

2003 Annual Report



Growth from a Global Foundation

 **LINDSAY**[™]
MANUFACTURING CO.

LINDSAY MANUFACTURING CO. MISSION STATEMENT:

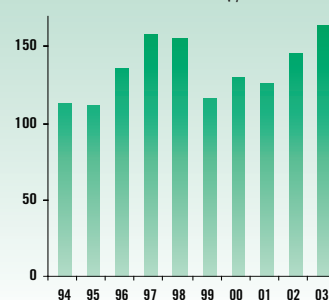
Lindsay Manufacturing Co. will be the worldwide leader in providing intelligent water and plant nutrient management systems that improve productivity and result in efficient utilization of natural resources.

FINANCIAL AND OPERATING HIGHLIGHTS

(in thousands, except per share amounts)

	2003	2002	% Change
Income Data			
<i>for the fiscal years ended August 31</i>			
Operating revenues	\$163,374	\$145,890	12.0
Gross profit	39,746	32,927	20.7
Operating expenses	23,380	19,811	18.0
Operating income	16,366	13,116	24.8
Interest and other income, net	2,421	2,264	6.9
Pretax earnings	18,787	15,380	22.2
Net earnings	\$12,887	\$10,730	20.1
Average shares outstanding assuming dilution	11,896	11,858	0.3

Revenue (\$ in millions)

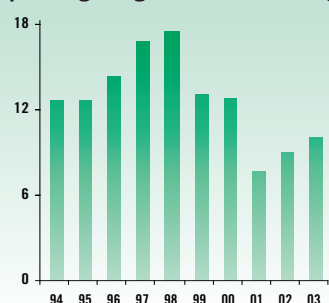


Record revenues in fiscal 2003 resulted from strong domestic demand due to dry conditions and favorable crop prices along with increased revenues from new international operations.

Balance Sheet and Cash Flow Data at August 31

Current assets	\$70,438	\$67,307	4.7
Fixed assets (net of depreciation and amortization)	13,889	14,512	-4.3
Total assets	131,220	114,718	14.4
Current liabilities	24,281	20,052	21.1
Shareholders' equity	104,291	92,355	12.9
Capital expenditures	1,918	2,217	-13.5
Depreciation and amortization	\$3,525	\$3,402	3.6
Shares outstanding at year end	11,735	11,706	0.2

Operating Margin (Percentage)

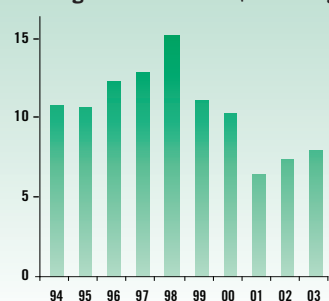


Fiscal 2003 was the second consecutive year of improved operating margin attributable to strategic manufacturing process initiatives, cost efficiencies, and differentiated product offerings.

Per Share Data

Diluted net earnings	\$1.08	\$0.90	20.0
Book value	\$8.89	\$7.89	12.7

Net Margin (Percentage)



Net margin rose in fiscal 2003 due to an improved operating margin and increased other income, partially offset by a higher income tax rate.

Performance Ratios

Operating margin	10.0%	9.0%
Net margin	7.9%	7.4%
Return on beginning equity	14.0%	12.9%

Employee Information

Average number of employees	620	577	7.5
Revenue per employee	\$264	\$253	4.2
Number of employees at year end	592	575	3.0



TO OUR SHAREHOLDERS:

I am pleased to report that fiscal 2003 was another outstanding year for Lindsay Manufacturing Co., one that set a revenue record and marked our second consecutive year of double-digit revenue and earnings growth. We delivered on our performance goals of increased revenues, expanded margins and a double-digit return on equity. We

executed against our four key growth strategies and established a solid foundation for long-term profitability and increased shareholder value.

Over the course of fiscal 2003, we focused on building the platform necessary to realize our mission: "To become the worldwide leader in providing water and plant nutrient management systems that improve productivity and result in efficient uses of natural resources." We have leveraged our position as a leader in providing these intelligent systems to the U.S. agricultural market and now have the global foundation in place to capitalize on the rapidly growing needs for our products around the globe.

As we carry out our mission, our team is guided by our strong, paramount values:

- Striving for excellence and continually improving everything we do;
- Demonstrating honesty, integrity and trust in all of our relationships;
- Showing respect for all stakeholders and their needs;
- Making and keeping commitments.

Financial Goals on Target

Our goal for fiscal 2003 was to increase earnings on revenue growth of 8% to 12%, and I am pleased to report that we realized the high end of this target. Total revenues were \$163.4 million, up 12% from a year ago. Irrigation equipment revenues, which represented about 93% of the total, increased by 14%, and were derived from increases of 13% in the domestic market and 17% in the international segment. The irrigation equipment revenue mix remained at 75% domestic and 25% international. Revenues from our diversified products segment were expected to decline, and they were down 8% from fiscal 2002, but showed rebounds in the fiscal third and fourth quarters.

We targeted a second consecutive year of gross margin improvement with a goal of 22% to 27% for the fiscal year and achieved gross margins of 24.3%, a healthy increase from 22.6% in the previous year. The operating margin was 10.0% against a goal of 10% to 13% and 9.0% recorded in fiscal 2002. Net earnings increased 20% to \$12.9 million, or \$1.08 per diluted share.

Return on equity, which continues to be generated without any financial leverage, was 14.0% compared with our goal of 14% to 20%. Our balance sheet remains debt free and is in excellent shape with \$62.8 million in cash and marketable securities at the end of the year. We continue to generate significant cash and this fiscal year, cash flow from operations was \$15.3 million.

Because of our confidence in our ability to generate significant future cash, coupled with recent changes in the tax treatment of dividends, the Board of Directors approved a meaningful increase in the dividend to our shareholders. Beginning in the fourth quarter of fiscal 2003, shareholders received a regular quarterly cash dividend of \$0.05 per share, a 43% increase. The new annual indicated rate is \$0.20 per share, up from an annual indicated rate of \$0.14 per share. The dividend increase reflects our strategy to use our financial resources to deliver growth and value to our shareholders through multiple avenues, which will include a balance of accretive strategic acquisitions, organic growth opportunities, share repurchases, and dividend payments.

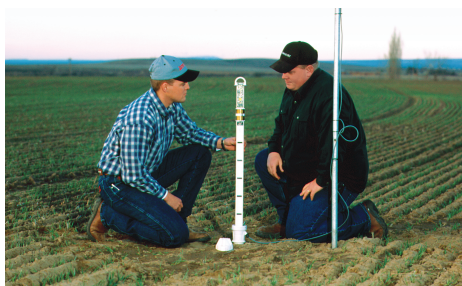
Successful Execution of Primary Growth Strategies

We have four key strategies to accomplish our mission:

- Expanding our global market share through new product introductions, product line acquisitions or organic development;
- Protecting and building selling margins by differentiating our product offering and by ongoing investment in manufacturing efficiencies, and expansion of our parts business;
- Establishing local manufacturing and distribution in key international growth markets through acquisition, start up, contract manufacturing or regional warehousing;
- Acquiring products or businesses synergistic to our core business and congruent with our mission to be a leader in water and plant nutrient management systems.

Global market share expansion: We estimate our market share for pivot and lateral irrigation equipment at roughly 30% in North America, 28% worldwide, and increasing. During fiscal 2003, we continued to gain market share through our global expansion and new product development initiatives. Each of our new operations in Europe, South America, and Africa has captured double-digit market share during their relatively short existence.

During the year, we also took steps to strengthen and accelerate organic growth with new product launches and improvements to our product-development processes. We introduced a mini-lateral machine that offers the same efficiency and productivity improvements as larger machines, but can irrigate small fields with up to 98% coverage. GrowSmart introductions included system add-ons that allow an existing mechanical-move irrigation system to apply and manage chemical and fertilizer applications, and high-tech offerings, such as the climate station that monitors the climate in the field to help the user make decisions that optimize water, fertilizer and energy use.



GrowSmart soil moisture sensors (*far left*) and the Zimmatic FieldPLUS articulated pivot (*left*) maximize the efficiency of water, chemical and fertilizer usage and help growers bring more land under irrigation.

Protecting and building margins: In order to improve efficiencies in our organic development process and speed time-to-market for our product introductions, we centralized all members of our product-development team in Omaha. In just the last three months, the team closed out five development projects that normally would have taken much longer to complete. We believe the changes implemented will significantly advance the development process and allow us to capitalize on our best and most efficient growth opportunity—organic growth.

During fiscal 2003, we were successful in protecting and building our margins as evidenced by this year's significant gross and operating margin improvements. There was no one large project that drove these improvements, but rather several small initiatives. For example, we expanded robotic welding capabilities in our U.S. factory; added other automated processes in our South America and South Africa factories; outsourced processes and components to drive costs out of the production chain; and introduced a new, lower-cost hose-reel line in the European market. In addition, we continue to focus on expanding our higher-margin parts business throughout the world. By our estimates, the global installed base of pivots and laterals exceeds 200,000 machines, with a large percentage of them more than 10 years old, requiring on-going parts and maintenance.

In addition to implementing a focused organizational structure for driving parts revenues, we have opened two regional parts depots, one in the northwestern part of the United States and one in the Southwest. The parts depots are key to providing competitive, if not superior service for growers in those regions. Given the higher margins earned on parts and the growing market needs, we continue to pursue parts and service revenue expansion opportunities.

Expansion in international markets: Expanding our local presence in key international markets is clearly the cornerstone of our strategy to build a high-growth revenue stream for our future. This strategy served us well in fiscal 2003. As I mentioned earlier, international revenues grew 17%; this was achieved despite a reduction in export sales to the Middle East as a result of the war in Iraq. We were able to achieve this revenue growth because of the contributions from the offshore operations that were added over the past few years. Also, in February 2003, our newest manufacturing facility, which is located in South Africa, became fully operational and we began production of Zimmatic machines for sale to the sub-Saharan region of Africa.

Synergistic acquisitions: As we identify acquisition candidates, we have two fundamental requirements: the acquisition must be accretive to earnings and it must be congruent with our mission. "Congruent with our mission" means that the acquired company must participate in our core activities of water or plant nutrient management, but it does not have to be an identical business. Acquisition candidates could be manufacturers of pumps, filtration products, drip irrigation products, or other lines that could be leveraged through our distribution network, our manufacturing processes, or both.

Most importantly, these opportunities must create value for our shareholders. While we did not consummate an acquisition in fiscal 2003, we remain very active in this area. We have a very disciplined acquisition process that included researching over 100 potential candidates this past year, but none met all of our criteria. We will continue to aggressively explore this avenue of expansion during fiscal 2004.

Compelling Dynamics Driving Global Opportunities

Providing cost-effective, efficient solutions to facilitate global water management is the principal market driver for both our domestic and international markets. Water is a finite resource that is being depleted by increasing demands from population growth, expanding urbanization, agricultural needs, energy requirements, and industrial growth. These demands are exacerbated by natural occurrences, such as flood, disease and drought.

In the United Nations World Water Development Report, "Water for People, Water for Life," the UN states that per-capita water supplies decreased during 1970 and 1990, with 80% of the decrease driven by population growth and economic expansion. The report places the 2001 global population at 6.1 billion and expects it to reach 9.3 billion by the middle of this century—more than 50% growth. The fastest-growing parts of the globe are expected to be China, Africa, Sub-Saharan Africa, and other less-developed countries, while the more-developed countries will see their populations stabilize. Extrapolating the data, the authors estimated that by 2050, under a best-case scenario, 2 billion people will not have adequate water.

We are seeing a growing interest from developing countries for equipment that makes efficient use of existing water resources. Many of these areas are extremely dry or prone to flooding; many have inadequate water resources or delivery systems. In any case, local governments are

Our manufacturing plant in France allows us to compete effectively in high-growth markets throughout Europe. This facility in **La Chapelle d'Aligne, France** serves as our European base of operations.



beginning to recognize the need to improve water-use efficiencies and are providing incentives to convert from existing methods to water-efficient irrigation systems.

But water scarcity is not unique to developing countries. Some more-developed areas, such as Western Europe, have a new sense of urgency precipitated by the drought in the summer of 2003. We normally see an uptick in orders immediately after a drought once those who have suffered through the drought conditions realize that they may need irrigation for the following year. Each year, U.S. newspapers report on the fastest-growing cities in the nation and invariably, the lists are dominated by rapidly growing areas in the Southwest, most of which are located in the nation's most arid climates. This population shift is putting pressure on limited and dwindling water supplies.

Another important dynamic is water quality. Lindsay is a leader in providing efficient, intelligent and automated solutions to reduce the harmful runoff of chemicals and fertilizers into groundwater reservoirs, rivers, streams and lakes. Components of our GrowSmart systems are appropriate whether the end user is watering crops, a soccer field or an 18-hole golf course.

Global Infrastructure in Place

Given the drivers of our business, it is clear that the international markets offer superior growth prospects. We have considered ourselves a global company for quite some time as we exported product from our U.S. factories to all corners of the world. Our export experience taught us that it was difficult to compete with local manufacturers who did not have to worry about the shifting U.S. dollar exchange rate or the high cost of freight to ship equipment. Additionally, some governments established programs that benefited locally-produced goods. Therefore, to compete effectively in these high-growth markets, we began to build local sales, distribution and manufacturing capacity, systematically and strategically.

Lindsay Europe, established in fiscal 2001 from the acquisition of Perrot, has become our base of operations for all of Europe. Our highly experienced management team, put in place over the past 18 months, delivered revenue growth of over 25% in fiscal 2003. A dedicated sales team now focuses exclusively on generating business in Eastern Europe, and this team has produced a new relationship in Romania. Cash is now available in Eastern Europe and irrigation equipment spending is on the rise, leading us to believe that the Eastern Europe market will enter a

period of steady expansion. In addition, the drought in Western Europe provides a robust outlook for Europe in fiscal 2004.

Lindsay-America do Sul, our Brazilian operations that serve Argentina and Chile as well as Brazil, grew dramatically over the past two years and made significant strides in gaining market share. We are seeing a great deal of enthusiasm for our products in Brazil, where customers want more complete, sophisticated systems. On average, we sell systems with 50% more value-added components than we do in the United States. We expect to continue to capture market share and in fiscal 2004, we will relocate our manufacturing to a new facility that will more than double our manufacturing capacity.

Our South Africa operations, located in Cape Town, serve the entire Sub-Sahara region, including the growth markets of South Africa, Mozambique and Zambia. This is an area that has a desperate need for efficient use of water and we believe that there is large-project potential, principally driven by government demands for water use and diet-improvement solutions.

The war in Iraq negatively impacted our export sales throughout the Middle East. While Egypt remained a good market, our total Middle East export revenues were down 60% from the previous year. We expect export sales to rebound as these markets stabilize and new opportunities for intelligent water management are created throughout the region. We currently have a small manufacturing presence in China. Over time, our goal is to expand our capabilities to build more structural units for supply to China and Australasia, and to establish a solid distribution network throughout China.

While we are confident that our entire international base will show revenue growth, we are working to ensure that each operation continues to contribute meaningfully to profitability. Throughout fiscal 2003, we saw progress toward improving the efficiency of all of the international operations by enhancing manufacturing processes and leveraging infrastructure costs through higher volumes. During fiscal 2004, we expect to continue that progress and later in the year, bring margins up near levels earned in the domestic and export markets.

Domestic Outlook Robust

While we view the international market as offering superior future growth opportunities, we do not expect a rapid shift in the revenue mix between



Offering a full range of irrigation and resource management products, in addition to financing and insurance coverage, allows us to provide many solutions to our customers.

our domestic and international markets. The need for intelligent, efficient irrigation systems in the United States will continue to drive our growth, as will our continual rollout of add-on enhancements to our product line. Government funding programs support conversion from less-efficient irrigation methods to more efficient means through the Environmental Quality Incentives Program (EQIP) included in the 2002 Farm Act. Short term, we find the process of farmers applying for and receiving EQIP funds to be disruptive to our more normal order flow, however, we believe that in the future, the EQIP program will create real growth.

Expanding our diversified manufacturing revenues profitably remains an important part of our strategic plan. Revenues are generated from the sale of steel tubing and from providing contract manufacturing and services to other original equipment manufacturers. These revenues have trended downward over the past couple of years as our customers maximized their own manufacturing capacity by shifting from outsourced manufacturing to internal production. Revenues began to rebound in the third fiscal quarter and we benefited from the incremental margin the business generates, as well as better capacity utilization. We are continuing our aggressive efforts to seek additional suitable business.

