounting and requires new and different disclosures about leases.

The Group has adopted AASB 16 on 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings.

The Group leased assets include properties and equipment. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

From 1 July 2019 the Group recognises a right-of-use asset and a lease liability at the commencement date which is initially measured on a present value basis.

On initial adoption of AASB 16:

- For leases previously classified as finance leases, the Group has recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at 1 July 2019;
- For leases previously classified as 'operating leases' under the principles of AASB 117 *Leases*, the Group has recognised a right-of-use asset and lease liabilities;
- The right-of-use assets have been recognised at the carrying amount as if AASB 16 had always applied, discounted using the Group's incremental borrowing rate; and
- The associated lease liabilities have been measured at the present value of future minimum lease payments, using the Group's incremental borrowing rate. The borrowing rate applied was 4.20%.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The reconciliation between the operating commitments disclosed in the 30 June 2019 financial statements and the lease liability recognised as at 1 July 2019 is detailed below:

	$'000
Operating lease commitments disclosed at 30 June 2019	60,897
Discounted using lessee's incremental borrowing rate at the implementation of AASB 16	(10,675)
Less: short-term leases not recognised as a liability	(694)
Lease liability recognised as at 1 July 2019 (i)	**49,528**
Current liability	5,180
Non-current liability	44,348
Lease liability recognised as at 1 July 2019 (i)	**49,528**

(i) In addition to those previously recognised as finance leases

The right-of-use assets recognised on 1 July 2019 relate to the following types of assets:

	$'000
Properties	44,672
Equipment	116,714
Total right-of-use assets (net)	**161,386**

Impact on statement of financial position 1 July 2019

The impact on the consolidated statement of financial position on the initial adoption of the new leases standard is set out below.

The Group has adopted AASB 16 using the modified retrospective approach. As permitted under the specific transitional provisions of the standard, comparatives have not been restated for the 2019 reporting period. The reclassifications and adjustments arising from the adoption of the new leasing standard are recognised in the opening statement of financial position on 1 July 2019.

On transition, the Group recognised right-of-use assets of $45.10 million and lease liabilities of $49.52 million which were previously classified as operating leases. The retained earnings adjustment recognised on 1 July 2019 was $1.74 million.

The below table summarises the impact of the adoption on the statement of financial position as at 1 July 2019:

	As reported 30 June 2019 $'000	AASB 16 transition adjustments $'000	Opening balance 1 July 2019 $'000
Property, plant and equipment	170,064	(116,285)	53,779
Right-of-use assets	-	161,386	161,386
Borrowings (current and non-current)	(115,925)	95,861	(20,064)
Lease liabilities (current and non-current)	-	(145,389)	(145,389)
Other liabilities	(6,724)	1,928	(4,796)
Deferred tax liabilities	(3,164)	750	(2,414)
Retained earnings	(20,828)	1,749	(19,079)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact on earnings

The impact on the consolidated statement of profit and loss and other comprehensive income and the Group's before tax earnings and earnings before interest, tax and depreciation (EBITDA) for the half year ended 31 December 2019 as a result of the adoption of the new leases standard is set out below.

The movement in the right-of-use assets for the period has resulted in $3.24 million of depreciation charges. The finance lease liabilities gave rise to finance costs of $1.04 million for the period.

	31 Dec 2019 $'000	31 Dec 2018 $'000	% Increase / (Decrease)
Reported profit before tax	**8,303**	**7,712**	**7.7%**
Expense adjustments related to application of AASB 16:			
Depreciation	3,245	-	-
Interest expense	1,043	-	-
Operating lease expense	(3,841)	-	-
Add: AASB 16 profit before tax impact	447	-	-
Profit before tax pre AASB 16	**8,750**	**7,712**	**13.5%**
Reported EBITDA	**27,177**	**21,615**	**25.7%**
Expense adjustments related to application of AASB 16:			
Less: depreciation	(3,245)	-	-
Less: interest expense	(1,043)	-	-
Add: AASB 16 profit before tax impact	447	-	-
EBITDA movement	(3,841)	-	-
EBITDA pre AASB 16	**23,336**	**21,615**	**8.0%**
Reported operating cash flow	**17,551**	**15,307**	**14.7%**
Cash flow movements related to application of AASB 16:			
Repayment of lease liabilities	(2,798)	-	-
Operating cash flow pre AASB 16	**14,753**	**15,307**	**(3.6%)**

