

Intelligent Irrigation through Innovative Technology



Annual Report 2004

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

<i>(in thousands, except per share amounts)</i>	2004	2003	% Change
Income Data			
<i>for the fiscal years ended August 31</i>			
Operating revenues	\$ 196,696	\$163,374	20.4
Gross profit	39,517	39,746	-0.6
Operating expenses	27,477	23,380	17.5
Operating income	12,040	16,366	-26.4
Interest and other income, net	1,726	2,421	-28.7
Pretax earnings	13,766	18,787	-26.7
Net earnings	\$9,286	\$12,887	-27.9
Average shares outstanding assuming dilution	11,947	11,896	0.4

Balance Sheet and Cash Flow Data at August 31

Current assets	\$81,372	\$70,438	15.5
Fixed assets (net of depreciation)	16,355	13,889	17.8
Total assets	139,001	131,220	5.9
Current liabilities	24,476	24,281	0.8
Shareholders' equity	112,184	104,291	7.6
Capital expenditures	5,037	1,918	162.6
Depreciation and amortization	\$2,969	\$3,525	-15.8
Shares outstanding at year end	11,770	11,735	0.3

Per Share Data

Diluted net earnings	\$0.78	\$1.08	-27.8
Book value	\$9.53	\$8.89	7.2

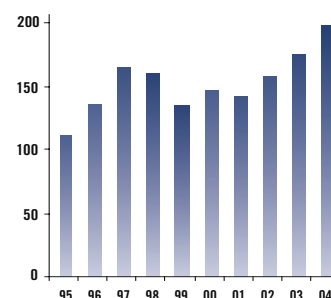
Performance Ratios

Operating margin	6.1%	10.0%
Net margin	4.7%	7.9%
Return on beginning equity	8.9%	14.0%

Employee Information

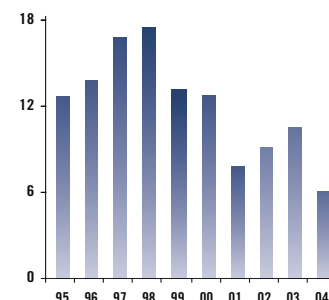
Average number of employees	649	620	4.7
Revenue per employee	\$303	\$264	14.8
Number of employees at year end	639	592	7.9

Revenue (\$ in millions)



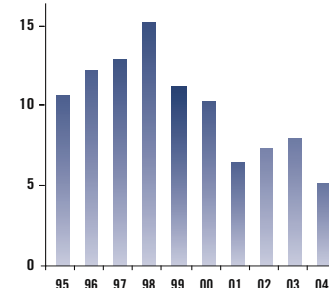
During fiscal 2004, increased irrigation equipment revenues from unit volume gains and sales price increases yielded record revenues.

Operating Margin (Percentage)



Fiscal 2004 operating margin reflects significant increases in steel costs incurred during the year.

Net Margin (Percentage)



Net margin declined in fiscal 2004 due to a reduced operating margin, reduced other income and a higher effective income tax rate.



TO OUR SHAREHOLDERS:

Fiscal 2004 was a period of significant accomplishments and challenges for Lindsay Manufacturing Co. We enjoyed strong demand for our products and experienced volume growth in both the domestic and international irrigation markets. This was rather remarkable in view of the frequent selling-price increases for irrigation equipment, which were

necessitated by the unprecedented rapid rises in steel costs that persisted throughout the year. During fiscal 2004, steel costs per machine doubled.

We were fortunate to experience this turbulent pricing and cost environment during a period of strong market fundamentals. Interest rates remained low and farm income was healthy. During 2004, key commodity prices continued to be robust. Soybean prices reached their highest level for many years and corn, wheat, and cotton prices also strengthened due to projected season-end inventory levels. While commodity prices eased off of their year-over-year record highs as 2004 came to a close, prices remain historically strong.

We used this tough steel-cost environment as an opportunity to review many of our internal processes and find ways to improve them, thereby reducing pressure on our margins. As a result, we have strengthened our forecasting capability, changed our purchasing methods on a global basis, shortened manufacturing lead times, and evaluated and modified many other processes and procedures. Importantly, we have made changes in our pricing policies with dealers to allow us more flexibility in adjusting prices on orders not yet shipped.