Outlook for Fiscal 2004

The global, long-term dynamics of our business remain very strong. Through the ups and downs of the agricultural cycles, the worldwide drive to improve farm productivity by installing efficient and intelligent irrigation- and field-management systems will continue. Around the globe, there will be heightened regulation and emphasis on efficiently using our scarce freshwater resources.

Looking ahead, we have established the following goals for fiscal 2004:

- Generate 8% to 10% revenue growth, excluding contributions from any acquisitions;
- Achieve double-digit earnings growth;
- Continue with our structured acquisition search process to generate additional global growth opportunities;
- Leverage our strong cash flow and financial flexibility to create shareholder value by pursuing a balance of accretive acquisitions, organic growth opportunities, share repurchases, and dividend payments.

We do not expect to attain these goals without a few challenges. With our expanded manufacturing capabilities, we have added significant inventories over the past year and we must work to achieve world class inventory management practices on a global basis. In addition, we anticipate some disruption in our South American business when the Brazilian manufacturing operations relocate, but our goal is to make the transition invisible to our customers.

I am confident that we are prepared to face these challenges and continue to follow the strategic plan we have defined as the platform for our future, profitable growth. The foundation is in place. The outstanding people that comprise the Lindsay team are committed to our success.

I would like to take this opportunity to thank those people, starting with all of the employees that comprise the Lindsay team around the world. I have seen the Lindsay team develop and continuously improve everything they touch, and I am very proud to work with them in pursuing our mission.

I would also like to thank the members of our Board of Directors. I do want to point out that a majority of our Directors are independent, as defined by the New York Stock Exchange rules that were recently approved by the Securities and Exchange Commission, and our Audit, Compensation, and Corporate Governance and Nominating Committees consist entirely of independent directors. We believe that good corporate governance practices are integral to creating and sustaining shareholder value, and we are committed to maintaining these practices.

Additionally I would like to thank our dealers who are our channel partners. Most are independent businesses that are fiercely loyal to our brands. I thank them for their loyalty and for their role in improving our company and the service to our customers.

And finally, I want to thank you, our shareholders, for your support. Together, we will share the successes that the future will bring.

Sincerely,

Richard W. Parod
President and Chief Executive Officer

December 15, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the fiscal year ended August 31, 2003 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from ____ to

Commission File Number 1-13419

Lindsay Manufacturing Co.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-0554096

(I.R.S. Employer
Identification No.)

2707 North 108th Street, Suite 102, Omaha, Nebraska

(Address of principal executive offices)

68164

(Zip Code)

402-428-2131

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Class

Common Stock, \$1.00 par value

Name of each exchange on which registered

New York Stock Exchange, Inc. (Symbol LNN)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes ☒ No ☐

The aggregate market value of Common Stock of the registrant, all of which is voting, held by non-affiliates based on the closing sales price on the New York Stock Exchange, Inc. on February 28, 2003 was \$211,530,992.

As of November 17, 2003, 11,747,512 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement pertaining to the January 21, 2004, annual shareholders' meeting are incorporated herein by reference into Part III.

Exhibit index is located on page 38-39.

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PART I

ITEM 1 – Business

INTRODUCTION

Lindsay Manufacturing Co. ("Lindsay" or the "Company") is a leading designer and manufacturer of self-propelled center pivot and lateral move irrigation systems which are used principally in the agricultural industry to increase or stabilize crop production while conserving water, energy, and labor. The Company has been in continuous operation since 1955, making it one of the pioneers in the automated irrigation industry. The Company markets its standard size center pivot and lateral move irrigation systems domestically and internationally under its *Zimmatic* brand. The Company also manufactures and markets a separate line of "mini" center pivot and lateral move irrigation equipment for use on smaller fields under its *Greenfield* brand, and hose reel travelers under the *Perrot* brand (*Greenfield* in the United States). The Company also produces irrigation controls and chemical injection systems which it sells under its *GrowSmart* brand. In addition to whole systems, the Company manufactures and markets repair and replacement parts for its irrigation systems and controls. Lindsay also produces and sells large diameter steel tubing products and manufactures and assembles diversified agricultural and construction products on a contract manufacturing basis for certain industrial companies, including Caterpillar Inc., Deere & Company, New Holland North America, Inc. and others. Industry segment information about Lindsay is included in Note Q to the consolidated financial statements.

Lindsay, a Delaware corporation, maintains its corporate offices in Omaha, Nebraska, USA. The Company's principal manufacturing facilities are located in Lindsay, Nebraska, USA. The Company also has foreign sales and production facilities in France, Brazil and South Africa which provide it with important bases of operations in key international markets. Lindsay Europe SA, located in France, was acquired in March 2001 and manufactures and markets irrigation equipment for the European market. Lindsay America do Sul Ltda., located in Brazil, was acquired in April 2002 and manufactures and markets irrigation equipment for the South American market. Lindsay Manufacturing Africa, located in South Africa, was organized in September 2002 and manufactures and markets irrigation equipment in markets in southern Africa. Lindsay has marketed its products in over 90 countries.

Lindsay has three additional operating subsidiaries including Irrigation Specialists, Inc., which is a retail irrigation dealership based in Washington State that operates at three locations ("Irrigation Specialists"). Irrigation Specialists was acquired by the Company in March 2002 and provides a strategic distribution channel in a key regional irrigation market. Other operating subsidiaries are Lindsay Transportation, Inc. and Lindsay International Sales Corporation. See "Subsidiaries" below.

PRODUCTS BY MARKET

IRRIGATION PRODUCTS

The Company's irrigation systems are primarily of the standard sized center pivot type, with a small portion of its products consisting of the lateral move type. Both are automatic, continuous move systems consisting of sprinklers mounted on a water carrying pipeline which is supported approximately 11 feet off the ground by a truss system suspended between moving towers. Due to lower price and simplicity of operation, center pivots currently account for over 95% of the Company's *Zimmatic* system sales.

A typical standard center pivot for the U.S. market is approximately 1,250 feet long and is designed to circle within a quarter-section of land, which comprises 160 acres, wherein it irrigates approximately 130 to 135 acres. A typical standard center pivot for the international market is somewhat shorter than that in the U.S. market. Standard center pivot or lateral move systems can also be custom designed and can irrigate from 25 to 500 acres. A mini-pivot is a small version of the standard pivot and is used for smaller fields and/or shorter crops, than that for which standard pivots are used.

A center pivot system represents a significant investment to a farmer. A typical standard center pivot system, fully installed, requires an investment of up to approximately \$60,000 to \$70,000. Approximately one-half of such expenditure is for the pivot itself and the remainder is attributable to installation of additional equipment such as wells, pumps, underground water pipe, electrical supply and a concrete pad upon which the pivot is anchored. The Company estimates that there are approximately 250,000 total market standard center pivot irrigation systems in operation worldwide, resulting in an active repair and replacement parts business.

The Company also manufactures and distributes mini-pivots and hose reel travelers. These systems are considered to be relatively easy to operate and have good mobility. They are typically deployed in smaller or irregular growing fields. Mini-pivots and hose reel travelers require, on average, a lower investment than a typical standard center pivot.

Other Types of Irrigation. Center pivot and lateral move irrigation systems compete with three other types of irrigation: flood, drip and other mechanical devices such as hose reel travelers. The bulk of the worldwide irrigation is accomplished by the traditional method of flood irrigation. Flood irrigation is accomplished by either flooding an entire field, or by providing a water source (ditches or a pipe) along the side of a field, which is planed and slopes slightly away from the water source. The water is released to the crop rows through gates in the ditch or pipe, or through siphon tubes arching over the ditch wall into some of the crop rows. It runs down through the crop row until it reaches the far end of the row, at which time the water source is moved and another set of rows are flooded. Note that a significant disadvantage or limitation of flood irrigation is that it cannot be used to irrigate uneven, hilly or rolling terrain or fields. In "drip" or "low flow" irrigation, perforated plastic pipe or tape is installed on the ground or buried underground at the root level. Several other types of mechanical devices, such as hose reel travelers, irrigate the remaining irrigated acres.

Center pivot, lateral move and hose reel traveler irrigation offers significant advantages when compared with other types of irrigation. It requires less labor and monitoring; it can be used on sandy ground which, due to poor water retention ability, must have water applied frequently; it can be used on uneven ground, thereby allowing previously unsuitable land to be brought into production; it can also be used for the application of fertilizers, insecticides, herbicides or other chemicals (termed "chemigation"); and it conserves water and chemicals through precise control of the amount and timing of its application.

Markets - General. Water is an essential and critical requirement for crop production, and the extent, regularity and frequency of water application can be a critical factor in crop quality and yield.

The fundamental factors which govern the demand for center pivot and lateral move systems are essentially the same in both the domestic and international markets. Demand for center pivot and lateral move systems is determined by whether the value of the increased crop production attributable to center pivot or lateral move irrigation exceeds any increased costs associated with purchasing, installing and operating the equipment. Thus, the decision to purchase a center pivot or lateral move system, in part, reflects the profitability of agricultural production, which is determined primarily by the prices of agricultural commodities and the costs of other farming inputs.

The current demand for center pivot systems has three sources: conversion to center pivot systems from less water efficient, more labor intensive types of irrigation; replacement of older center pivot systems, which are beyond their useful lives or technologically outmoded; and conversion of dry land farming to irrigated farming. In addition, demand for center pivots and lateral move irrigation equipment depends upon the need for the particular operational characteristics and advantages of such systems in relation to alternative types of irrigation, primarily flood. Selection of center pivot or lateral move systems, over other types of irrigation, is aided by the fact that agricultural production is continually forced to become more efficient in its use of the basic natural resources of land, water and energy. Increasing global population not only increases demand for agricultural output, but also places additional and competing demands on land, water and energy. As center pivot and lateral move systems are required where the soil is sandy, the terrain is not flat, there is a shortage of reliable labor, water supply is restricted and conservation is critical, and/or chemigation will be utilized, the Company expects demand for center pivots and lateral moves to continue to increase relative to other irrigation methods.

The following table describes the Company's total irrigation and diversified products revenues for the past three years:

		<u>Fiscal Years ended August 31,</u>					
<u>(\$ in thousands)</u>		<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>	<u>2001</u>	<u>2001</u>
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>
United States	\$ 125.0	76	\$ 113.8	78	\$ 102.0	80	
Europe, Africa & Middle East	23.3	14	17.2	12	14.7	12	
Mexico & Latin America.....	10.7	7	6.0	4	3.2	3	
Other International	4.4	3	8.9	6	6.8	5	
Total Revenues.....	\$ 163.4	100	\$ 145.9	100	\$ 126.7	100	

United States Market. In the United States, the Company sells its branded irrigation systems, including *Zimmatic*, to approximately 200 independent dealer locations, who resell to their customer, the farmer. Dealers assess their customer's requirements, assemble and erect the system in the field from the parts delivered from the Company, and provide additional system components, primarily relating to water supply (wells, pumps, pipes) and electrical supply (on-site generation or hook-up to power lines). Lindsay dealers generally are established local agri-businesses, many of which also deal in related products, such as well drilling and water pump equipment, farm implements, grain handling and storage systems or farm structures.

International Market. Over the years, the Company has sold center pivot and lateral move irrigation systems in over 90 countries. The Company has production and sales operations in France, Brazil and South Africa serving the key European,

South American and Southern African markets, respectively. The Company exports its equipment from the U.S. to other international markets. The majority of the Company's U.S. export sales is denominated in U.S. dollars and is shipped against prepayments or U.S. bank confirmed irrevocable letters of credit or other secured means.

The Company's international markets differ significantly with respect to the need for irrigation, the ability to pay, demand, customer type, government support of agriculture, marketing and sales methods, equipment requirements and the difficulty of on-site erection. The Company's industry position is such that it believes that it will likely be approached as a potential supplier for most major international agricultural development projects utilizing center pivot or lateral move irrigation systems.

Competition. The U.S. center pivot irrigation systems industry has seen significant consolidation of manufacturers over the years; four primary manufacturers remain today. The international market includes participation and competition by the leading U.S. manufacturers as well as certain regional manufacturers. The Company competes in certain product lines with several manufacturers, some of whom may have greater financial resources than the Company. The Company competes by continuously improving its products through ongoing research and development activities. The Company's engineering and research expenses totaled \$2.6 million, \$2.4 million, and \$2.3 million for fiscal years 2003, 2002, and 2001, respectively. There is a high level of price competition and utilization of seasonal promotional programs. Competition also occurs in areas of product quality and durability, product characteristics, retention and reputation of local dealers, customer service, and, at certain times of the year, the availability of systems and their delivery time. The Company believes it generally competes favorably with respect to these factors.

DIVERSIFIED PRODUCTS

Seeking to expand the throughput of its manufacturing facility and operation, the Company began in 1987 to more fully utilize its capacity by providing outsource manufacturing services and selling large-diameter steel tubing. The Company's customer base includes certain industrial companies, including Caterpillar Inc., Deere & Company and New Holland North America, Inc. Each benefits from the Company's design and engineering capabilities as well as the Company's ability to provide a wide spectrum of manufacturing services, including welding, machining, painting, punching, forming, galvanizing and hydraulic, electrical and mechanical assembly.

SEASONALITY

Irrigation equipment sales are seasonal by nature. Farmers generally order systems to be delivered and installed before the growing season. Shipments to U. S. customers usually peak during the Company's second and third quarters for the spring planting period.

CUSTOMERS

Management believes that overall the Company is not dependent on a single customer. The diversified segment, however, is largely dependent on a few customers. While the loss of any substantial customer could have a material short-term impact on the Company's business, the Company believes that its diverse distribution channels and customer base reduces the long-term impact of any such loss.

ORDER BACKLOG

As of August 31, 2003, the Company had an order backlog of \$21.9 million, an increase of 16% from \$18.9 million at August 31, 2002. At fiscal year end 2003, the Company had a \$19.3 million order backlog for irrigation equipment, compared to \$14.4 million at fiscal year end 2002. At fiscal year end 2003, order backlog for diversified products totaled \$2.6 million, compared to \$4.5 million at fiscal year end 2002. The diversified products backlog reflects a reduction in orders from a single customer. The Company expects that the existing backlog of orders can be filled in fiscal 2004.

Generally, the Company manufactures or purchases the components for its irrigation equipment from a sales forecast and prepares the equipment for shipment upon the receipt of a U.S. or international dealer's firm order. Orders from U.S. dealers are accompanied with a \$1,000 (approximately 4% of sales price) down payment. Orders being delivered to international markets from the U.S. are generally shipped against prepayments or receipt of an irrevocable letter of credit confirmed by a U.S. bank or other secured means, which call for delivery within time periods negotiated with the customer. Orders delivered from the Company's international manufacturing operations are generally shipped according to payment and/or credit terms customary to that country or region.

RAW MATERIALS AND COMPONENTS

Raw materials used by the Company include coil steel, angle steel, plate steel, zinc, tires, gearboxes, fasteners and electrical components (motors, switches, cable and stators). The Company has, on occasion, faced shortages of certain such materials. The Company believes it currently has ready access to adequate supplies of raw materials and components.

CAPITAL EXPENDITURES

Capital expenditures for fiscal 2003, 2002 and 2001, were \$1.9 million, \$2.2 million and \$2.9 million, respectively. Fiscal 2003 capital expenditures were used primarily for updating manufacturing plant and equipment and to further automate the Company's facilities. Capital expenditures for fiscal 2004 are expected to be approximately \$4.0 to \$5.0 million and will be used to improve the Company's existing facilities, expand its manufacturing capabilities and increase productivity.

PATENTS, TRADEMARKS, LICENSES

Lindsay's *Zimmatic*, *Greenfield*, *GrowSmart* and other trademarks are registered or applied for in the major markets in which the Company sells its products. Lindsay follows a policy of applying for patents on all significant patentable inventions. Although the Company believes it is important to follow a patent protection policy, Lindsay's business is not dependent, to any material extent, on any single patent or group of patents.

EMPLOYEES

The number of persons employed by the Company and its wholly owned subsidiaries at fiscal year end 2003, 2002 and 2001 were 620, 575 and 507, respectively. None of the Company's U.S. employees are represented by a union. Certain of the Company's foreign employees are unionized due to local governmental regulations.