Practical expedients applied

In applying AASB 16 for the first time, the Group has applied the following practical expedients as permitted by the standard:

- Applied the exemption not to recognise right-of-use assets and lease liabilities for low value leases or leases with less than 12 months of lease term;
- Applied the use of a single discount rate to the portfolio of leases with similar characteristics. The rate applied was the Group's weighted average borrowing rate of 4.20%;
- Applied the use on hindsight in determining the lease term where the contract contains options to extend the lease; and
- Relied on previous assessments on whether leases are onerous.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for the Group's leasing activities

The Group operates several leased facilities. Facility rental agreements range in tenure from 1 to 15 years. Lease terms are negotiated on an individual basis and with varying terms and conditions. Until the end of the 2019 financial year, leases of property were classified as 'operating leases'. Expenses incurred under operating leases were previously charged to the profit and loss on a straight-line basis.

From 1 July 2019, leases are now recognised as a right-of-use asset with a corresponding lease liability. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the lease term on a straight-line basis or over the useful life where title to the asset transfers at the end of the lease. Assets and liabilities arising from a lease are initially measured on a present value basis.

Depreciation on right-of-use assets and interest on lease liabilities is recognised in the consolidated statement of profit and loss and other comprehensive income.

Payments associated with short term leases (generally less than 12 month terms) and leases of low value have continued to be recognised on a straight-line basis as an expense in the consolidated Statement of profit and loss and other comprehensive income. Low value leases include office equipment and short term leases includes equipment that is utilised by the Group to cover peak operating periods and are on short term rental agreements of less than 12 months in tenure.

The principal portion of the lease payments are recognised as a financing cash flow and the interest portion of the lease payments are recognised as an operating cash flow in the consolidated statement of cash flows.

The Group uses critical judgements in determining the lease term. Extension options are only included in the lease term where management considers that it is reasonably certain that the lease will be extended.

NOTE 3 SEGMENTS

The Group has identified the following reporting segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources:

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

Group revenues are derived predominately from customers within Australia.

Half Year 2019	Transport $'000	Rural $'000	Total $'000
Revenue			
Revenue from provision of services (i)	151,514	-	151,514
Revenue from sale of goods (ii)	425	66,829	67,254
Other revenue	1,000	163	1,163
Total segment revenue	**152,939**	**66,992**	**219,931**
Inter-segment revenue elimination	(3,677)	(692)	(4,369)
	149,262	**66,300**	**215,562**
Reconciliation of segment revenue/income to group revenue/income			
Interest revenue			160
Corporate/unallocated revenue			321
Total group revenues			**216,043**
Segment profit before tax	**16,961**	**3,187**	**20,148**
Reconciliation of segment result to group net profit/(loss) before tax			
Corporate/unallocated costs			(8,379)
Finance costs (iii)			(3,466)
Profit before income tax			**8,303**

(i) Revenue from provision of services is recognised over time.
(ii) Revenue from sale of goods is recognised at a point in time.
(iii) Finance costs associated with the adoption of AASB 16 have been included in each segment results for the half year where applicable. Previously all finance costs were reported as a corporate cost.

NOTE 3 SEGMENTS (Continued)

Half Year 2018	Transport $'000	Rural $'000	Total $'000
Revenue			
Revenue from provision of services (i)	140,026	-	140,026
Revenue from sale of goods (ii)	1,821	63,385	65,206
Other revenue	998	405	1,403
Total segment revenue	**142,845**	**63,790**	**206,635**
Inter-segment revenue elimination	(3,271)	(601)	(3,872)
	139,574	**63,189**	**202,763**
Reconciliation of segment revenue/income to group revenue/income			
Interest revenue			126
Corporate/unallocated revenue			384
Total group revenues			**203,273**
Segment profit before tax	**16,081**	**2,004**	**18,085**
Reconciliation of segment result to group net profit/(loss) before tax			
Corporate/unallocated costs			(7,488)
Finance costs			(2,885)
Profit before income tax			**7,712**

(i) Revenue from provision of services is recognised over time.
(ii) Revenue from sale of goods is recognised at a point in time.

NOTE 4 REVENUE

In the following table, revenue from contracts with customers is disaggregated by customer type.