The rise in steel prices placed pressure on many of our suppliers of components to increase their prices to us, as well. Throughout the year, our buyers worked diligently with our key suppliers to manage the increases and their potential impact. Some of our long-term supplier-partners worked closely and effectively with us through that process. To those employees and supplier-partners, I offer a very special "thank you".

Financial Review

One of our financial goals for fiscal 2004 was to increase revenue by 14% or more, and I am pleased to report that we saw 20% growth, with total revenues reaching \$196.7 million. Irrigation equipment

revenues, which represented about 93% of the total, increased by 21%, and were derived from increases of 18% in the domestic market and 33% in the international market. In the domestic market, revenue expansion was split approximately equally between volume gains and price increases. Full-year revenues from all of our international operations reflected double-digit growth over fiscal 2003.

Revenues from our diversified products segment exceeded the prior year by 7%. We believe that our efforts over the past few quarters to identify and solicit new business in conjunction with adding proprietary product lines in diversified manufacturing are now paying off.

While revenues were robust, and we passed through multiple price increases throughout the year, our margins were negatively impacted from the frequent steel-cost increases. We were particularly disappointed that this deterioration in margins followed two years of hard work in successfully moving margins up. For the full year, gross margin was 20.1% compared with 24.3% in fiscal 2003. We believe that with the exception of a backlog of orders established early in the year for which prices were locked in before steel prices rose, we passed through price increases as rapidly as the market would accept them.

In addition to rising steel costs, operating expenses also ran higher than expected during the year. Much of the increase resulted from expenses incurred in meeting the new Securities and Exchange Commission and Sarbanes-Oxley requirements and charges and expenses related to the insolvency of a small dealership. This resulted in the operating margin falling to 6.1% from 10.0% last year. However, even with those higher-than-planned expenses, we were able to leverage operating expenses, which were 14.0% of revenue versus 14.3% in fiscal 2003. Net earnings were \$9.3 million, or \$0.78 per diluted share, compared with \$12.9 million, or \$1.08 per diluted share, last year.

Return on equity, which continues to be generated without any financial leverage, was 8.9% compared with 14% in fiscal 2003. Our balance sheet is in excellent shape with \$56.3 million in cash and marketable securities and no debt at the end of the year.

Because of our confidence in our ability to generate significant future cash, for the second consecutive year, the Board of Directors approved an increase in the dividend to our shareholders. Beginning this fiscal year, shareholders will receive a regular quarterly cash dividend of \$0.055 per share, a 10% increase. The new annual indicated rate is \$0.22 per share, up from an annual indicated rate of \$0.20 per share. The dividend increase reflects our strategy to use our financial resources to deliver growth and value to our shareholders through



Zimmatic's Maxfield Custom Corner (above left) can create a custom irrigation program based on a field's characteristics. GrowSmart Micro Climate Stations (above right) provide detailed, targeted weather information to reduce waste of chemicals and increase yields.

multiple avenues. We will continue to use a balanced approach that includes organic growth opportunities, future accretive strategic acquisitions, share repurchases, and dividend payments.

Implementing Strategies for Profitable Growth

Our unique mission is to be the worldwide leader in providing intelligent water and plant nutrient management systems that improve productivity and result in the efficient utilization of natural resources. We continue to pursue our mission by differentiating our products, which also helps us to protect and build our selling margins. In fiscal 2004, FieldLINK was introduced as the cornerstone to a new technology offering for integrating many field-management processes. FieldLINK was the first product to incorporate remote control and monitoring of irrigation, soil moisture sensors, micro-climate stations, and chemical injectors into one system on a grower's desktop. All of the elements of the system are available from Lindsay and our distribution network. A dealer certification program was also launched to support dealers in selling and servicing this network of solutions. In 2005, Lindsay will take this technology offering one step further with the introduction of FieldSENTRY, an economical system for growers to have continuous monitoring of their irrigation systems via the Internet, cell phone, or PDA. The product will be launched in early 2005 but has already received significant interest from both dealers and growers who have seen the product and its benefits.