ENVIRONMENTAL AND HEALTH AND SAFETY MATTERS

Like other manufacturing concerns, the Company is subject to numerous laws and regulations that govern environmental and occupational health and safety matters. The Company believes that its operations are substantially in compliance with all such applicable laws and regulations. The Company, in 1992, entered into a consent decree with the Environmental Protection Agency of the U.S. federal government concerning its Lindsay, Nebraska facility which is included in the agency's superfund sites as discussed in Note M to the consolidated financial statements. Permits are or may be required for some of the operations at its facilities. Although management believes that all currently required permits have been obtained by the Company, as with all such permits, they are subject to revocation, modification and renewal. Even where regulations or standards have been adopted, they are subject to varying and conflicting interpretations and implementation. In some cases, compliance with applicable environmental regulations or standards may require additional capital and operational expenditures. However, management does not believe any material additional capital and operational expenditures for such issues in an amount greater than the \$250,000 reserved at August 31, 2003 are currently required.

SUBSIDIARIES

The Company has six wholly owned operating subsidiaries: Lindsay International Sales Corporation, Lindsay Transportation, Inc., Lindsay Europe SA, Irrigation Specialists, Inc., Lindsay America do Sul Ltda. and Lindsay Manufacturing Africa.

Since December 2000, international sales personnel have been located at the Omaha corporate office as part of Lindsay International Sales Corporation, which conducts foreign sales operations for the Company.

Lindsay Transportation, Inc. was formed in 1975. It owns approximately 115 trailers and, through lease of its tractors and arrangements with independent drivers, supplies the ground transportation in the United States and Canada for the Company's products and the bulk of incoming raw materials, and hauls other products on backhauls.

Lindsay Europe SA, located in France, was acquired in March 2001, and is a manufacturer and marketer of irrigation equipment for the European market.

Irrigation Specialists, Inc., an irrigation dealership in Washington State, was acquired in March 2002.

Lindsay America do Sul Ltda., located in Brazil, was acquired in April 2002 and is a manufacturer and marketer of irrigation equipment for the South American market.

Lindsay Manufacturing Africa, located in South Africa, was organized in September 2002 and is a manufacturer and marketer of irrigation equipment for the Southern African market.

The Company also has three non-operational subsidiaries.

FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS

The Company's primary production facility is located in the United States, but it also has smaller production facilities in France, Brazil and South Africa. Most financial transactions are in U.S. dollars, although sales from the Company's foreign subsidiaries, which were less than 12% of total consolidated Company sales in fiscal 2003, are conducted in local currencies.

A portion of the Company's cash flow is derived from sales and purchases denominated in foreign currencies. To reduce the uncertainty of foreign currency exchange rate movements on these sales and purchase commitments, the Company monitors its risk to foreign currency. To date, the Company has not entered into any foreign currency exchange contracts to hedge any risk to foreign currency. For information on international revenues, see Note Q to the Consolidated Financial Statements entitled "Industry Segment Information" included in Item 8 of Part II of this report.

INFORMATION AVAILABLE ON LINDSAY WEBSITE

The Company's internet address is <http://www.lindsaymanufacturing.com>. We make available free of charge on our website, through a link to the SEC website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 2 - *Properties*

The Company owns and occupies 43 acres in Lindsay, Nebraska. The Lindsay, Nebraska facility has eight separate buildings. In addition, the Company owns 79 acres adjacent to its primary property. This land is used for research, development and testing purposes.

The French facility was acquired to provide a European location for the manufacture of its irrigation products. The French facility consists of three separate buildings situated on approximately 3.5 acres.

The Irrigation Specialists Inc. dealership occupies several leased buildings at three separate retail locations based in the eastern Washington state region. These leases expire over a remaining term of ten years.

The Company's Brazilian facility is operated under a lease cancelable by the Company, which expires in 2007. The Brazilian facility consists of a single main building.

The Company's South African facility is operated under a lease cancelable by the Company, which expires in 2007. The South African facility consists of a single main building.

The Company leases office space in Omaha, Nebraska where it maintains its executive and its domestic and international sales and marketing offices. During October 2003, the Company expanded its use of space and extended the lease term at this location. The lease expires in 2008.

The Company leases office space in Omaha, Nebraska where it maintains certain engineering laboratory space. The Omaha engineering laboratory space lease expires 2006.

The Company believes its current facilities are adequate to support normal and planned operations.

ITEM 3 - *Legal Proceedings*

In the ordinary course of its business operations, the Company is involved, from time to time, in commercial litigation, employment disputes, administrative proceedings and other legal proceedings. The Company, in 1992, entered into a consent decree with the Environmental Protection Agency of the U.S. federal government concerning its Lindsay, Nebraska facility which is included in the agency's superfund sites as discussed in Note M to the consolidated financial statements. While the ultimate results of any known legal matter are unknown at this time, management does not believe that these matters, individually or in the aggregate, are likely to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

ITEM 4 - *Submission of Matters to a Vote of Security Holders*

No matters were submitted to the vote of security holders during the fourth quarter of fiscal 2003.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company, their ages, positions and past five years experience are set forth below. Mr. Parod's employment agreement extends through April 2005. All other officers are elected for one-year terms at the Board of Directors meeting following the Company's annual shareholders' meeting. This meeting is scheduled for January 21, 2004. There are no family relationships between any director, executive officer or person nominated to become a director or executive officer. There are no arrangements or understandings between any executive officer and any other person to which he was selected as an officer.

	<u>Age</u>	<u>Position</u>
Richard W. Parod	50	President and Chief Executive Officer
Matthew T. Cahill	41	Vice President – Manufacturing
Thomas Costanza	37	Corporate Controller
Bruce C. Karsk	51	Executive Vice President, Chief Financial Officer, Treasurer and Secretary
Dirk A. Lenie	49	Vice President – Marketing
Charles H. Meis	57	Vice President – Engineering
Robert S. Snoozy	57	Vice President – Domestic Sales
Douglas J. Twyford	48	Vice President – International Sales

Mr. Richard W. Parod is President and Chief Executive Officer of the Company, and has held such positions since April 2000. Prior to that time and since 1997, Mr. Parod was Vice President and General Manager of the Irrigation Division of The Toro Company. Mr. Parod was employed by James Hardie Irrigation from 1993 through 1997 becoming President in 1994. Mr. Parod has been a Director since April 2000 when he began his employment with the Company.

Mr. Matthew T. Cahill is Vice President – Manufacturing of the Company, and has held such position since October 2000 when he joined the Company. Prior to that time and since 1997, Mr. Cahill held several positions with Ingersoll-Rand; most recently as the Fabrication and Machining Operations Manager – Road Machinery Division. From 1997 through early 2000 Mr. Cahill was a Process Engineering Consultant – Corporate Technology Staff. Prior to his employment with Ingersoll-Rand and since 1996 Mr. Cahill was Operations Manager with ACG Incorporated. Mr. Cahill was the Manager Operations Support Engineering for Ingersoll-Rand Fluid Products Division in 1995 and part of 1996.

Mr. Thomas Costanza is Corporate Controller of the Company, and has held such position since May 2002 when he joined the Company. Prior to that time and since 1999, Mr. Costanza was Controller of Bombardier, Inc.'s financial services division. Prior to his employment with Bombardier and since 1998, Mr. Costanza was Vice President and Chief Financial Officer with National Auto Finance Company which was subsequently acquired by a subsidiary of General Motors Acceptance Corp. Mr. Costanza's professional career began as a financial auditor with Ernst & Young LLP and later included experience as Corporate Audit Manager with Barnett Banks, Inc.

Mr. Bruce C. Karsk is Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, and has held such positions since January 2001. From 1984 through January 2001 Mr. Karsk was Vice President – Finance, Treasurer and Secretary. Prior to that time, and since 1981, Mr. Karsk had been the Controller. Mr. Karsk began his employment with the Company in 1979.

Mr. Dirk A. Lenie is Vice President – Marketing of the Company, and has held such position since November 2000 when he joined the Company. Prior to that time, and since 1997, Mr. Lenie was Director of Sales and Marketing of Residential/Commercial Irrigation Division of The Toro Company. Prior to Toro, Mr. Lenie was employed by Pacific Enterprises (the holding company of Southern California Gas) as Director of Seismic Safety Products in 1996/1997 and as Director of Product Development in 1995/1996. From 1981 through 1995 Mr. Lenie held several sales and marketing positions with Rain Bird Corporation.

Mr. Charles H. Meis is Vice President – Engineering of the Company, and has held such position since 1975. Mr. Meis began his employment with the Company in 1971.

Mr. Robert S. Snoozy is Vice President – Domestic Sales of the Company, and has held such position since 1997. From 1986 through 1997 Mr. Snoozy was Vice President of Sales and Marketing. Prior to that time, and since 1978, he had been Vice President of Marketing. Mr. Snoozy began his employment with the Company in 1973.

Mr. Douglas J. Twyford is Vice President – International Sales of the Company, and has held such position since June 2003 when he joined the Company. Prior to that time, and since March 1996, Mr. Twyford held various positions within United Technologies Corporation affiliated companies, most recently as Vice President – Global Sales & Marketing for Sundyne Corporation.

PART II

ITEM 5 - Market For the Registrant's Common Equity and Related Shareholder Matters

Lindsay Common Stock trades on the New York Stock Exchange, Inc. (NYSE) under the ticker symbol "LNN". As of November 17, 2003 there were approximately 170 shareholders of record and an estimated 2,200 beneficial shareholders.

The following table sets forth for the periods indicated the range of the high and low sales price and dividends paid:

	Fiscal 2003 Stock Price			Fiscal 2002 Stock Price		
	<u>High</u>	<u>Low</u>	<u>Dividends</u>	<u>High</u>	<u>Low</u>	<u>Dividends</u>
First Quarter	\$25.70	\$20.95	\$0.035	\$18.86	\$16.50	\$0.035
Second Quarter	25.24	18.45	0.035	21.60	18.30	0.035
Third Quarter	23.00	17.75	0.035	25.85	20.10	0.035
Fourth Quarter	24.45	20.00	0.050	24.10	20.00	0.035
Year	\$25.70	\$17.75	\$0.155	\$25.85	\$16.50	\$0.140

ITEM 6 – Selected Financial Data

(in millions, except per share amounts)

For the years ended August 31,

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Operating revenues	\$163.4	\$145.9	\$126.7	\$129.8	\$116.7	\$155.7	\$158.3	\$136.2	\$111.8	\$112.7
Gross profit	39.7	32.9	27.9	31.6	30.6	42.8	40.9	32.7	25.9	25.7
Selling, general and administrative, and engineering and research expenses (3)	23.4	19.8	17.2	15.0	15.4	15.5	14.2	13.2	11.7	11.4
Restructuring charges	-	-	0.9	-	-	-	-	-	-	-
Operating Income (3)	16.4	13.1	9.8	16.6	15.2	27.3	26.7	19.5	14.2	14.3
Earnings before cumulative effect of accounting change (1) (3) (4)	12.9	10.7	8.2	13.4	12.9	23.7	20.3	16.7	11.9	11.4
Net earnings (3) (4)	12.9	10.7	8.2	13.4	12.9	23.7	20.3	16.7	11.9	12.1
Earnings before cumulative effect of accounting change per share (1) (3) (4)	1.08	0.90	0.69	1.07	0.97	1.63	1.36	1.10	0.74	0.69
Net earnings per share (2) (3) (4)	1.08	0.90	0.69	1.07	0.97	1.63	1.36	1.10	0.74	0.74
Cash dividends per share	0.155	0.14	0.14	0.14	0.14	0.125	0.091	0.067	-	-
Property, plant and equipment, net	13.9	14.5	14.9	15.9	15.4	14.1	11.1	9.7	7.2	5.6
Total assets (3)	130.7	114.7	101.9	97.2	101.6	109.9	108.7	97.3	86.5	88.6
Long-term obligation	-	-	-	-	-	0.01	0.3	-	-	-
Return on sales	7.9%	7.4%	6.5%	10.3%	11.1%	15.2%	12.8%	12.3%	10.6%	10.7%
Return on beginning assets (5)	11.2%	10.7%	8.4%	13.2%	11.7%	21.8%	20.9%	19.3%	13.4%	14.9%
Diluted weighted average shares	11.896	11.858	11.900	12.503	13.285	14.556	14.980	15.226	15.993	16.418

- (1) In 1994 the Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes".
- (2) Per share amounts are calculated using diluted average shares outstanding.
- (3) The amounts shown above for fiscal years 1994-2002 have been restated to reflect the impact of cumulative cash surrender value of life insurance policies.
- (4) Fiscal 1998 includes non-operating income of \$4.0 million (\$2.7 after taxes) or \$0.18 per share from the settlement of a litigation.
- (5) Defined as net earnings divided by beginning of period total assets.

ITEM 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation

Concerning Forward-Looking Statements - This Annual Report on Form 10-K contains not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements that are not historical are forward-looking and reflect expectations for future company performance. In addition, forward-looking statements may be made orally or in press releases, conferences, reports, on the Company's worldwide web site, or otherwise, in the future by or on behalf of the Company. When used by or on behalf of the company, the words "expect", "anticipate", "estimate", "believe", "intend", and similar expressions generally identify forward-looking statements. The entire section entitled Market Conditions and Fiscal 2004 Outlook should be considered forward-looking statements. For these statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements involve a number of risks and uncertainties, including but not limited to those discussed in the "Risk Factors" section below. Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described herein, as well as others not now anticipated. The risks and uncertainties described herein are not exclusive and further information concerning the Company and its businesses, including factors that potentially could materially affect the Company's financial results, may emerge from time to time. Except as required by law, the Company assumes no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Restatement

Prior to 2003, the Company had not recorded the cumulative cash surrender value of certain life insurance policies the Company maintains on current and former executive officers that had accumulated since 1994. These policies were obtained in 1993 to insure the potential liability under the supplemental retirement plan for these executives. The Company is the sole named beneficiary and owner of these policies, which are held in trust. The annual premium payments for these policies were made from calendar years 1993 through 2000. The Company had previously expensed the premiums when paid and had not recorded the increases in the cash surrender values of the policies. After reviewing this accounting treatment further, the Company has restated its financial statements for 2002 and 2001 to record the cumulative cash surrender value as a correction of error in prior periods. The result of the restatement was an increase of \$1.7 million in other assets and retained earnings as of August 31, 2002. The effect of the restatement on previously reported operating results is summarized in Note B to the consolidated financial statements. The effect of the restatement on previously reported annual financial statements was not material. There is no effect of the restatement on previously reported cash flows. The Company now records the change in the cash surrender value of these life insurance policies on a current basis.

Critical Accounting Policies

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), management must make a variety of decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, management applies judgment based on its understanding and analysis of the relevant circumstances.

Certain of the Company's accounting policies are critical, as these policies are most important to the presentation of the Company's consolidated results of operations and financial condition. They require the greatest use of judgments and estimates by management based on the Company's historical experience and management's knowledge and understanding of current facts and circumstances. Management periodically re-evaluates and adjusts the estimates that are used as circumstances change. There were no significant changes in critical accounting policies during fiscal 2003.

Following are the accounting policies management considers critical to the Company's consolidated results of operations and financial condition:

Revenue Recognition

Revenues from the sale of the Company's irrigation products to its independent dealers are recognized upon delivery of the product to the dealer. The Company has no post delivery obligations to its independent dealers other than standard warranties. Revenues for sales of irrigation products by Irrigation Specialists are recognized when the product or service is delivered to the end-user customers. Revenues from the sale of the Company's diversified products are recognized when the product is delivered to the customer. Revenues and gross profits on intercompany sales are eliminated in consolidation.

The costs related to revenues are recognized in the same period in which the specific revenues are recorded. Shipping and handling revenue is reported as a component of operating revenues. Shipping and handling costs are reported as a component of cost of operating revenues. Shipping and handling revenues and costs are not significant to total operating revenues or cost of operating revenues. Customer rebates, cash discounts and other sales incentives are recorded as a reduction of revenues at the time of the original sale. Other sales incentives such as guarantees issued by the Company to support end-user customer financing are recognized as cost of sales. Estimates used in the recognition of operating revenues and cost of operating revenues include, but are not limited to, estimates for rebates payable and cash discounts expected.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for the Lindsay, Nebraska operation's inventories. Cost is determined by the weighted average method for inventories at the Company's other operating locations. At all locations, the Company reserves for obsolete, slow moving and excess inventory by estimating the net realizable value based on the potential future use of such inventory.

Note A to the consolidated financial statements provides a summary of the significant accounting policies followed in the preparation of the financial statements. Other footnotes describe various elements of the financial statements and the assumptions on which specific amounts were determined. While actual results could differ from those estimated at the time of preparation of the consolidated financial statements, management is committed to preparing financial statements which incorporate accounting policies, assumptions, and estimates that promote the representational faithfulness, verifiability, neutrality, and transparency of the accounting information included in the consolidated financial statements.