Horticulture customers
Customers are classified as horticulture if they are predominately exposed to the primary production of fresh fruit and vegetables. Horticulture customers include primary producers (growers), produce market agents and produce packing groups. Revenues for horticulture customers can fluctuate depending on season and can be impacted by weather related events.

Commercial customers
All other customers are classified as commercial customers. These customers do not have any direct involvement in the production of fresh fruit and vegetables. They are predominately manufacturers, food processors or distributors and third-party transport operators.

Half Year 2019	Transport $'000	Rural $'000	Corporate unallocated $'000	Group $'000
Revenue				
Horticulture	76,409	66,137	-	142,546
Commercial	71,853	-	-	71,853
Revenue from contracts with customers	**148,262**	**66,137**	**-**	**214,399**
Other revenue	1,000	163	481	1,644
Total revenue	**149,262**	**66,300**	**481**	**216,043**
Other revenue comprises:				
Rent received				66
Interest received				160
Insurance and other recoveries				394
Other				1,024
Total other revenue				**1,644**

Half Year 2018	Transport $'000	Rural $'000	Corporate unallocated $'000	Group $'000
Revenue				
Horticulture	72,860	62,784	-	135,644
Commercial	65,716	-	-	65,716
Revenue from contracts with customers	**138,576**	**62,784**	**-**	**201,360**
Other revenue	998	405	510	1,913
Total revenue	**139,574**	**63,189**	**510**	**203,273**
Other revenue comprises:				
Rent received				149
Interest received				126
Insurance and other recoveries				124
Other				1,514
Total other revenue				**1,913**

	31 Dec 2019 $'000	31 Dec 2018 $'000
NOTE 5 DIVIDENDS		
Paid in cash	2,615	2,478
Satisfied by issue of shares	650	464
Dividends paid during the half year	3,265	2,942
Dividends not recognised at the end of the half year		
Since the end of the half year, the directors have recommended the payment of an interim dividend of 1.0 cent (2019: 1.0 cent) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed interim dividend is expected to be paid on 9 April 2020 (2019: 29 March 2019), but not recognised as a liability at the end of the half year.	2,988	2,955

	31 Dec 2019 $'000	30 Jun 2019 $'000
NOTE 6 CONTRIBUTED EQUITY		
Fully paid ordinary shares	73,265	72,615

Movement in fully paid ordinary share capital	Number of Shares	Issue Price ¢	$'000
Opening balance at 1 July 2019	296,856,465		72,615
Issue of shares pursuant to the dividend reinvestment plan	1,912,218	34.0	650
Closing balance at 31 December 2019	298,768,683		73,265
Opening balance at 1 July 2018	294,153,227		71,656
Issue of shares pursuant to the dividend reinvestment plan	1,363,800	34.0	464
Closing balance at 31 December 2018	295,517,027		72,120

	31 Dec 2019 $'000	31 Dec 2018 $'000
NOTE 7 NON-CASH FINANCING AND INVESTING ACTIVITIES		
Acquisition of right-of-use assets – plant & equipment	13,770	-
Acquisition of right-of-use assets – property	1,919	-
Acquisition of plant and equipment by means of finance leases	-	14,758
Dividends satisfied by issue of shares	650	464

	31 Dec 2019 $'000	30 Jun 2019 $'000
NOTE 8 PROPERTY, PLANT & EQUIPMENT		
Freehold land and buildings		
Land - at cost	7,034	7,009
Buildings - at cost	16,034	16,034
Accumulated depreciation	(1,727)	(1,519)
	21,341	**21,524**
Leasehold improvements		
At cost	12,230	12,225
Accumulated depreciation	(3,756)	(3,316)
	8,474	8,909
Total property	**29,815**	**30,433**
Plant and equipment		
At cost	86,999	87,395
Accumulated depreciation	(67,600)	(67,415)
	19,399	**19,980**
Plant and equipment under finance lease (i)		
At cost	-	173,706
Accumulated amortisation	-	(57,420)
	-	**116,286**
Work in progress - capital	**5,158**	**3,365**
Total plant and equipment	**24,557**	**139,631**
Total property, plant and equipment	**54,372**	**170,064**

(i) Upon adoption of AASB 16 Leases, the 30 June 2019 property, plant and equipment under finance lease that were disclosed as part of property, plant and equipment in the comparative figures above have now been presented as right-of-use asset balances (refer note 9).