In addition to ensuring our leadership position in practical innovation, we continue to invest in capacity expansion and manufacturing efficiencies to grow revenues and margins. While margin improvement through cost control and productivity enhancements has always been one of our highest priorities, speeding time-to-market to better match material costs with product prices became essential in fiscal 2004. We began a project to expand our domestic galvanizing capacity in order to accelerate our overall throughput and improve our ability to produce and ship product at the peak of our season and reduce our fixed-price order backlog. That project is planned to be completed and fully on line in fiscal 2005. Internationally, we relocated our Brazilian operations to a new facility that more than doubled our manufacturing capacity there.

We are continuing to find new Diversified Manufacturing business with industrial customers outside of our traditional agricultural sector. Additionally we have added proprietary products in Diversified Manufacturing, sold through our traditional equipment distribution channels, that utilize the same manufacturing facilities as our irrigation equipment. This will allow us to leverage our existing manufacturing capacity, improve efficiency, and temper seasonality in our financial performance. Results to date have been positive and we believe Diversified Manufacturing has turned the corner and will now enter a growth stage. In addition to the organic growth opportunities, we continue to seek and find acquisition candidates for our Diversified Manufacturing business.

A strong, improvement-oriented organization is essential for profitable growth. To ensure that Lindsay is well positioned in this regard, we have made organization changes and implemented an overriding, team-oriented improvement program. In September of 2004, Dave Downing joined us as Vice President and CFO, responsible for accounting and finance, human resources, and information technologies. Dave has over two decades of financial management experience with publicly traded manufacturing companies, the majority with a Fortune 500 company. He will lead the further documentation and implementation of internal controls toward ensuring our compliance with the Sarbanes-Oxley requirements, and brings extensive experience in financial management of international, multi-unit businesses to Lindsay.

Profitable growth also requires collaborative teamwork, and to this end, we have recently established the Fast Improvement Teams (F.I.T.) for Growth program for all Lindsay employees. Under this program, fast improvement teams are being created as needed to rapidly and efficiently improve key parts of our operations. This program kicked off in July and is directly linked to improving performance in support of our longer-term financial goals. As this multi-year program matures, it will help Lindsay become an even better partner to our distributors and growers and create additional value for our shareholders.



Center Pivot Irrigation Systems provide an efficient method for delivering the precise amount of water and chemicals to crops around the world. Increased yields in many international markets are due in part to the introduction of these irrigation systems.

Growth Through Acquisition

In June, we acquired Stettyn, a manufacturer of center pivots in South Africa. Stettyn's pivots are different in size and price from our Zimmatic product line, and the company targets a different customer. With this acquisition, we now have the products to meet the needs of all mechanized irrigation segments of the South African market, and that has vaulted us into the leadership position there. While we expected the acquisition to have little immediate impact, Stettyn contributed positively to fiscal 2004's results and we estimate that it has doubled our manufacturing and revenue capacity in South Africa.

We have two fundamental requirements for an acquisition: it must be accretive to earnings within a one-year time frame and it must include proprietary products in one of our core activities of improving water-use efficiency, plant nutrient management systems, and diversified products. For example, acquisition candidates could be manufacturers of flow-metering and measuring devices, water and nutrient application products, filtration products, or other lines that could be leveraged through our distribution network, our manufacturing processes, or both. Stettyn is an excellent example of a synergistic acquisition that fits our product line and builds on an existing platform. We will continue to aggressively explore this avenue of expansion during fiscal 2005.

Expansion in International Markets

Expanding our local presence in key international markets, such as South Africa, is clearly the cornerstone of our strategy to build our future revenue stream. We are very pleased with the progress of our international business units during fiscal 2004; each of them achieved excellent growth and improved their market positions.

We have manufacturing and distribution platforms in place to supply the primary markets of North America, Latin America, Europe, and Africa. We continue to have strong distribution networks for our export markets in the Middle East, Australia, and New Zealand. We have been exporting to China for many years, and we have now begun limited production there through a subcontract agreement.