Results of Operations

The following “Fiscal 2003 Compared to 2002” and the “Fiscal 2002 Compared to 2001” sections present an analysis of the Company’s consolidated operating results displayed in the Consolidated Statements of Earnings and should be read together with the industry segment information in Note Q to the financial statements.

Fiscal 2003 Compared to 2002

The following table provides highlights for fiscal 2003 compared with fiscal 2002:

(\$ in thousands)	For the Years Ended August 31,		% Increase (Decrease)
	2003	2002	
Consolidated			
Operating revenues.....	\$163,374	\$145,890	12.0%
Cost of operating revenues.....	\$123,628	\$112,963	9.4
Gross profit.....	\$ 39,746	\$ 32,927	20.7
Gross margin.....	24.3%	22.6%	
Selling, engineering and research, and general and administrative expenses.....	\$ 23,380	\$ 19,811	18.0
Operating income	\$ 16,366	\$ 13,116	24.8
Operating margin	10.0%	9.0%	
Interest income, net.....	\$ 1,577	\$ 1,647	(4.3)
Other income, net	\$ 844	\$ 617	36.8
Income tax provision	\$ 5,900	\$ 4,650	26.9
Effective income tax rate.....	31.4%	30.2%	
Net earnings	\$ 12,887	\$ 10,730	20.1
Irrigation Equipment Segment (See Note Q)			
Operating revenues.....	\$151,320	\$132,718	14.0
Operating income	\$ 27,992	\$ 22,216	26.0
Operating margin.....	18.5%	16.7%	
Diversified Products Segment (See Note Q)			
Operating revenues.....	\$ 12,054	\$ 13,172	(8.5)
Operating income	\$ 1,237	\$ 1,907	(35.1)%
Operating margin.....	10.3%	14.5%	

Revenues

Operating revenues for fiscal 2003 increased by \$17.5 million or 12% over fiscal 2002. This increase was attributable to irrigation equipment revenues which included full year revenues from Irrigation Specialists which was acquired in March 2002, the new operations in Brazil, which was acquired in April 2002, and the South African operation which commenced in September 2002. These operations contributed operating revenue growth of \$18.7 million.

Domestic irrigation equipment revenues increased by \$12.9 million or 13% over fiscal 2002. The increase was largely due to new revenues of \$9.1 million from Irrigation Specialists, which was acquired in March 2002. In addition, domestic revenues remained strong in sections of the Midwest that were adversely affected by drought conditions during 2002. Overall, strong agricultural commodity prices, greater domestic net cash farm income and the federal government sponsored Environmental Quality Incentives Program (EQIP) program increased demand for irrigation equipment purchases by enhancing grower profitability and liquidity. Low interest rates and accelerated federal tax depreciation schedules have also supported domestic irrigation equipment purchases.

International irrigation equipment revenues increased by \$5.7 million or 17% compared to fiscal 2002 due primarily to an increase in revenues from the Company’s foreign operations, which increased \$12.2 million over fiscal 2002, partially offset by a decrease in revenues from export sales to the Middle East region due to the political unrest there and lower sales to Canadian markets due to less favorable market conditions there. In total, for fiscal 2003, international revenues were 23.5% of total revenues, up from 22.4% of revenues in the previous year. See Note Q to the consolidated financial statements.

Diversified revenues decreased \$1.1 million or 9% compared to fiscal 2002. Fiscal 2003’s diversified products revenues decreased due to contract manufacturing customers relying less on outsourced manufacturing. During fiscal 2003, the Company added key management and sales resources resulting in improved diversified revenues during the later half of the

fiscal year compared to the same prior year period. Deere & Company, New Holland North America, Inc. and Caterpillar each continued to be important customers.

Gross Margin

Gross margin of 24.3% for fiscal 2003 was improved over the 22.6% for fiscal 2002. Gross margin was positively impacted during the year by cost controls, increased manufacturing throughput which spreads fixed costs over higher volumes of production, an improved pricing environment and a more favorable product mix compared to fiscal 2002.

Operating Expenses

Operating expenses during fiscal 2003 increased by \$3.6 million or 18% over fiscal 2002. This increase is primarily reflecting increases in selling expenses and general and administrative expenses by \$1.7 million or 19% each including advertising costs and professional fees. \$2.4 million of the \$3.6 million total increase in operating expenses reflects the full year of expenditures of Irrigation Specialists which was acquired in March 2002 and the full year operation of foreign operations in Brazil which was acquired in April 2002 and South Africa which formed in September 2002. The Company generally expects to be able to begin to leverage SG&A expenses during fiscal 2004 through higher volumes, primarily at its foreign operations.

Interest Income, Other Income and Taxes

Fiscal 2003 interest income was comparable to fiscal 2002, decreasing only \$70,000. The decrease in interest income was due to a lower average interest yield on the Company's investments, partially offset by an increase in the amount invested. The Company's interest income is primarily generated from its investments in short-term (0 to 12 months) and intermediate-term (12 to 40 months) investment grade municipal bonds, on which interest earnings are exempt from federal income taxes, and short-term investment grade commercial paper.

Fiscal 2003 other income increased by \$227,000 over fiscal 2002, primarily from foreign currency transaction gains.

The effective tax rate during fiscal 2003 was 31.4% compared to 30.2% for the prior year. The increased effective tax rate reflects a combination of higher statutory tax rates and the lower mix of tax exempt interest income to total earnings before income taxes. The Company benefits from an effective tax rate which is lower than the combined federal and state statutory rates primarily due to the federal tax-exempt status of interest income from its municipal bond investments.

Net Earnings

Net earnings rose 20% to \$12.9 million, or \$1.08 per diluted share, for fiscal 2003, compared with \$10.7 million, or \$0.90 per diluted share, for fiscal 2002.

Fiscal 2002 Compared to 2001

The following table provides highlights for fiscal 2002 compared with fiscal 2001.

(\$ in thousands)	For the Years Ended August 31,		% Increase (Decrease)
	2002	2001	
Consolidated			
Operating revenues.....	\$145,890	\$126,669	15.2%
Cost of operating revenues.....	\$112,963	\$98,739	14.4
Gross profit.....	\$ 32,927	\$27,930	17.9
Gross margin.....	22.6%	22.0%	
Selling, engineering and research, and general and administrative expenses.....	\$ 19,811	\$ 17,223	15.0
Restructuring charges.....	\$ -	\$ 899	N/A
Operating income.....	\$ 13,116	\$ 9,808	33.7
Operating margin.....	9.0%	7.7%	
Interest income, net.....	\$ 1,647	\$ 1,754	(6.1)
Other income, net.....	\$ 617	\$ 58	963.8
Income tax provision.....	\$ 4,650	\$ 3,440	35.2
Effective income tax rate.....	30.2%	29.6%	
Net earnings.....	\$ 10,730	\$ 8,180	31.2
Irrigation Equipment Segment (See Note Q)			
Operating revenues.....	\$132,718	\$106,892	24.2
Operating income.....	\$ 22,216	\$ 16,579	34.0
Operating margin.....	16.7%	15.5%	
Diversified Products Segment (See Note Q)			
Operating revenues.....	\$ 13,172	\$ 19,777	(33.4)
Operating income.....	\$ 1,907	\$ 3,252	(41.4)%
Operating margin.....	14.5%	16.4%	

Revenues

Fiscal 2002 operating revenues were 15% greater than fiscal 2001. Of this increase, \$6.4 million was attributable to acquisitions of Irrigation Specialists Inc. and Lindsay America do Sul Ltda., which were completed during the third quarter of fiscal 2002. Excluding revenues from these acquisitions, fiscal 2002 operating revenues increased \$12.8 million or 10%.

Fiscal 2002 irrigation equipment revenues were 24% greater than fiscal 2001. Fiscal 2002 irrigation equipment revenues reflected incremental revenues from new operations, an expanded product offering and increased demand due to drier weather conditions in several key irrigation markets and improving commodity prices during the later part of fiscal 2002. Fiscal 2002 began slowly, coming off of a year clouded with uncertainty over a pending farm bill and sluggish commodity prices. During the year, demand in the Company's domestic irrigation market improved due to dry growing conditions and higher agricultural commodity prices. The U.S. Farm Bill was passed in the spring, which included the EQIP funds, to be used, in part, to aid farmers in improving water use efficiencies and in reducing soil erosion. The Company also added new products to its irrigation equipment offering through acquisition, strategic alliances, and internal development which added to revenues in 2002.

Demand in the Company's international market for agricultural irrigation equipment improved, in total, during fiscal 2002. The international revenue growth improved due to agricultural development projects and stronger global commodity prices. The European, African and Middle Eastern regions had revenue growth part due to growth at the Company's Lindsay Europe, SA operation. The Mexican and Latin American regions had revenue growth in part due to the Company's establishment of a local operation, Lindsay America do Sul Ltda., in April 2002. See Note Q to the consolidated financial statements.

Fiscal 2002 diversified products revenues reflected a 33% decrease from the prior year. Fiscal 2002 diversified products revenues decreased due to contract manufacturing customers relying less on outsourced manufacturing.

Gross Margin

Gross margin of 22.6% for fiscal 2002 was an improvement over the prior year's 22.0%. Gross margin was positively impacted during the year by better cost controls and increased manufacturing throughput which spreads fixed costs over higher volumes of production, and a favorable product pricing mix. Average selling prices for irrigation equipment increased slightly during the year, but these price increases were partially offset by raw material cost increases, primarily steel costs.

Operating Expenses

Fiscal 2002 total operating expenses were increased by \$1.5 million or 8% over fiscal 2001. Fiscal 2001 total operating expenses included an \$899,000 restructuring charge for writing down, to net realizable value, the value of manufacturing equipment and processes that were discontinued. Excluding the impact of the fiscal 2001 restructuring charge, fiscal 2002 total operating expenses were increased by \$2.4 million or 14% over fiscal 2001. Fiscal 2002 selling expense increased by \$1.6 million over fiscal 2001. Fiscal 2002 general and administrative expense increased by \$745,000 over fiscal 2001. During fiscal 2002, the Company incurred incremental start-up and operating expenses totaling \$740,000, primarily personnel costs, as a result of its two third quarter acquisitions. Additionally, general and administrative expenses include increases of group and general liability insurance costs.

Interest Income, Other Income and Taxes

The 6% decrease in interest income was due to a lower average interest rate on the Company's investments, partially offset by an increase in the amount invested. The Company's interest income is primarily generated from its investments in short-term (0 to 12 months) and intermediate-term (12 to 42 month) investment grade municipal bonds, on which interest earnings are exempt from federal income taxes, and short-term investment grade commercial paper interest income.

Fiscal 2002 other income increased as the result of increased earnings from minority equity investments, foreign currency gains and the gains on sales of fixed assets.

The effective tax rate during the year ended August 31, 2002 was 30.2% compared to 29.6% for the prior year.

Net Earnings

Net earnings rose 31% to \$10.7 million, or \$0.90 per diluted share, for fiscal 2002, compared with \$8.2 million, or \$0.69 per diluted share, for fiscal 2001.

Liquidity and Capital Resources

The discussion of liquidity and capital resources refers to the balance sheet and statement of cash flows. The Company requires cash for financing its receivables, inventories, capital expenditures, stock repurchases and dividends. Historically, the Company has financed its growth through funds provided by operations.

Cash flows provided by operations totaled \$15.3 million in fiscal 2003 compared to \$11.2 million in fiscal 2002. The cash flows provided by operating activities in fiscal 2003 were primarily due to net earnings adjusted for depreciation and amortization, changes in assets and liabilities including decreased receivables offset with increased inventories and other non-current assets and liabilities. Depreciation and amortization totaled \$3.5 million in fiscal 2003 compared to \$3.4 million in fiscal 2002 and is expected to modestly increase in fiscal 2004. Inventories increased \$2.6 million as of August 31, 2003 over prior year due to growth at the Company's subsidiary operations and due to an increase in finished goods inventory that had previously been accounted for as consignment. Accounts receivable decreased \$2.5 million as of August 31, 2003 over prior year.

Cash flows used in investing activities of \$10.5 million for fiscal 2003 compared to \$15.3 million for fiscal 2002. The cash flows used in investing activities in fiscal 2003 were primarily attributable to purchases of available-for-sale and held-to-maturity marketable securities and capital expenditures partially offset by proceeds from the maturity of held-to-maturity marketable securities.

Capital expenditures were \$1.9 million during fiscal 2003 compared to \$2.2 million in fiscal 2002. Fiscal 2003 capital expenditures were used primarily for updating manufacturing plant and equipment and to further automate the Company's facilities. Capital expenditures for fiscal 2004 are expected to be approximately \$3.0 to \$4.0 million and will be used to improve the Company's facilities, expand its manufacturing capabilities and increase productivity.

Cash flows used in financing activities of \$1.8 million for fiscal 2003 compared to \$1.1 million for fiscal 2002, were primarily attributable to dividends paid. Proceeds from exercise of options were approximately \$500,000 less during fiscal 2003 as compared to fiscal 2002. The Company did not repurchase any of its common stock during fiscal 2003 or fiscal 2002.

The Company's cash and total marketable securities totaled \$62.8 million at August 31, 2003 compared to \$51.1 million at August 31, 2002. The Company's marketable securities consist primarily of tax exempt municipal debt with remaining maturities of up to 41 months.

The Company has an agreement with a commercial bank for a \$10.0 million unsecured revolving line of credit through December 28, 2003. There have been no borrowings made under the revolving line of credit. Borrowings will bear interest at a rate equal to one percent per annum under the rate in effect from time to time and designated by the commercial bank as its National Base Rate (4.00% at August 31, 2003). The Base Rate will not be less than 4.00%. The Company expects to renew this line of credit on substantially similar terms.

The Company believes its capitalization (including cash and marketable securities balances), operating cash flow and bank line of credit are sufficient to cover expected working capital needs, planned capital expenditures, dividends and any repurchases of common stock.

Inflation

The Company is subject to the effects of changing prices. During fiscal 2003, the Company realized stabilized pricing for purchases of certain commodities, and in particular steel products, used in the production of its products. While the cost outlook for commodities used in the Company's production of its products is not certain, management believes it can manage these inflationary pressures by actively pursuing internal cost reduction efforts and by introducing appropriate sale price adjustments.

Off-Balance Sheet Arrangements

Although the Company has certain off balance sheet arrangements as described in Note P to the consolidated financial statements, these arrangements have not had, nor does the Company believe these arrangements are reasonably likely to have a material effect on the Company's financial condition.

Market Conditions and Fiscal 2004 Outlook

Excluding any new acquisitions, the Company expects increased earnings on revenue growth of about 8% to 10% for fiscal 2004. The majority of fiscal 2004's increase in revenues and earnings is expected to occur during the Company's second (ending February 28th) and third (ending May 31st) quarters.

The Company anticipates further expansion in its U.S. operations. In the international markets, the Company expects to continue to grow sales through its new operations and stronger export sales. The Company continues to view the international markets as its biggest opportunity to improve sales and margins for the next fiscal year. While its international operations are relatively new, the Company remains pleased with their progress in gaining market share and improving operational efficiency. The Company will continue to seek high-margin export business in other regions such as the Middle East, Mexico and Australia.

The Company's Diversified Manufacturing business continues to show signs of improvement and potential growth opportunities for diversified have emerged.

RISK FACTORS

The Company's domestic and international irrigation equipment sales are highly dependent on the agricultural industry. The Company's domestic and international irrigation equipment sales are highly dependent upon the need for irrigated agricultural crop production which, in turn, depends upon many factors including total worldwide crop production, the profitability of agricultural crop production, agricultural commodity prices, aggregate net cash farm income, governmental policies regarding the agricultural sector, water and energy conservation policies, the regularity of rainfall, and foreign currency exchange rate. As farm income decreases, farmers may postpone capital expenditures or seek cheaper alternatives in the used irrigation equipment market.

The Company's profitability may be negatively affected by increases in the cost of raw materials, labor and energy. There is a high level of price competition in the market for irrigation equipment. Therefore, the Company may not be able to recover all operating cost increases through price increases which would result in reduced profitability. Whether increased operating costs can be passed through to the customer depends on a number of factors, including farm income, the regularity of rainfall and the price of competing products. The cost of raw materials can be volatile and is dependent on a number of factors, including availability, demand and freight costs.