	31 Dec 2019 $'000	30 Jun 2019 $'000
NOTE 9 RIGHT-OF-USE ASSETS		
Right-of-use property		
At Cost	46,591	-
Accumulated depreciation	(3,158)	-
	43,433	**-**
Right-of-use equipment (i)		
At Cost	182,803	-
Accumulated depreciation	(62,325)	-
	120,478	**-**
Total right-of-use assets	**163,911**	**-**

(i) Upon adoption of AASB 16 Leases, the 30 June 2019 property, plant and equipment under finance lease that were disclosed as part of property, plant and equipment have now been presented as part of right-of-use assets balances (refer note 8).

	31 Dec 2019 $'000	30 Jun 2019 $'000
NOTE 10 BORROWINGS		
Current		
Secured		
Lease liabilities (i)	-	31,149
Bank loans	6,945	6,965
Bank loans – borrowing costs offset	(23)	(25)
Total secured current borrowings	**6,922**	**38,089**
Unsecured		
Other loans	121	459
Total unsecured current borrowings	**121**	**459**
Total current borrowings	**7,043**	**38,548**
Non-current		
Secured		
Lease liabilities (i)	-	64,712
Bank loans	11,894	12,756
Bank loans – borrowing costs offset	(80)	(91)
Total secured non-current borrowings	**11,814**	**77,377**
Total non-current borrowings	**11,814**	**77,377**
Total borrowings	**18,857**	**115,925**

(i) Upon adoption of AASB 16 Leases, the 30 June 2019 lease liabilities that were disclosed as part of borrowings in the comparative figures above have now been presented as part of lease liability balances (refer note 11).

NOTE 11 LEASE LIABILTIES

	31 Dec 2019 $'000	30 Jun 2019 $'000
Lease liabilities – current (i)	40,723	-
Lease liabilities – non-current (i)	104,990	-
Total lease liabilities	**145,713**	**-**

(i) Included in lease liabilities as at 31 December 2019 are $35.03 million of current and $62.03 million of non-current liabilities that have previously been disclosed as part of secured borrowings (refer note 10).

NOTE 12 ONGOING OPERATIONS

At 31 December 2019 the Group's current liabilities exceeded its current assets by $10.85m (30 June 2019: $0.10m).

The Group utilises equipment finance contracts to finance the acquisition of trucks, trailers, refrigerated containers and associated equipment. The term of the equipment finance contracts generally ranges between 4 and 5 years with balloon payments due at the end of the contract term. Balloon payments are generally between 40%-50% of the original finance contract value. The balloon payments are refinanced at the end of the initial term, generally for a further term between 2 and 4 years.

In the 2016 financial year the Group commenced a major capital replacement program for trucks and the expansion of the trailer fleet. Most of the equipment that was financed during the 2016 financial year will mature within the next 12 months and it is intended that the balloon payments will be refinanced. The Group has sufficient available limits under the existing finance arrangement to refinance the balloon payments that fall due in the next year.

Equipment finance balloon payments which are included in the current borrowing obligations at the reporting date are detailed below:

	31 Dec 2019 $'000	30 Jun 2019 $'000	31 Dec 2018 $'000
Within 12 months from reporting date	12,978	5,960	7,980

The Group expects to refinance the residual balloon payments included in the current borrowings obligations for further terms generally between 2 and 4 years, depending on the equipment type, as per the Group's standard policy.

As a result of the planned refinancing over the next 12 months the Directors believe the Group will continue to meet its obligations and pay its debts as and when they fall due. Accordingly, the financial report has been prepared on a going concern basis.

NOTE 13 EVENTS OCCURING AFTER THE REPORTING PERIOD

As of the reporting date the directors are not aware of any matter or circumstance that has arisen since the end of the financial year 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.

DIRECTORS' DECLARATION

In the opinion of the directors the attached financial statements and notes:

(a) comply with Accounting Standard AASB 134: Interim Financial Reporting and *Corporations Regulations 2001*; and

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion:

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

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

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

John F Pressler
Chairman of Directors

Brisbane, Queensland
21 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LINDSAY AUSTRALIA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lindsay Australia Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lindsay Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lindsay Australia Limited would be in the same terms if given to the directors as at the time of this auditor's report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lindsay Australia Limited is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Pitcher Partners

PITCHER PARTNERS

DAN COLWELL
PARTNER

Brisbane, Queensland
21 February 2020