We believe it is time now to build a distribution platform there. We are establishing a warehouse and will strengthen our distribution network and our sales and service capabilities in China. Our long-term goal is to build our brand identity and image, at a prudent pace, to be well positioned for the regions development and technological expansion. Ultimately, we see China as a very substantial market in its own right, and also a platform to distribute to all of Asia.

The Eastern and Central European markets also have excellent potential because of the sheer quantity of farmland that will require irrigation equipment. Eastern and Central Europe have become and, we believe will remain, a growing percentage of our total European sales. There are also good prospects in the former CIS countries. We have strengthened our Lindsay Europe operations to develop business in these markets.

Strong Market Dynamics

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.

The United Nations World Water Development Report, "Water for People, Water for Life," projects the current worldwide population to increase by 50% by the middle of this century. The fastest-growing parts of the globe are expected to be China, South Africa, Sub-Saharan Africa, and other less-developed countries. The UN estimates that by 2050, nearly 7 billion people will live water-scarce lives.

But water scarcity is not unique to developing countries. The U.S. West has been suffering through a record drought, complicated by its rapidly growing population, putting more pressure on limited and dwindling water supplies and mandating conservation. Cities, towns, and farms are faced with finding ways to use water efficiently, and our systems do just that.



Lindsay Irrigation Dealers go through rigorous training to achieve certification on the latest in irrigation technology and to service all Lindsay products, including GrowSmart control panels and soil moisture sensors (right).

Our integrated systems also help the grower improve the yields and quality of the product grown, and at the same time, practice good stewardship of the precious land and water resources utilized. The advanced technology available from Lindsay offers the grower additional efficiency improvements by automating processes through simple, easy-to-use features, improving their return on investment by reducing costs and improving consistency.

While agricultural commodity prices will fluctuate due to short-term supply and demand changes, the continual pressure to improve water and land-use efficiency and to provide safe, economical foods will not subside. It is estimated that agriculture uses over 70% of the fresh water resources, worldwide, so it is obvious that improvement in water-use efficiency must be achieved to support the projected population growth and to improve the quality of life for many on the planet. Lindsay plays an important role in achieving that goal and we will continue to do so in the future. We will help to address those needs with the products we offer today, the new products we develop, and with products or businesses acquired.

Outlook for Fiscal 2005

The global, long-term dynamics of our business remain very strong. The world population is growing, drought conditions continue to create demand for irrigation and water conservation, and while commodity prices have come off of their highs, in historical terms they remain strong and farm income will benefit.

Looking ahead, we have established the following annual financial goals for the next three fiscal years:

- Generate 8% to 12% revenue growth, excluding contributions from any acquisitions;
- Attain gross margins between 23% and 27% and operating margins between 10% and 13%; and
- Produce 14% to 20% return on equity.

The biggest short-term challenge will be returning our margins to the desired range after the unprecedented rise in steel costs and the resulting rise in irrigation equipment prices. By enhancing manufacturing processes and leveraging infrastructure costs through higher volumes, we are seeing progress on our goal to move our international margins up to the historic levels of our domestic business. Importantly, steel prices have stabilized and changes have been made in our pricing policy. Orders that are not shipped within 30 days of receipt are now subject to repricing based on current costs, which will benefit domestic margins.

We will continue to pursue our growth initiatives and leverage our strong cash flow and financial flexibility to create shareholder value by pursuing a balance of organic growth opportunities, accretive acquisitions, share repurchases, and dividend payments.

We are firm in our belief that we will meet these goals with the help of our dedicated employees, committed dealers, loyal customers, and supportive shareholders.

Sincerely,

Richard W. Parod
President and Chief Executive Officer

December 22, 2004

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, 2004 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 27, 2004 was \$303,351,498.

As of November 10, 2004, 11,773,716 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement pertaining to the February 9, 2005, annual shareholders' meeting are incorporated herein by reference into Part III. Exhibit index is located on page 47-48.

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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 separate lines of center pivot and lateral move irrigation equipment for use on smaller fields under its *Greenfield* and *Stettyn* brands, 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 large industrial companies. 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, (PTY) Ltd, located in South Africa, was organized in September 2002 and manufactures and markets irrigation equipment in markets in southern Africa.