The Company's international irrigation equipment sales are highly dependent on foreign market conditions. Approximately 20% of the Company's revenues are generated from international sales. Specifically, international revenues are generated in Australia, Canada, Central and Western Europe, Mexico, the Middle East, South Africa and South America. In addition to general economic and political stability, the Company's international sales are affected by international trade barriers, including governmental policies on tariffs, taxes and foreign currency exchange rates. International sales are also more susceptible to disruption from political instability, armed hostilities and similar incidents. While our international sales

are in U.S. dollars, fluctuations in foreign currency exchange rates affect the effective price of our products in foreign countries which in turn can negatively affect international sales.

The Company's diversified product revenues are dependent on sales to a few large customers, the loss of which could have an adverse effect on our profitability. Approximately 7.5% of the Company's revenues are generated from sales of our diversified products (outsource manufacturing services and the sale of large diameter steel tubing). While we anticipate that Caterpillar Inc., Deere & Company and New Holland North America, Inc. will each continue to be significant outsource manufacturing customers, the loss of one or more of these customers could have an adverse effect on the revenues we earn from outsource manufacturing and our overall profitability.

Compliance with applicable environmental regulations or standards may require additional capital and operational expenditures. Like other manufacturing concerns, the Company is subject to numerous laws and regulations which govern environmental and occupational health and safety matters. The Company believes that its operations are substantially in compliance with all such applicable laws and regulations. Permits are or may be required for some of the operations at its facilities. Although management believes that all currently required permits have been obtained by the Company, as with all such permits, they are subject to revocation, modification and renewal. Even where regulations or standards have been adopted, they are subject to varying and conflicting interpretations and implementation. The Company, in 1992, entered into a consent decree with the Environmental Protection Agency of the U.S. federal government concerning its Lindsay, Nebraska facility which is included in the agency's superfund sites as discussed in Note M to the consolidated financial statements. Compliance with applicable environmental regulations or standards may require additional capital and operational expenditures. However, management does not believe any material additional capital and operational expenditures in an amount greater than the \$250,000 reserved at August 31, 2003 for such issues are currently required.

ITEM 7A - *Quantitative and Qualitative Disclosures About Market Risk*

The Company is not subject to material market risks with respect to its marketable securities because of their relatively short maturity (0 to 40 months) and the Company has the ability to hold the investments in these marketable securities to maturity.

The Company attempts to manage its transactional foreign exchange exposure by monitoring foreign currency cash flow forecasts and commitments arising from the settlement of receivables and payables, and from future purchases and sales. The Company sells products in over 90 countries and, as a result, is subject to foreign currency exchange rate. This risk is substantially mitigated because essentially all export sales from the Company's U.S. manufacturing facility are denominated in U.S. dollars. However, sales from the Company's manufacturing facilities in France, Brazil and South Africa are denominated in local currencies. As a result, the Company's most significant transactional foreign currency exposures relate to fluctuations in the values of the Euro, the Brazilian Rand and the South African Real in relation to the US dollar. These fluctuations can negatively affect the Company's revenues as the value of foreign currencies decline in relation to the U.S. dollar. The Company also purchases components for its irrigation systems from foreign suppliers. The cost of these goods will increase if the U.S. dollar devalues against the foreign currency.

The Company's translation exposure resulting from translating the financial statements of foreign subsidiaries into U.S. dollars is not hedged. The most significant translation exposures are the Euro, Brazilian Real and South African Rand in relation to the U.S. Dollar.

ITEM 8 - Financial Statements and Supplementary Data

Statement of Management Responsibility

The consolidated financial statements and notes to the consolidated financial statements of Lindsay Manufacturing Co. have been prepared by management, which has the responsibility for their integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America to reflect, in all material aspects, the substance of financial events and transactions occurring during the respective periods.

/s/ RICHARD W. PAROD

Richard W. Parod

President and

Chief Executive Officer

/s/ BRUCE C. KARSK

Bruce C. Karsk

Executive Vice President, Chief Financial Officer,

Treasurer and Secretary

Report of Independent Auditors

To the Board of Directors and Shareholders
Lindsay Manufacturing Co.:

We have audited the accompanying consolidated balance sheets of Lindsay Manufacturing Co. and subsidiaries (the Company) as of August 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended August 31, 2003. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lindsay Manufacturing Co. and subsidiaries as of August 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended August 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
KPMG LLP

Omaha, Nebraska
October 10, 2003

Lindsay Manufacturing Co.
CONSOLIDATED STATEMENTS OF OPERATIONS

<u>(in thousands, except per share amounts)</u>	<u>2003</u>	<u>Years ended August 31,</u> <u>2002</u>	<u>2001</u>
Operating revenues	\$ 163,374	\$ 145,890	\$ 126,669
Cost of operating revenues	<u>123,628</u>	<u>112,963</u>	<u>98,739</u>
Gross profit	<u>39,746</u>	<u>32,927</u>	<u>27,930</u>
Operating expenses:			
Selling expense	10,517	8,804	7,200
General and administrative expense	10,285	8,630	7,722
Engineering and research expense	2,578	2,377	2,301
Restructuring charges	-	-	899
Total operating expenses	<u>23,380</u>	<u>19,811</u>	<u>18,122</u>
Operating income	16,366	13,116	9,808
Interest income, net	1,577	1,647	1,754
Other income, net	<u>844</u>	<u>617</u>	<u>58</u>
Earnings before income taxes	18,787	15,380	11,620
Income tax provision	<u>5,900</u>	<u>4,650</u>	<u>3,440</u>
Net earnings	<u>\$ 12,887</u>	<u>\$ 10,730</u>	<u>\$ 8,180</u>
Basic net earnings per share	<u>\$ 1.10</u>	<u>\$ 0.92</u>	<u>\$ 0.70</u>
Diluted net earnings per share	<u>\$ 1.08</u>	<u>\$ 0.90</u>	<u>\$ 0.69</u>
Weighted average shares outstanding - basic	<u>11,729</u>	<u>11,674</u>	<u>11,684</u>
Weighted average shares outstanding - diluted	<u>11,896</u>	<u>11,858</u>	<u>11,900</u>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

<u>(\$ in thousands)</u>	<u>Shares of</u>		<u>Common</u>	<u>Capital in</u>	<u>Retained</u>	<u>Treasury</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Common</u>	<u>Treasury</u>	<u>stock</u>	<u>excess</u>	<u>earnings</u>	<u>stock</u>	<u>other</u>	<u>shareholders'</u>
	<u>Stock</u>	<u>stock</u>	<u>stock</u>	<u>of stated</u>	<u>value</u>	<u>stock</u>	<u>comprehensive</u>	<u>equity</u>
Balance at August 31, 2000	17,310,197	5,615,269	\$17,310	\$2,211	\$147,622	\$(88,002)	\$(303)	\$78,838
Comprehensive income:								
Net earnings	-	-	-	-	8,180	-	-	8,180
Other comprehensive income:								
Currency translation	-	-	-	-	-	-	(4)	(4)
Minimum pension liability	-	-	-	-	-	-	(367)	(367)
Total comprehensive income	-	-	-	-	(1,636)	-	-	7,809
Cash dividends (\$0.140 per share)	-	-	-	-	-	-	-	(1,636)
Net issued under stock option plan	57,832	-	7	(423)	-	-	-	(416)
Proceeds from stock option exercise	-	-	51	345	-	-	-	396
Stock option tax expense	-	-	-	(54)	-	-	-	(54)
Acquisitions of common stock	-	108,800	-	-	-	(1,896)	-	(1,896)
Balance at August 31, 2001	<u>17,368,029</u>	<u>5,724,069</u>	<u>17,368</u>	<u>2,079</u>	<u>154,166</u>	<u>(89,898)</u>	<u>(674)</u>	<u>83,041</u>
Comprehensive income:								
Net earnings	-	-	-	-	10,730	-	-	10,730
Other comprehensive income:								
Currency translation	-	-	-	-	-	-	(191)	(191)
Minimum pension liability, net of tax	-	-	-	-	-	-	(49)	(49)
Total comprehensive income	-	-	-	-	(1,631)	-	-	10,490
Cash dividends (\$0.140 per share)	-	-	-	-	-	-	-	(1,631)
Net issued under stock option plan	62,319	-	22	(349)	-	-	-	(327)
Proceeds from stock option exercise	-	-	40	473	-	-	-	513
Stock option tax benefits	-	-	-	269	-	-	-	269
Balance at August 31, 2002	<u>17,430,348</u>	<u>5,724,069</u>	<u>17,430</u>	<u>2,472</u>	<u>163,265</u>	<u>(89,898)</u>	<u>(914)</u>	<u>92,355</u>
Comprehensive income:								
Net earnings	-	-	-	-	12,887	-	-	12,887
Other comprehensive income:								
Unrealized loss on available								
for sale securities	-	-	-	-	-	-	(87)	(87)
Currency translation	-	-	-	-	-	-	1,357	1,357
Minimum pension liability, net of tax	-	-	-	-	-	-	(444)	(444)
Total comprehensive income	-	-	-	-	(1,819)	-	-	13,713
Cash dividends (\$0.155 per share)	-	-	-	-	-	-	-	(1,819)
Net issued under stock option plan	29,213	-	27	(56)	-	-	-	(29)
Proceeds from stock option exercise	-	-	3	36	-	-	-	39
Stock option tax benefits	-	-	-	32	-	-	-	32
Balance at August 31, 2003	<u>17,459,561</u>	<u>5,724,069</u>	<u>\$ 17,460</u>	<u>\$ 2,484</u>	<u>\$174,333</u>	<u>\$(89,898)</u>	<u>\$ (88)</u>	<u>\$104,291</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Lindsay Manufacturing Co.
CONSOLIDATED BALANCE SHEETS**

<u>(\$ in thousands, except par values)</u>	<u>At August 31,</u> <u>2003</u>	<u>2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,368	\$ 12,425
Marketable securities	8,770	13,289
Receivables	22,970	23,729
Inventories	20,019	15,583
Deferred income taxes	2,301	1,499
Other current assets	<u>1,010</u>	<u>782</u>
Total current assets	70,438	67,307
Long-term marketable securities	38,674	25,419
Property, plant and equipment, net	13,889	14,512
Other noncurrent assets	<u>8,219</u>	<u>7,480</u>
Total assets	<u>\$131,220</u>	<u>\$114,718</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 8,228	\$ 6,068
Other current liabilities	<u>16,053</u>	<u>13,984</u>
Total current liabilities	24,281	20,052
Pension benefits liabilities	2,315	1,688
Other noncurrent liabilities	<u>333</u>	<u>623</u>
Total liabilities	<u>26,929</u>	<u>22,363</u>
Shareholders' equity:		
Preferred stock, (\$1 par value, 2,000,000 shares authorized, no shares issued and outstanding)	-	-
Common stock, (\$1 par value, 25,000,000 shares authorized, 17,459,561 and 17,430,348 shares issued in 2003 and 2002, respectively)	17,460	17,430
Capital in excess of stated value	2,484	2,472
Retained earnings	174,333	163,265
Less treasury stock (at cost, 5,724,069 shares)	(89,898)	(89,898)
Accumulated other comprehensive loss, net.....	<u>(88)</u>	<u>(914)</u>
Total shareholders' equity	<u>104,291</u>	<u>92,355</u>
Total liabilities and shareholders' equity	<u>\$131,220</u>	<u>\$114,718</u>

The accompanying notes are an integral part of the consolidated financial statements.

Lindsay Manufacturing Co.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in thousands)	Years ended August 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$12,887	\$10,730	\$8,180
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	3,525	3,402	3,359
Non-cash restructuring charges relating to write-down	-	-	749
Amortization of marketable securities premiums, net	(145)	(212)	(311)
(Gain) loss on sale of property, plant and equipment	(76)	(78)	10
Provision for uncollectible accounts receivable	(275)	271	87
Deferred income taxes	1,388	(242)	914
Stock option tax benefits (expense)	32	269	(54)
Equity in net earnings of equity-method investments	(125)	(253)	(4)
Other, net	(152)	(268)	(219)
Changes in assets and liabilities:			
Receivables, net	2,514	628	(2,488)
Inventories, net	(2,578)	(2,720)	2,898
Other current assets	(563)	(308)	(245)
Accounts payable, trade	(564)	(2,177)	(584)
Other current liabilities	189	1,347	(1,559)
Current taxes payable	330	397	(426)
Other noncurrent assets and liabilities	(1,080)	450	(686)
Net cash provided by operating activities	<u>15,307</u>	<u>11,236</u>	<u>9,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(1,918)	(2,217)	(2,929)
Acquisitions of businesses	-	(4,813)	(1,010)
Proceeds from sale of property, plant and equipment	63	206	58
Purchases of marketable securities held-to-maturity	(12,465)	(15,904)	(10,049)
Proceeds from maturities of marketable securities held-to-maturity	14,232	7,555	22,890
Purchases of marketable securities available-for-sale	(10,445)	-	-
Equity investment	-	(80)	(975)
Net cash (used in) provided by investing activities	<u>(10,533)</u>	<u>(15,253)</u>	<u>7,985</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of options under stock option plan	39	513	396
Dividends paid	(1,819)	(1,631)	(1,636)
Purchases of treasury stock	-	-	(1,896)
Net cash used in financing activities	<u>(1,780)</u>	<u>(1,118)</u>	<u>(3,136)</u>
Effect of foreign exchange rate changes on cash	(51)	(15)	-
Net increase (decrease) in cash and cash equivalents	2,943	(5,150)	14,470
Cash and cash equivalents, beginning of period	<u>12,425</u>	<u>17,575</u>	<u>3,105</u>
Cash and cash equivalents, end of period	<u>\$15,368</u>	<u>\$12,425</u>	<u>\$17,575</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	\$ 5,753	\$ 4,397	\$ 3,587
Interest paid	\$ 73	\$ 140	\$ 82

The accompanying notes are an integral part of the consolidated financial statements.

Lindsay Manufacturing Co.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Lindsay Manufacturing Co. (the "Company" or "Lindsay") manufactures automated agricultural irrigation systems and sells these products in both the U.S. and international markets. The Company also manufactures large diameter steel tubing products and manufactures and assembles agricultural and construction equipment on a contract manufacturing basis for other manufacturers. The Company's principal operating facilities are located in Lindsay, Nebraska, USA. The Company's corporate office is located in Omaha, Nebraska, USA. The Company also has foreign operating subsidiaries which manufacture irrigation equipment in France, Brazil and South Africa, and owns a retail irrigation dealership with three locations in the State of Washington ("Irrigation Specialists").

Notes to the consolidated financial statements describe various elements of the financial statements and the assumptions on which specific amounts were determined. While actual results could differ from those estimated at the time of preparation of the consolidated financial statements, management is committed to preparing financial statements, which incorporate accounting policies, assumptions, and estimates that promote the representational faithfulness, verifiability, neutrality, and transparency of the accounting information included in the consolidated financial statements.

The significant accounting policies of the Company are as follows:

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany balances and transactions are eliminated in consolidation.

(2) Stock Based Compensation

The Company maintains a stock option plan and accounts for this plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under this plan had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and net earnings per share as if the Company had applied the fair value expense recognition provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation", to employee stock option grants.

<u>\$ in thousands, except per share amounts</u>	<u>For the twelve months ended August 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Net earnings - as reported	\$12,887	\$10,730	\$ 8,180
Deduct:			
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects.....	<u>(1,057)</u>	<u>(1,191)</u>	<u>(994)</u>
Pro forma net earnings	<u>\$11,830</u>	<u>\$ 9,539</u>	<u>\$ 7,186</u>
Earnings per share:			
Basic-as reported.....	\$ 1.10	\$ 0.92	\$ 0.70
Basic-pro forma.....	\$ 1.01	\$ 0.82	\$ 0.62
Diluted-as reported.....	\$ 1.08	\$ 0.90	\$ 0.69
Diluted-pro forma	\$ 0.99	\$ 0.80	\$ 0.60

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for all grants in fiscal 2003, 2002 and 2001: dividend yield of 0.6% to 0.8%, expected volatility of 35.2% to 36.5%, risk-free interest rates ranging from 4.5% to 6.4 %, and expected lives of the options of 7 years. The weighted average fair value of options granted during fiscal 2003, 2002 and 2001 was \$8.36, \$9.65 and \$8.63, respectively.

(3) Revenue Recognition

Revenues from the sale of the Company's irrigation products to its independent dealers are recognized upon delivery of the product to the dealer. The Company has no post delivery obligations to its independent dealers other than standard warranties. Revenues for sales of irrigation products by Irrigation Specialists are recognized when the product or service is delivered to the end-user customers. Revenues from the sale of the Company's diversified products are recognized when the product is delivered to the customer. Revenues and gross profits on intercompany sales are eliminated in consolidation.