Lindsay has three additional operating subsidiaries including Irrigation Specialists, Inc., which is a retail irrigation dealership based in Washington State that operates at four 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. The other operating subsidiary is Lindsay Transportation, Inc. 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.

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 \$65,000 to \$75,000. 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 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; can be used on sandy ground which, due to poor water retention ability, must have water applied frequently; can be used on uneven ground, thereby allowing previously unsuitable land to be brought into production; can also be used for the application of fertilizers, insecticides, herbicides, or other chemicals (termed "chemigation"); and conserves water and chemicals through precise control of the amount and timing of the 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. More efficient use of the basic natural resources of land, water, and energy helps drive demand for center pivot and lateral move irrigation equipment. Increasing global population not only increases demand for agricultural output, but also places additional and competing demands on land, water, and energy. The Company expects demand for center pivots and lateral moves to continue to increase relative to other irrigation methods because 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 following table describes the Company's total irrigation and diversified products revenues for the past three years. United States export revenue is included in the region of destination.

	<u>For the years ended August 31,</u>					
<u>(\$ in millions)</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	<u>Revenues</u>	% of Total <u>Revenues</u>	<u>Revenues</u>	% of Total <u>Revenues</u>	<u>Revenues</u>	% of Total <u>Revenues</u>
United States.....	\$ 145.7	74	\$ 125.0	76	\$ 113.8	78
Europe, Africa, Australia, & Middle East.....	30.3	15	23.3	14	17.2	12
Mexico & Latin America.....	16.5	9	10.7	7	6.0	4
Other International.....	<u>4.2</u>	<u>2</u>	<u>4.4</u>	<u>3</u>	<u>8.9</u>	<u>6</u>
Total Revenues.....	\$ 196.7	100	\$ 163.4	100	\$ 145.9	100

United States Market. In the United States, the Company sells its branded irrigation systems, including *Zimmatic*, to approximately 190 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 throughout the world. 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 \$2.9 million, \$2.6 million, and \$2.4 million for fiscal years 2004, 2003, and 2002, 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 large industrial companies. 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 products segment, however, is largely dependent on a few customers. While the loss of any substantial customer could have a 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, 2004, the Company had an order backlog of \$16.5 million, a decrease of 24.7% from \$21.9 million at August 31, 2003. Fiscal year ended August 31, 2004 order backlog decrease of \$5.4 million was primarily attributable to changes in pricing policy. The Company now requires orders booked to be shipped within 30 days or they are subject to re-pricing. At fiscal year end 2004, the Company had a \$12.3 million order backlog for irrigation equipment, compared to \$19.3 million at fiscal year end 2003. At fiscal year end 2004, order backlog for diversified products totaled \$4.2 million, compared to \$2.6 million at fiscal year end 2003. The Company expects that the existing backlog of orders can be filled in fiscal 2005.

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 down payment unless they are purchasing through a Company program and the down payment is 10% of purchase price. 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 2004, 2003, and 2002 were \$5.0 million, \$1.9 million and \$2.2 million, respectively. Fiscal 2004 capital expenditures were used primarily for updating manufacturing plant and equipment, expanded manufacturing capacity, and to further automate the Company's facilities. Capital expenditures for fiscal 2005 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 2004, 2003, and 2002 were 639, 620, and 575, 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. Management does not believe any future material capital and operational expenditures for such issues are required.

SUBSIDIARIES

The Company has five wholly owned operating subsidiaries: Lindsay Transportation, Inc., Lindsay Europe SA, Irrigation Specialists, Inc., Lindsay America do Sul Ltda., and Lindsay Manufacturing Africa (PTY) Ltd.

Lindsay Transportation, Inc. was formed in 1975. It owns approximately 110 trailers and, through lease of 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 (PTY) Ltd, 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 16% of total consolidated Company sales in fiscal 2004, 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 of foreign currency fluctuations. 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

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. The Company's internet address is <http://www.lindsaymanufacturing.com>. The following documents are also posted on the Company's website:

Audit Committee Charter
Compensation Committee Charter
Corporate Governance and Nominating Committee Charter
Corporate Governance Principles
Code of Ethical Conduct
Code of Business Conduct and Ethics

These documents are also available in print to any shareholders who requests, by sending a letter addressed to the Secretary of the Company.

New York Stock Exchange Certification

On March 19, 2003, the Company's Chief Executive Officer certified to the New York Stock Exchange that he was not aware of any violation by the Company of the New York Stock Exchange corporate governance listing standards as of that date.

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 four 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 2008. The Brazilian facility consists of two main buildings.

The Company's South African subsidiary has two separate facilities. One facility is operated under a lease cancelable by the Company, which expires in 2007. This facility consists of a single main building. The other South African facility is operated under a lease which expires February 2005 and then becomes a month-to-month option.

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 2004.

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 is the only executive officer of the Company with an employment agreement. This agreement extends through April 2005.

All other executive officers of the Company are appointed by the Board of Directors annually. 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	51	President and Chief Executive Officer
Matthew T. Cahill	42	Vice President – Manufacturing
Thomas Costanza	38	Corporate Controller
David B. Downing	49	Vice President and Chief Financial Officer
Gary E. Kaplan	43	Vice President-Market Services
Bruce C. Karsk	52	Executive Vice President, Treasurer and Secretary
Dirk A. Lenie	50	Vice President – Marketing
Charles H. Meis	58	Vice President – Engineering
Robert S. Snoozy	58	Vice President – Domestic Sales
Douglas J. Twyford	49	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.

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. David B. Downing is Vice President and Chief Financial Officer, and has held such position since August 2004 when he joined the Company. Prior to August 2004, Mr. Downing was President of FPM L.L.C., a heat-treating company in Elk Grove Village, Illinois, after joining the company in January 2001 as Vice President and Chief Financial Officer. From July 1998 to December 2000, Mr. Downing was Vice President and Controller for Thermo-King, a unit of Ingersoll-Rand Company Limited, which manufactures transport refrigeration equipment.

Mr. Gary E. Kaplan is Vice President – Market Services of the Company, and has held such position since September 2004. Prior to that time and since 1997, Mr. Kaplan was Director of Customer Care at The Toro Company, a manufacturer of various irrigation systems in Riverside, California.

Mr. Bruce C. Karsk is Executive Vice President, Treasurer and Secretary of the Company, and has held such positions since January 2001. Prior to August 2004, Mr. Karsk was Chief Financial Officer. From 1984 through January 2001 Mr. Karsk was Vice President – Finance, Treasurer and Secretary. 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.

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. 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, Related Shareholder Matters and Issuer Purchases of Equity Securities.

Lindsay Common Stock trades on the New York Stock Exchange, Inc. (NYSE) under the ticker symbol "LNN". As of November 1, 2004 there were approximately 160 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 2004 Stock Price			Fiscal 2003 Stock Price		
	<u>High</u>	<u>Low</u>	<u>Dividends</u>	<u>High</u>	<u>Low</u>	<u>Dividends</u>
First Quarter	\$24.53	\$20.05	\$0.050	\$25.70	\$20.95	\$0.035
Second Quarter	26.87	23.90	0.050	25.24	18.45	0.035
Third Quarter	26.15	22.90	0.050	23.00	17.75	0.035
Fourth Quarter	24.96	22.70	0.055	24.45	20.00	0.050
Year	\$26.87	\$20.05	\$0.205	\$25.70	\$17.75	\$0.155

Equity Compensation Plan Information- The following equity compensation plan information summarizes plans and securities approved and not approved by security holders as of August 31, 2004:

<u>PLAN CATEGORY</u>	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾
Equity compensation plans approved by security holders ⁽²⁾	879,133	\$21.11	302,996
Equity compensation plans not approved by security holders ⁽³⁾	<u>350,000</u>	\$14.00	<u>—</u>
Total.	<u>1,229,133</u>	\$19.06	<u>302,996</u>

⁽¹⁾ The Company's 2001 Amended and Restated Long-Term Incentive Plan (the "2001 Plan") allows for the issuance of up to 180,000 shares of restricted common stock (not subject to the exercise of an option, warrant or right). As of November 15, 2003, 180,000 shares of restricted common stock were available for issuance under the 2001 Plan.