The costs related to revenues are recognized in the same period in which the specific revenues are recorded. Shipping and handling revenue is reported as a component of operating revenues. Shipping and handling costs are reported as a component of cost of operating revenues. Shipping and handling revenues and costs are not significant to total operating revenues or cost of operating revenues. Customer rebates, cash discounts and other sales incentives are recorded as a reduction of revenues at the time of the original sale. Other sales incentives such as guarantees issued by the Company to support end-user customer financing are recognized as cost of sales. Estimates used in the recognition of operating revenues and cost of operating revenues include, but are not limited to, estimates for rebates payable and cash discounts expected.

(4) Warranty Costs

Provision for the estimated warranty costs is made in the period in which such costs become probable. This provision is periodically adjusted to reflect actual experience.

Warranty costs were \$1.4 million, \$1.3 million and \$1.6 million for the fiscal years ended August 2003, 2002 and 2001, respectively.

(5) Cash Equivalents, Marketable Securities and Long-term Marketable Securities

Cash equivalents are included at cost, which approximates market. At August 31, 2003, the Company's cash equivalents were held primarily by one financial institution. Marketable securities and long-term marketable securities are classified as held-to-maturity or available-for-sale according to management of the Company's intent.

At the date of acquisition of an investment security, management designates the security as belonging to a trading portfolio, an available-for-sale portfolio, or a held-to-maturity portfolio. The Company holds no securities designated as trading.

Investment securities are classified as held-to-maturity when the Company has both the ability and intent to hold such securities to scheduled maturity. All other investment securities are classified as available-for-sale and carried at fair value. Unrealized appreciation or depreciation in the fair value of available-for-sale securities is reported in accumulated other comprehensive income. The Company monitors its investment portfolio for any decline in fair value that is other-than-temporary and would record any such impairment as an impairment loss. No impairment losses for other-than-temporary declines in fair value have been recorded in fiscal years 2003, 2002 or 2001.

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents, while those having original maturities in excess of three months are classified as marketable securities or as long-term marketable securities when maturities are in excess of one year. Marketable securities and long-term marketable securities consist of investment-grade municipal bonds.

In the opinion of management, the Company is not subject to material market risks with respect to its marketable securities.

(6) Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for the Lindsay, Nebraska operation's inventories. Cost is determined by the weighted average method for inventories at the Company's other operating locations. At all locations, the Company reserves for obsolete, slow moving and excess inventory by estimating the net realizable value based on the potential future use of such inventory.

(7) Property, Plant and Equipment

Property, plant, equipment and capitalized lease assets are stated at cost. The Company's policy is to capitalize major expenditures and to charge to operating expenses the cost of current maintenance and repairs. Provisions for depreciation and amortization have been computed principally on the straight-line method for buildings and equipment. Rates used for depreciation are based principally on the following expected lives: buildings -- 20 to 30 years; equipment -- three to 10 years; other -- two to 20 years; and leasehold improvements -- term of lease. All of the Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected discounted future cash flows is less than the carrying amount of the asset, a loss is recognized based upon the difference between the fair value of the asset and its carrying value. The cost and accumulated depreciation relating to assets retired or otherwise disposed of are eliminated from the respective accounts at the time of disposition. The resultant gain or loss is included in the consolidated statements of operations.

During the second quarter of fiscal 2001, the Company took a pre-tax restructuring charge of \$899,000 or \$0.05 per share after tax. Of this total restructuring charge, \$749,000 was for a write-down, to fair value, of the value of fixed assets associated with a manufacturing process under development since 1998 that was discontinued due to difficulty in ensuring quality consistency that would satisfy the Company's customers' needs, and \$150,000 for other costs related to manufacturing processes for which the decision and plan to discontinue were made in the second quarter of fiscal 2001.

(8) Equity Investments

Other assets includes minority investments held by the Company in two irrigation businesses. These investments are accounted for on the equity method. The Company's investments in these companies are reviewed periodically to determine if its fair value has declined below the cost of the investment on an other-than-temporary basis, in which case an impairment loss would be recognized.

(9) Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets arising from acquisitions. In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and eliminates the use of the pooling-of-interests method. SFAS No. 141 also provides new criteria to determine whether an acquired intangible asset should be recognized separately from goodwill. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized but instead be tested for impairment at least annually at the reporting unit level using a two-step impairment test. The Company has completed its transitional impairment analysis of goodwill as of September 1, 2002, and updated its evaluation of goodwill recoverability at August 31, 2003. No impairment losses were indicated as a result of the transitional or annual impairment testing under SFAS No. 142. The estimates of fair value of its reporting units and related goodwill depend on a number of assumptions, including forecasted sales growth and improved operating expense ratios. To the extent that the reporting unit is unable to achieve these assumptions, impairment losses may emerge. The Company adopted the provisions of SFAS No. 142 during the first quarter of fiscal 2003, as required, and accordingly no longer amortizes any goodwill. Amortization expense of goodwill for fiscal years 2002 and 2001 was immaterial.

(10) Net Earnings per Share

Basic net earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding. Diluted net earnings per share includes the incremental dilutive effect of stock options.

The following table summarizes options outstanding but, excluded from the computation of diluted net earnings per share because the options' exercise price was greater than the average market price of the common shares:

08/31/03			08/31/02			08/31/01		
Shares	Weighted Average Price	Expire	Shares	Weighted Average Price	Expire	Shares	Weighted Average Price	Expire
		November 2007-			September 2007-			November 2007-
<u>170,750</u>	<u>\$25.98</u>	May 2012	<u>203,562</u>	<u>\$25.97</u>	May 2012	<u>232,000</u>	<u>\$22.21</u>	April 2011

(11) Reclassifications

Certain reclassifications have been made to prior financial statements to conform to the current-year presentation.

(12) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(13) Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). A variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that does not have equity investors with voting rights, or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns, or both. The Company will adopt FIN 46 in the first quarter of fiscal 2004 and believes the impact of adopting this standard will not have a material impact on the Company's financial statements.

SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" requires that a liability for a cost associated with an exit or disposal activity is recognized when the liability is incurred. This statement also establishes that fair value is the objective for initial measurement of the liability. The Company is required to apply the provisions of SFAS No. 146 for exit and disposal activities initiated after December 31, 2002.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation elaborates disclosure requirements for obligations by a guarantor under certain guarantees. This interpretation also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of an obligation undertaken in issuing a guarantee. The company has applied the initial recognition and measurement provisions of Interpretation No. 45 to guarantees issued or modified after December 31, 2002, as required. The company has adopted the disclosure requirements in this Interpretation beginning with the first quarter of fiscal 2003, as required.

SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" requires certain pro forma disclosures related to stock-based compensation. This statement also amended the transition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." The Company adopted the pro forma disclosures of SFAS No. 148 in the second quarter of fiscal 2003, as required. The Company is considering voluntarily adopting the transition provisions of SFAS No. 148 during fiscal 2004.

SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). For public entities, this Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this standard does not have a material effect on the Company's financial position or net income.

In March 2003, the Emerging Issues Task Force ("EITF") reached consensus on EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliveries". This guidance addresses the determination of whether an arrangement involving multiple deliveries contains more than one unit of accounting. EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The implementation of EITF 00-21 is not expected to have a material impact on the Company's financial statements.

B. RESTATEMENT OF FINANCIAL STATEMENTS

Prior to 2003, the Company had not recorded the cumulative cash surrender value of certain life insurance policies the Company maintains on current and former executive officers that had accumulated since 1994. These policies were obtained in 1993 to insure the potential liability under the supplemental retirement plan for these executives. The Company is the sole named beneficiary and owner of these policies, which are held in trust. The annual premium payments for these policies were made from calendar years 1993 through 2000. The Company had previously expensed the premiums when paid and had not recorded the increases in the cash surrender values of the policies. After reviewing this accounting treatment further, the Company has restated its financial statements for 2002 and 2001 to record the cumulative cash surrender value as a correction of error in prior periods. The result of the restatement was an increase of \$1.7 million in other assets and retained earnings as of August 31, 2002. The effect of the restatement on previously reported operating results is summarized as follows:

In thousands, except per share amounts	Fiscal year ended 8/31/02		Fiscal year ended 8/31/01	
	As reported	Restated	As reported	Restated
Operating Expenses	\$19,811	\$19,811	\$18,285	\$18,122
Other non-operating income, net	551	617	2	58
Earnings before income taxes	15,314	15,380	11,401	11,620
Net earnings	10,664	10,730	7,961	8,180
Basic earnings per share	\$ 0.91	\$ 0.92	\$ 0.68	\$ 0.70
Diluted earnings per share	\$ 0.90	\$ 0.90	\$ 0.67	\$ 0.69

The effect of the restatement on previously reported annual financial statements was not material. There is no effect of the restatement on previously reported cash flows.

C. ACQUISITIONS

In March 2001, the Company acquired 100% of the stock of Perrot SA (now Lindsay Europe SA), a manufacturer of irrigation systems located in La Chapelle d'Aligne, France, for approximately \$1.0 million in cash. The acquisition was accounted for under the purchase method of accounting. The purchase resulted in recording approximately \$300,000 of goodwill, representing the amount of cash paid in excess of the estimated fair value of the assets acquired less liabilities assumed, which was being amortized using a useful life of 20 years in 2001 and 2002. The results of operations for Lindsay Europe SA have been included in the Company's consolidated results from the acquisition date.

During November 2001, the Company acquired certain assets of Injection Systems, Inc. for \$255,000 in cash. This product line is marketed as injection systems under the *GrowSmart* brand. The assets acquired in this acquisition consisted of inventory of \$41,000, fixed assets of \$17,000, and intangibles including a patent of \$100,000, plans/specifications of \$75,000 and a tradename of \$22,000. The patent is being amortized over its remaining life at the time of acquisition of 16 years; the plans/specifications are being amortized over an estimated realizable period at the time of acquisition of 20 years; the tradename was amortized over a period of 12 months. There was no goodwill associated with this acquisition.

During March 2002, the Company acquired the business of Irrigation Specialists, Incorporated for \$3.6 million in cash. This irrigation dealership based in Pasco, Washington has been established for more than 30 years and provides the Company a strategic distribution channel in a key regional market. The purchase price allocated to assets and liabilities consisted of trade accounts receivable of \$2.8 million, inventory of \$2.5 million, fixed assets of \$820,000, non-compete agreement of \$300,000, tradename/trademark of \$120,000, trade payables of \$2.7 million and other liabilities of \$335,000. The non-compete agreement is being amortized over 5 years. The tradename/trademark will be carried at its fair value supported by the incremental value of the business' operating results considered to be generated. There was no goodwill associated with this acquisition.

During April 2002, the Company acquired a portion of the assets of Hidro Power Industria E Comercio De Equipamentos for \$979,000 in cash, including direct acquisition costs of \$161,000. This irrigation equipment production and sales operation (now Lindsay America do Sul Ltda.) provides the Company an important base in a key international market. The assets acquired in this acquisition consisted of inventory of \$230,000, fixed assets of \$265,000, goodwill of \$334,000 and a non-compete covenant of \$100,000. The non-compete agreement will be amortized over three years. The goodwill will not be amortized.

The following unaudited pro forma data summarizes the combined results of operations of the Company for the periods indicated as if the acquisition of Irrigation Specialists, Inc. had been completed on September 1, 2001. The pro forma data gives effect to the actual operating results prior to the acquisition, amortization of acquisition related intangibles and income taxes. The pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition had occurred on September 1, 2000, or that may be obtained in the future. Pro forma data is not presented for other acquisitions, as these amounts are considered immaterial.

<u>\$ in thousands, except per share amounts</u>	(unaudited) For the years ended August 31,	
	<u>2002</u>	<u>2001</u>
Revenues	\$ 150,566	\$ 138,830
Net income	10,561	8,015
Net income per share – basic	0.90	0.69
Net income per share – diluted	\$ 0.89	\$ 0.67

D. OTHER INCOME, NET

<u>\$ in thousands</u>	For the years ended August 31,		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Other income (expense), net:			
Cash surrender value of life insurance	\$ 122	\$ 66	\$ 56
Gain (loss) on sales of fixed assets	76	78	(10)
Foreign currency transaction gains, net	501	217	-
Equity in net earnings of equity-method investment	125	253	4
All other, net	<u>20</u>	<u>3</u>	<u>8</u>
Total other income, net	<u>\$ 844</u>	<u>\$ 617</u>	<u>\$ 58</u>

E. INCOME TAXES

For financial reporting purposes earnings before income taxes include the following components:

<u>\$ in thousands</u>	For the years ended August 31,		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
United States	\$18,049	\$16,025	\$11,762
Foreign	<u>738</u>	<u>(645)</u>	<u>(142)</u>
	<u>\$18,787</u>	<u>\$15,380</u>	<u>\$11,620</u>

Significant components of the income tax provision are as follows:

<u>\$ in thousands</u>	For the years ended August 31,		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Current:			
Federal	\$5,518	\$4,022	\$2,226
State	630	412	300
Foreign	<u>269</u>	<u>-</u>	<u>-</u>
Total current	<u>6,417</u>	<u>4,434</u>	<u>2,526</u>
Deferred:			
Federal	(470)	279	845
State	(32)	30	92
Foreign	<u>(15)</u>	<u>(93)</u>	<u>(23)</u>
Total deferred	<u>(517)</u>	<u>216</u>	<u>914</u>
Total income tax provision	<u>\$5,900</u>	<u>\$4,650</u>	<u>\$3,440</u>

Total income tax provision resulted in effective tax rates differing from that of the statutory federal income tax rates. The reasons for these differences are:

<u>For the Years Ended August 31,</u>						
<u>\$ in thousands</u>	<u>2003</u>		<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
U.S. statutory rate.....	\$6,482	34.5	\$5,250	34.1	\$3,876	33.4
State and local taxes, net of federal tax benefit	413	2.2	302	2.0	351	3.0
Qualified export activity	(165)	(0.9)	(136)	(0.9)	(165)	(1.4)
Municipal bond interest income	(481)	(2.6)	(471)	(3.1)	(480)	(4.2)
Research and development tax credits	(150)	(0.8)	(141)	(0.9)	(144)	(1.2)
Other.....	<u>(199)</u>	<u>(1.0)</u>	<u>(154)</u>	<u>(1.0)</u>	<u>2</u>	<u>-</u>
Effective rate	<u>\$5,900</u>	<u>31.4</u>	<u>\$ 4,650</u>	<u>30.2</u>	<u>\$3,440</u>	<u>29.6</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

<u>\$ in thousands</u>	<u>For the years ended August 31,</u>	
	<u>2003</u>	<u>2002</u>
Deferred tax assets:		
Minimum pension liability.....	\$ 710	\$ 458
Foreign items.....	275	260
Employee benefits liability.	1,459	1,140
Inventory	90	52
Accruals not currently deductible for taxes.....	<u>1,771</u>	<u>1,145</u>
Deferred tax assets	<u>\$4,305</u>	<u>\$3,055</u>
Deferred tax liabilities:		
Property, plant and equipment	\$ (337)	\$ (185)
Other	<u>(68)</u>	<u>(297)</u>
Deferred tax liabilities	<u>\$ (405)</u>	<u>\$ (482)</u>
Net deferred tax assets	<u>\$3,900</u>	<u>\$2,573</u>

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely that not that some portion or all of the deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management does not believe there are significant uncertainties surrounding realization of the deferred tax assets, and, consequently, has not provided a valuation allowance for deferred tax assets at August 31, 2003 and 2002.

At August 31, 2003, the Company has a foreign subsidiary with deferred tax assets of \$275,000 comprised principally of temporary differences for property and equipment, inventory and other items.

F. MARKETABLE SECURITIES

The Company's marketable securities consist of investment-grade municipal bonds. Marketable securities may mature earlier than their weighted-average contractual maturities because of principal prepayments. Amortized cost and fair value of investments in marketable securities classified as held-to-maturity or available-for-sale according to management's intent are summarized as follows:

\$ in thousands.

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
HELD-TO-MATURITY SECURITIES				
As of August 31, 2003:				
Due within one year.....	\$ 7,453	\$ 54	\$ (2)	\$ 7,505
Due after one year through five years	<u>29,661</u>	<u>422</u>	<u>(95)</u>	<u>29,988</u>
	<u>\$37,114</u>	<u>\$ 476</u>	<u>\$ (97)</u>	<u>\$37,493</u>
As of August 31, 2002:				
Due within one year.....	\$13,289	\$ 159	\$ (3)	\$13,445
Due after one year through five years	<u>25,419</u>	<u>436</u>	<u>(53)</u>	<u>25,802</u>
	<u>\$38,708</u>	<u>\$ 595</u>	<u>\$ (56)</u>	<u>\$39,247</u>
AVAILABLE-FOR-SALE SECURITIES				
As of August 31, 2003:				
Due within one year.....	\$ 1,325	\$ -	\$ (8)	\$ 1,317
Due after one year through five years	<u>9,092</u>	<u>-</u>	<u>(79)</u>	<u>9,013</u>
	<u>\$10,417</u>	<u>\$ -</u>	<u>\$ (87)</u>	<u>\$10,330</u>
As of August 31, 2002:				
Due within one year.....	\$ -	\$ -	\$ -	\$ -
Due after one year through five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

G. RECEIVABLES

<u>\$ in thousands</u>	<u>2003</u>	<u>August 31,</u> <u>2002</u>
Trade accounts and notes	\$23,637	\$24,221
Allowance for doubtful accounts	<u>(667)</u>	<u>(492)</u>
Net receivables	<u>\$22,970</u>	<u>\$23,729</u>

H. INVENTORIES

<u>\$ in thousands</u>	<u>2003</u>	<u>August 31,</u> <u>2002</u>
First-in, first-out (FIFO) inventory	\$15,821	\$13,273
LIFO reserves	<u>(2,494)</u>	<u>(3,153)</u>
Obsolescence reserve	<u>(566)</u>	<u>(359)</u>
Weighted average inventory	<u>7,258</u>	<u>5,822</u>
Total inventories	<u>\$20,019</u>	<u>\$15,583</u>

The estimated percentage distribution between major classes of inventory before reserves is as follows:

	<u>2003</u>	<u>August 31,</u> <u>2002</u>
Raw materials	18%	11%
Work in process	5%	4%
Finished goods and purchased parts	77%	85%

I. PROPERTY, PLANT AND EQUIPMENT

<u>\$ in thousands</u>	<u>2003</u>	<u>August 31,</u> <u>2002</u>
Land	\$ 336	\$ 336
Buildings	9,319	9,072
Equipment	36,957	35,242
Other	<u>2,654</u>	<u>2,897</u>
Total property, plant, and equipment	49,266	47,547
Accumulated depreciation and amortization	<u>(35,377)</u>	<u>(33,035)</u>
Property, plant and equipment, net	<u>\$13,889</u>	<u>\$14,512</u>

J. OTHER NONCURRENT ASSETS

<u>\$ in thousands</u>	<u>2003</u>	<u>August 31,</u> <u>2002</u>
Cash surrender value of life insurance policies	\$ 1,813	\$ 1,691
Deferred income taxes	1,599	1,074
Equity method investments	1,437	1,311
Goodwill, net	1,174	1,082
Split dollar life insurance	913	878
Intangible pension asset	442	511
Other intangibles, net	574	687
Other	<u>267</u>	<u>246</u>
Total other noncurrent assets	<u>\$ 8,219</u>	<u>\$ 7,480</u>

The following table summarizes the Company's net carrying value for other intangible assets as shown above. These other intangible assets are being amortized over an average term of approximately 6 years. Related amortization expense was \$113,000, \$66,000 and \$33,000 for the twelve-months ended August 31, 2003, 2002 and 2001, respectively.

<u>\$ in thousands</u>	<u>August 31,</u>	
	<u>2003</u>	<u>2002</u>
Non-compete agreements	\$358	\$358
Tradenames	147	147
Patent	100	100
Plans and specifications	77	77
Other	30	30
Accumulated amortization	<u>(138)</u>	<u>(25)</u>
Total other intangibles, net	<u>\$574</u>	<u>\$687</u>

K. OTHER CURRENT LIABILITIES

<u>\$ in thousands</u>	<u>August 31,</u>	
	<u>2003</u>	<u>2002</u>
Payroll and vacation.....	\$ 3,774	\$ 3,499
Retirement plan.....	2,240	2,029
Taxes, other than income.....	740	1,089
Workers compensation and product liability.....	1,355	1,711
Dealer related liabilities.....	1,158	1,865
Warranty.....	1,152	1,266
Income tax payable.....	1,428	78
Other.....	<u>3,648</u>	<u>2,447</u>
Total other current liabilities.....	<u>\$15,495</u>	<u>\$13,984</u>

L. CREDIT ARRANGEMENTS

The Company has availability under an agreement with a commercial bank for a \$10.0 million unsecured revolving line of credit through December 28, 2003. Proceeds from this line of credit, if any, are to be used for working capital and general corporate purposes including stock repurchases. There have been no borrowings made under such unsecured revolving line of credit. Borrowings will bear interest at a rate equal to one percent per annum under the rate in effect from time to time and designated by the commercial bank as its National Base Rate (4.00% at August 31, 2003). The Base Rate will not be less than 4.00%. The Company expects to renew this line of credit on substantially similar terms.

M. COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are defendants in various legal actions arising in the course of their business activities. In the opinion of management, an unfavorable outcome with respect to any existing legal action will not result in a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

In 1992, the Company entered into a consent decree with the Environmental Protection Agency of the United States Government ("the EPA") in which it committed to remediate environmental contamination of the groundwater that was discovered in 1982 through 1990 at and adjacent to its Lindsay, Nebraska facility, ("the site"). The site was added to the EPA's list of priority superfund sites in 1989. Between 1993 and 1995, remediation plans for the site were approved by the EPA and fully implemented by the Company. Since 1998, the primary remaining contamination at the site has been the presence of volatile organic chemicals in the groundwater. During the last half of fiscal 2003, a second Five Year Review of the status of the remediation of the contamination of the site was conducted by the Company and the EPA. During the fourth quarter of fiscal 2003, the EPA issued a letter placing the Company on notice that additional remediation actions were required. Additionally, during the quarter, the Company and its environmental consultants completed and submitted a supplemental remedial action work plan that, when implemented, will allow the Company and the EPA to better identify the boundaries of the contaminated groundwater and will allow the Company and the EPA to more effectively assure that the contaminated groundwater is being contained by current and planned additional wells that pump and aerate it. The Company has been able to reasonably estimate the cost of completing the remediation actions defined in the supplemental remedial action work plan and, at August 31, 2003, accrued \$250,000 in other current liabilities for the estimated expenditures for the actions specified in the plan, substantially all of which it expects to complete in fiscal 2004.

The Company leases land, buildings, machinery, equipment and furniture under various noncancelable operating lease agreements. At August 31, 2003, future minimum lease payments under noncancelable operating leases were as follows:

\$ in thousands

Fiscal years

2004	\$ 450
2005	339
2006	311
2007	225
2008	213
Thereafter	<u>946</u>
Total future minimum lease payments.....	<u>\$ 2,484</u>

Lease expense was \$379,000, \$348,000 and \$116,000 for fiscal years ended 2003, 2002 and 2001, respectively.

N. RETIREMENT PLANS

The Company has a defined contribution profit-sharing plan covering substantially all of its full-time U.S. employees. Participants may voluntarily contribute a percentage of compensation, but not in excess of the maximum allowed under the Internal Revenue Code. The plan provides for a required matching contribution by the Company. The Company's total contributions charged to expense under this plan were \$449,000 for the year ended August 31, 2003, \$314,000 the year ended August 31, 2002 and \$283,000 for the year ended August 31, 2001.

A supplementary non-qualified, non-funded retirement plan for six current and former executives is also maintained. Plan benefits are based on the executive's average total compensation during the three highest compensation years of employment. This unfunded supplemental retirement plan is not subject to the minimum funding requirements of ERISA. The Company has purchased life insurance policies on the executives named in this supplemental retirement plan to provide funding for this liability.

Cost and the assumptions for the Company's supplemental retirement plan include the following components:

<u>\$ in thousands</u>	<u>2003</u>	<u>For the years ended August 31,</u> <u>2002</u>	<u>2001</u>
Change in benefit obligation:			
Benefit obligation at beginning of year	\$ 3,944	\$ 3,237	\$ 2,778
Service cost	42	15	13
Interest cost	267	218	187
Actuarial loss	773	700	395
Benefits paid	(279)	(266)	(136)
Benefit obligation at end of year	<u>\$ 4,747</u>	<u>\$ 3,944</u>	<u>\$ 3,237</u>
Funded status	\$ (4,747)	\$ (3,944)	\$ (3,237)
Unrecognized net actuarial loss	<u>2,507</u>	<u>1,915</u>	<u>1,326</u>
Net amount recognized	<u>\$ (2,240)</u>	<u>\$ (2,029)</u>	<u>\$ (1,911)</u>

<u>\$ in thousands</u>	<u>2003</u>	<u>For the years ended August 31,</u> <u>2002</u>	<u>2001</u>
Amounts recognized in the statement of financial position consist of:			
Accrued benefit cost	\$ 2,240	\$ 2,029	\$ 1,911
Intangible pension asset	(442)	(511)	(580)
Additional minimum pension liability	2,315	1,688	1,250
Other comprehensive loss	<u>(1,873)</u>	<u>(1,177)</u>	<u>(670)</u>
Net amount recognized	<u>\$ 2,240</u>	<u>\$ 2,029</u>	<u>\$ 1,911</u>

Weighted-average assumptions as of year ends:			
Discount rate	6.25%	7.00%	7.00%
Assumed rates of compensation increases	3.50%	3.50%	3.50%

<u>\$ in thousands</u>	<u>2003</u>	<u>For the years ended August 31,</u> <u>2002</u>	<u>2001</u>
Components of net periodic benefit cost:			
Service cost	\$ 42	\$ 15	\$ 13
Interest cost	267	218	187
Net amortization and deferral	<u>181</u>	<u>111</u>	<u>78</u>
Total	<u>\$ 490</u>	<u>\$ 344</u>	<u>\$ 278</u>

O. STOCK OPTIONS

On January 30, 2001, the shareholders approved the Lindsay Manufacturing Co. 2001 Long-Term Incentive Plan (the "2001 Plan"). The 2001 Plan supercedes the 1988 Plan and 1991 Plan and no further options or other awards will be granted under the 1988 Plan and 1991 Plan (the "Prior Plans"). The Company has outstanding stock options under its 1991 Plan and 2001 Plan. No options are outstanding under the previous 1988 Plan. The 2001 Plan is similar in most material respects to the 1991 Plan and provides for awards of stock options, restricted stock or stock appreciation rights ("SARs") to employees of the Company and for annual awards of stock options to non-employee directors. A total of 900,000 shares of the Company's common stock may be issued under the 2001 Plan, subject to adjustments to reflect stock splits and similar events. If options or restricted stock awarded under the 2001 Plan (or options issued under the Prior Plans or outside of the Prior Plans) terminate without being fully vested or exercised, those shares will be available again for grant under the 2001 Plan. No more than 180,000 shares of common stock may be issued to employees other than through options having an exercise price of not less than the fair market value of the underlying shares. The 2001 Plan also limits the total awards that may be made to any individual. The 1991 and 2001 Plans permit participants to surrender mature common shares, in lieu of cash, for the value of the exercise price. Mature shares are defined as shares held more than six months.

A summary of the status of the Company's stock plans is presented below:

<u>Option shares</u>	<u>Number of Shares</u>	<u>Average Exercise Price</u>
Officers, Directors and Key Employees:		
Outstanding at August 31, 2000	916,943	\$13.93
Granted	172,750	18.44
Exercised.....	(107,525)	8.59
Outstanding at August 31, 2001	<u>982,168</u>	15.30
Exercisable at August 31, 2001	<u>391,318</u>	13.51
Outstanding at August 31, 2001	982,168	15.30
Granted	164,563	22.95
Exercised.....	(117,947)	10.53
Cancelled	<u>(25,241)</u>	20.04
Outstanding at August 31, 2002.....	<u>1,003,543</u>	17.00
Exercisable at August 31, 2002	<u>410,331</u>	15.54
Outstanding at August 31, 2002	1,003,543	17.00
Granted	197,060	21.48
Exercised.....	(52,530)	10.39
Cancelled	<u>(35,500)</u>	24.77
Outstanding at August 31, 2003	<u>1,112,573</u>	17.02
Exercisable at August 31, 2003	<u>514,020</u>	\$16.71

The numbers of stock awards available for grant under the stock option plans are 466,918, 628,428 and 768,750 shares as of August 31, 2003, 2002 and 2001, respectively.

The following table summarizes information about stock options outstanding at August 31, 2003:

<u>Range of Exercise Prices</u>	<u>Number Outstanding at 8/31/03</u>	<u>Options Outstanding</u>		<u>Options Exercisable</u>	
		<u>Weighted Average Remaining Contractual Life</u>	<u>Weighted Average Price</u>	<u>Number Exercisable at 8/31/03</u>	<u>Weighted Average Price</u>
\$ 8.31 - 10.22	77,963	1.5 years	\$ 8.97	77,963	\$ 8.97
14.00 - 20.00	661,738	6.6 years	15.72	336,532	15.47
\$21.20 - 28.17	<u>372,872</u>	8.0 years	\$23.61	<u>99,525</u>	\$26.97
	<u>1,112,573</u>			<u>514,020</u>	

P. GUARANTEES

The Company is currently party to various guarantee arrangements. These agreements arose in transactions related to dealer/customer financing, the guarantee of debt for a non-consolidated equity investee and product warranties.

The Company has adopted FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Other* (the "Interpretation"). The Interpretation requires the guarantor to recognize a liability for the non-contingent component of the guarantee which is the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The initial measurement of this liability is the fair value of the guarantee at inception. The recognition of the liability is required even if it is not probable that payment will be required under the guarantee or if the guarantee was issued with premium payments or as part of a transaction with multiple events.

As noted above, the Company has adopted the disclosure requirements of the Interpretation and has applied the recognition and measurement provisions for all guarantees entered into or modified after December 31, 2002. The Company has adopted the disclosure requirements of the Interpretation and has applied the recognition and measurement provisions for all guarantees entered into or modified after December 31, 2002, when those guarantees are estimable.

The following table provides the estimated maximum amount of potential future payments for each major group of guarantees:

<u>\$ in thousands</u>	<u>August 2003</u>
Guarantees on third party debt of equity investment	\$ 700
Customer equipment financing recourse	3,600
Product warranties	<u>N/A</u>
Total guarantees	<u>\$ 4,300</u>

Guarantees on Third Party Debt Related to Equity Investment

The Company has guaranteed three bank loans and a standby letter of credit of an irrigation business in which the Company holds a minority equity investment position. The guarantees continue until the loans, including accrued interest and fees, have been paid in full. The bank loans mature in September 2003, December 2006 and February 2007. The standby letter of credit expires in December 2003. As of August 31, 2003, the maximum amount associated with the guarantees and letter of credit was approximately \$700,000. The majority owner of the business provides a separate personal guarantee of the bank notes.

Customer Equipment Financing Recourse

In the normal course of business, the Company has arranged for unaffiliated financial institutions to make favorable financing terms available to end-user purchasers of the Company's irrigation equipment. In order to facilitate these arrangements, the Company provided the financial institutions with limited recourse guarantees or full guarantees as more fully described below. Related to these exposures, the Company has separately accrued a liability of \$326,000, classified with other current liabilities, for estimated losses on such guarantees. The Company recorded, at estimated fair value, deferred revenue of \$28,000 also classified with other current liabilities, for guarantees issued after December 31, 2002. The estimated fair values of these guarantees are based, in large part, on the Company's experience with this agreement and related transactions. The Company recognizes the revenue for value of the guarantees ratably over the term of the guarantee.

The Company maintains an agreement with a single financial institution that guarantees the financial institution's pool of accounts limited to \$1.5 million as of August 31, 2003. Generally, the Company's exposure is limited to unpaid interest and principal where the first and/or second annual customer payments have not yet been made as scheduled. The estimated maximum exposure is representative of 2.75% of the original loan amount financed or the total equipment cost related to a lease.

Separately, the Company maintains limited, specific customer financing recourse arrangements with three financial institutions including the one referred to above. Generally, the Company's exposure is limited to unpaid interest and principal where the first and/or second annual customer payments have not yet been made as scheduled. In some specific cases, the guarantee may cover up to all scheduled payments of a loan. The original amount of existing specific guarantees is approximately \$2.1 million at August 31, 2003. The Company's recourse guarantee is collateralized by the value of the equipment.

Product Warranties

The Company generally warrants its products against certain manufacturing and other defects. These product warranties are provided for specific periods and/or usage of the product. The accrued product warranty costs are for a combination of specifically identified items and other unidentified items based primarily on historical experience of actual warranty claims. The following table provides the changes in the Company's product warranties:

<u>\$ in thousands</u>	<u>For the fiscal year ended</u>		
	<u>August 2003</u>	<u>August 2002</u>	<u>August 2001</u>
Product warranty accrual balance, beginning of fiscal year	\$ 1,266	\$ 1,396	\$ 757
Liabilities accrued for warranties during the period	1,370	1,275	1644
Warranty claims paid during the period	<u>(1,484)</u>	<u>(1,405)</u>	<u>(1,005)</u>
Product warranty accrual balance, end of fiscal year	<u>\$ 1,152</u>	<u>\$ 1,266</u>	<u>\$ 1,396</u>

Q. INDUSTRY SEGMENT INFORMATION

The Company manages its business activities in two reportable segments:

Irrigation: This segment includes the manufacture and marketing of center pivot, lateral move and hose reel irrigation systems.

Diversified Products: This segment includes providing outsource manufacturing services and the manufacturing and selling of large diameter steel tubing.

The accounting policies of the two reportable segments are the same as those described in the "Accounting Policies" in Note A. The Company evaluates the performance of its operating segments based on segment sales, gross profit and operating income, with operating income for segment purposes excluding general and administrative expenses (which include corporate expenses) engineering and research expenses, interest income net, other income and expenses, net income taxes, and assets. Operating income for segment purposes does include selling expenses and other overhead charges directly attributable to the segment. There are no inter-segment sales. Because the Company utilizes common operating assets for its irrigation and diversified segments, it is not practical to separately identify assets by reportable segment. Similarly, other segment reporting proscribed by FAS 131 is not shown as this information can not be reasonably disaggregated by segment and is utilized by the Company's management.

The Company has no single major customer representing 10% or more of its total revenues during fiscal 2003, 2002 or 2001.

Summarized financial information concerning the Company's reportable segments is shown in the following table:

<u>\$ in millions</u>	<u>For the years ended August 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating revenues:			
Irrigation	\$ 151.3	\$ 132.7	\$ 106.9
Diversified products	<u>12.1</u>	<u>13.2</u>	<u>19.8</u>
Total operating revenues	<u>\$ 163.4</u>	<u>\$ 145.9</u>	<u>\$ 126.7</u>
Operating income:			
Irrigation	\$ 28.0	\$ 22.2	\$ 16.6
Diversified products	<u>1.2</u>	<u>1.9</u>	<u>3.2</u>
Segment operating income	29.2	24.1	19.8
Unallocated general & administrative and engineering & research expenses	(12.8)	(11.0)	(10.0)
Interest and other income, net	<u>2.4</u>	<u>2.3</u>	<u>1.8</u>
Earnings before income taxes	<u>\$ 18.8</u>	<u>\$ 15.4</u>	<u>\$ 11.6</u>

<u>\$ in millions</u>	<u>For the years ended August 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Geographic area revenues:			
United States	\$ 125.0	\$ 113.8	\$ 102.0
Europe, Africa & Middle East	23.3	17.2	14.7
Mexico & Latin America	10.7	6.0	3.2
Other International	<u>4.4</u>	<u>8.9</u>	<u>6.8</u>

Total revenues	<u>\$163.4</u>	<u>\$ 145.9</u>	<u>\$ 126.7</u>
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R. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The follow is a tabulation of the unaudited quarterly results of operations for the years ended August 31, 2003 and 2002:

<u>\$ in thousands, except per share amounts</u>	<u>November</u>	<u>For the three months ended the last day of</u>		
		<u>February</u>	<u>May</u>	<u>August</u>
Fiscal 2003				
Operating revenues	\$33,462	\$48,127	\$48,833	\$32,952
Cost of operating revenues	26,451	35,865	36,334	24,978
Earnings before income taxes	1,714	7,108	7,021	2,944
Net earnings	1,193	4,952	4,822	1,920
Diluted net earnings per share	\$ 0.10	\$ 0.42	\$ 0.41	\$ 0.16
Market price (NYSE)				
High	\$ 25.70	\$ 25.24	\$ 23.00	\$ 24.45
Low	\$ 20.95	\$ 18.45	\$ 17.75	\$ 20.00
Fiscal 2002				
Operating revenues	\$28,545	\$40,668	\$44,133	\$32,544
Cost of operating revenues	22,935	30,586	32,580	26,862
Earnings before income taxes	1,590	5,763	6,849	1,178
Net earnings	1,112	3,972	4,731	915
Diluted net earnings per share	\$ 0.09	\$ 0.34	\$ 0.40	\$ 0.08
Market price (NYSE)				
High	\$ 18.86	\$ 21.60	\$ 25.85	\$ 24.10
Low	\$ 16.50	\$ 18.30	\$ 20.10	\$ 20.00

2003: Significant fourth-quarter adjustments aggregated an increase to pre-tax earnings of \$660,000. The adjustments increasing pre-tax earnings included a LIFO inventory reserve adjustment of \$660,000 and a reduction of general insurance expense liability of \$510,000. The adjustments decreasing pre-tax earnings included an accrual of \$250,000 for the environmental supplemental remediation plan and a \$260,000 reduction in revenue for Irrigation Specialists based on a reconciliation of receivables.

2002: The Company had no significant fourth-quarter adjustments.

ITEM 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

NONE

ITEM 9A – Controls and Procedures

Based upon their evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act rules 13a-15 (e) and 15d-15 (e)), management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of August 31, 2003.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to August 31, 2003 through the date of this Annual Report on Form 10-K, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART III

ITEM 10 - Directors and Executive Officers of the Registrant

The Company will file with the Securities and Exchange Commission a definitive Proxy Statement not later than 120 days after the close of its fiscal year ended August 31, 2003. Information about the Directors required by item 401 of Regulation S-K is incorporated by reference from the Proxy Statement. Information about Executive Officers is shown on page 6 and 7 of this filing.

Section 16(a) Beneficial Ownership Reporting Compliance - Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16 of the Securities Exchange Act. The Company believes it has complied with all section 16 filing requirements during the fiscal year ended August 31, 2003 except for late Form 4 Statement of Changes in Beneficial Ownership due September 5, 2002, filed September 25, 2002 for the following independent directors: Howard Buffett, Michael Christodolou, Larry Cunningham, Dave McIntosh and William Welsh; and Form 4 Statement of Changes in Beneficial Ownership due April 26, 2003, filed May 8, 2003 for the Company's Chief Executive Officer Richard Parod.

ITEM 11 - Executive Compensation

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 12 - Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 13 - Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 14 - Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the Proxy Statement.

PART IV

ITEM 15 - Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) Financial Statements

The following financial statements of Lindsay Manufacturing Co. are included in Part II Item 8.

	<u>Page</u>
Report of Independent Accountants	18
Consolidated Statements of Operations for the Years ended August 31, 2003, 2002 and 2001	19
Consolidated Balance Sheets at August 31, 2003 and 2002	20
Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended August 31, 2003, 2002 and 2001	19
Consolidated Statements of Cash Flows for the Years ended August 31, 2003, 2002 and 2001	21
Notes to Consolidated Financial Statement.....	22-36
Valuation and Qualifying Accounts -	

Years ended August 31, 2003, 2002 and 2001

Financial statements and schedules other than those listed are omitted for the reason that they are not required, are not applicable or that equivalent information has been included in the financial statements or notes thereto.

a(3) EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3(a)	Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3(a) to the Company's Report on Form 10-Q for the fiscal quarter ended February 28, 1997.
3(b)	By-Laws of the Company amended and restated by the Board of Directors on April 28, 2000, incorporated by reference to Exhibit 3(b) of the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2000.
3(c)	Certificate of Amendment of the Restated Certificate of Incorporation of Lindsay Manufacturing Co. dated February 7, 1997, incorporated by reference to Exhibit 3(b) to the Company's Report on Form 10-Q for the fiscal quarter ended February 28, 1997.
4(a)	Specimen Form of Common Stock Certificate incorporated by reference to Exhibit 4 to the Company's report on Form 10-Q for the fiscal quarter ended November 30, 1997.
10(a)	Lindsay Manufacturing Co. Executive Compensation Plan incorporated by reference to Exhibit 10(a) to the Company's report on Form 10-Q for the fiscal quarter ended February 28, 1998.
10(b)	Agreement between the Company and Gary D. Parker, effective December 1, 1999 incorporated by reference to Exhibit 10(a) to the Company's Report on Form 10-Q for the fiscal quarter ended November 30, 1999.
10(c)*	Indemnification Agreement between the Company and its directors and officers, dated October 24, 2003.
10(d)	Lindsay Manufacturing Co. Profit Sharing Plan, incorporated by reference to Exhibit 10(i) of the Company's Registration Statement on Form S-1 (Registration No. 33-23084), filed July 15, 1988.
10(e)	Lindsay Manufacturing Co. Amended and Restated 1991 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(f) of the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2000.
10(f)	Employment Agreement between the Company and Richard W. Parod effective March 8, 2000, incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q for the fiscal quarter ended May 31, 2000.
10(g)	First Amendment to Employment Agreement, dated May 2, 2003, between the Company and Richard W. Parod, incorporated by reference to

Exhibit 10 (a) of Amendment No. 1 to the Company's Report on Form 10-Q for the fiscal quarter ended May 31, 2003.

a(3) EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10(h)	Lindsay Manufacturing Co. Supplemental Retirement Plan, incorporated by reference to Exhibit 10(j) of the Company's Annual Report on Form 10K for the fiscal year ended August 31, 1994.
10(i)	Lindsay Manufacturing Co. 2001 Amended and Restated Long-Term Incentive Plan, incorporated by reference to Exhibit 10(i) of the Company's Annual Report on Form 10K for the fiscal year ended August 31, 2001.
10(j)*	Lindsay Manufacturing Co. Management Incentive Plan (MIP) 2004 Plan Year
14*	Code of Ethical Conduct for Principal Executive Officer and Senior Financial Officers
21*	Subsidiaries of the Company
23*	Consent of KPMG LLP
24(a)*	The Power of Attorney authorizing Richard W. Parod to sign the Annual Report on Form 10-K for fiscal 2003 on behalf of certain directors.
31(a)*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350.
31(b)*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350.
32(a)*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350.

* - filed herein

(b) Reports on Form 8-K.

The registrant filed a Form 8-K under Item 7 to furnish a press release, issued, June 23, 2003, announcing the Company's results of operations for the quarter and nine months ended May 31, 2003.

The registrant filed a Form 8-K under Item 5 to provide a press release issued on July 29, 2003 announcing an increase in the Company's quarterly cash dividend.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 21st day of November, 2003.

LINDSAY MANUFACTURING CO.

By: /s/ BRUCE C. KARSK
Name: Bruce C. Karsk
Title: *Executive Vice President, Chief Financial Officer,
Treasurer and Secretary*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 21st day of November, 2003.

/s/ RICHARD W. PAROD Director, President and Chief Executive Officer
Richard W. Parod

/s/ BRUCE C. KARSK Executive Vice President, Chief Financial Officer,
Bruce C. Karsk Treasurer and Secretary

/s/ THOMAS COSTANZA Corporate Controller
Thomas Costanza

/s/ MICHAEL N. CHRISTODOLOU (1) Chairman of the Board of Directors
Michael N. Christodolou

/s/ HOWARD G. BUFFET (1) Director
Howard G. Buffet

/s/ LARRY H. CUNNINGHAM (1) Director
Larry H. Cunningham

/s/ J. DAVID MCINTOSH (1) Director
J. David McIntosh

/s/ MICHAEL C. NAHL (1) Director
Michael C. Nahl

/s/ WILLIAM F. WELSH II (1) Director
William F. Welsh II

(1) By: /s/ RICHARD W. PAROD
Richard W. Parod, *Attorney-In-Fact*

DIRECTORS AND OFFICERS

Howard G. Buffett

Director since 1995

Director: Berkshire Hathaway, Inc.
Coca-Cola Enterprises, Inc. and ConAgra Foods

Matthew T. Cahill

Vice President-Manufacturing

Joined Lindsay in 2000

Michael N. Christodolou

Director since 1999

Chairman of the Board since 2003

Founder and Manager, Inwood Capital Management, LLC

Thomas Costanza

Corporate Controller

Joined Lindsay in 2002

Larry H. Cunningham

Director since 2000

Retired Senior Vice President-Corporate Affairs, Archer Daniels Midland Company

Bruce C. Karsk

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Joined Lindsay in 1979 as Corporate Accounting Manager; Controller 1981;

Vice President-Finance, Treasurer and Secretary 1984;

Executive Vice President, Chief Financial Officer, Treasurer and Secretary 2001

Dirk A. Lenie

Vice President-Marketing

Joined Lindsay in 2000

J. David McIntosh

Director since 2002

Retired Executive Vice President, The Toro Company

Charles H. Meis

Vice President-Engineering

Joined Lindsay in 1971 as Product Engineer;

Director of Engineering 1972;

Vice President-Engineering 1975

Michael C. Nahl

Director since 2003

Senior Vice President and Chief Financial Officer, Albany International Corp.

Director: GraffTech International Ltd.

Richard W. Parod

Director since 2000

President and Chief Executive Officer

Joined Lindsay in 2000

Robert S. Snoozy

Vice President-Domestic Sales

Joined Lindsay in 1973 as a Research Engineer;

Vice President-Marketing 1978;

Vice President-Sales and Marketing 1986;

Vice President-Domestic Sales 1997

Douglas J. Twyford

Vice President-International Sales

Joined Lindsay in 2003

William F. Welsh II

Director since 2001

Retired Chairman of Election Systems & Software

Chairman of the Board, Ballantyne of Omaha, Inc.

Director: Ballantyne of Omaha, Inc.

Annual Meeting

All shareholders are invited to attend our annual meeting, which will be held on January 21, 2004, at 8:30 a.m. at the Embassy Suites Hotel, 555 South 10th Street, Omaha, Nebraska. We look forward to meeting shareholders and answering questions at the meeting. Any shareholder who will be unable to attend is encouraged to send questions and comments in writing to Bruce C. Karsk, Secretary, at Lindsay's corporate offices.

Quarterly Calendar

The company operates on a fiscal year ending August 31. Fiscal 2004 quarter-end dates are November 30, 2003, February 29, 2004, May 31, 2004 and August 31, 2004. Quarterly earnings are announced approximately three weeks after the end of each quarter and audited results are announced four to five weeks after year end. Quarterly earnings releases are posted to Lindsay's Web page at www.lindsaymanufacturing.com.

Transfer Agent and Registrar

Wells Fargo Bank Minnesota, N.A.

Wells Fargo Shareowner Services

Post Office Box 64854

St. Paul, Minnesota 55164-0854

Phone: (800) 468-9716

FAX: (612) 450-4033

Research Coverage Provided By

Barrington Research Associates, Inc.

Standard & Poors

Value Line Investment Survey

Sidoti & Company

Web Page

www.lindsaymanufacturing.com

Stock Market Information

Lindsay's common stock is traded on the New York Stock Exchange, Inc. (NYSE) under the ticker symbol LNN. Prior to October 21, 1997, Lindsay's common stock traded on the Nasdaq National Market. Stock price quotations are printed daily in major newspapers. As of August 31, 2003, there were 11,735,492 shares of common stock outstanding, held by approximately 170 shareholders of record and an estimated 2,200 beneficial shareholders.

Independent Auditors

KPMG LLP

Omaha, Nebraska

For Further Information

Shareholders and prospective investors are welcome to call or write Lindsay

Manufacturing Co. with questions or requests for additional information.

Please direct inquiries to:

Bruce C. Karsk

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Lindsay Manufacturing Co.

2707 North 108th Street

Suite 102

Omaha, Nebraska 68164

(402) 428-2131

Concerning Forward-Looking Statements

This Annual Report and Form 10-K, including the President's letter, Management's Discussion and Analysis, and other sections, contains forward-looking statements that are subject to risks and uncertainties and which reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance and financial results. Forward-looking statements include the information concerning possible or assumed future results of operations of our Company and those statements preceded by, followed by, or including the words "future," "position," "anticipate(s)," "expect," "believe(s)," "see," "plan," "further improve," "outlook," "should," or similar expressions. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should understand that the following important factors, in addition to those discussed elsewhere in the document, could affect the future results of the Company and could cause those results to differ materially from those expressed in our forward-looking statements: availability of and price of raw materials, product pricing, competitive environment and related domestic and international market conditions, operating efficiencies and actions of domestic and foreign governments. Any changes in such factors could result in significantly different results.



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