⁽²⁾ Plans approved by shareholders include the Company's Amended and Restated 1991 Long-Term Incentive Plan and the 2001 Plan.

⁽³⁾ Consists of options issued to Richard W. Parod pursuant to his employment agreement, which was not approved by stockholders.

Purchases of equity securities by the issuer and affiliated purchases- The Company made no repurchases of its common stock under the Company's stock repurchase plan during the fiscal year ended August 31, 2004; therefore, tabular disclosure is not presented. From time to time, the Company's Board of Directors has authorized management to repurchase shares of the Company's common stock. During August 2000, the Company announced a 1.0 million share increase in the number of shares authorized for repurchase. Under this share repurchase plan, management has existing authorization to purchase, without further announcement, up to 1.2 million shares of the Company's common stock in the open market or otherwise.

ITEM 6 – Selected Financial Data

(in millions, except per share amounts)

For the years ended August 31,

	<u>2004</u>	<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>
Operating revenues	\$196.7	\$163.4	\$145.9	\$126.7	\$129.8	\$116.7	\$155.7	\$158.3	\$136.2	\$111.8
Gross profit	39.5	39.7	32.9	27.9	31.6	30.6	42.8	40.9	32.7	25.9
Selling, general and administrative, and engineering and research expenses	27.5	23.4	19.8	17.2	15.0	15.4	15.5	14.2	13.2	11.7
Restructuring charges	-	-	-	0.9	-	-	-	-	-	-
Operating income	12.0	16.4	13.1	9.8	16.6	15.2	27.3	26.7	19.5	14.2
Net earnings (2)	9.3	12.9	10.7	8.2	13.4	12.9	23.7	20.3	16.7	11.9
Net earnings per share (1) (2)	0.78	1.08	0.90	0.69	1.07	0.97	1.63	1.36	1.10	0.74
Cash dividends per share	0.205	0.155	0.14	0.14	0.14	0.14	0.125	0.091	0.067	-
Property, plant and equipment, net	16.4	13.9	14.5	14.9	15.9	15.4	14.1	11.1	9.7	7.2
Total assets	139.0	131.2	114.7	101.9	97.2	101.6	109.9	108.7	97.3	86.5
Long-term obligation	-	-	-	-	-	-	0.1	0.3	-	-
Return on sales	4.7%	7.9%	7.4%	6.5%	10.3%	11.1%	15.2%	12.8%	12.3%	10.6%
Return on beginning assets (3)	7.1%	11.2%	10.7%	8.4%	13.2%	11.7%	21.8%	20.9%	19.3%	13.4%
Diluted weighted average shares	11.947	11.896	11.858	11.900	12.503	13.285	14.556	14.980	15.226	15.993

- (1) Per share amounts are calculated using diluted average shares outstanding.
- (2) Fiscal 1998 includes non-operating income of \$4.0 million (\$2.7 after taxes) or \$0.18 per share from the settlement of litigation.
- (3) 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 2005 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.

Overview- The Company manufactures and markets *Zimmatic*, *Greenfield*, *Stettyn*, and *Perrot* center pivot, lateral move, and hose reel irrigation systems. The Company also produces irrigation controls and chemical injection systems which it sells under its *GrowSmart* brand. These products are used by farmers to increase or stabilize crop production while conserving water, energy, and labor. In addition to irrigation equipment, the Company also produces and sells large diameter steel tubing products and manufactures and assembles diversified agricultural and construction products on a contract basis for certain industrial companies. The Company sells its products primarily to an independent dealer network, world-wide, who resell to their customer, the farmer. The Company's principal manufacturing facilities are located in Lindsay, Nebraska, USA. The Company also has production facilities in France, South Africa, and Brazil.

Key factors which impact demand for the Company's products include agricultural commodity prices, crop yields, weather, environmental regulations, and interest rates. Demand for the Company's products remained strong during fiscal 2004. Drought conditions in the western United States continued to drive strong demand for irrigation equipment. International sales showed strong growth as the Company continued to penetrate those markets, aided by strong agricultural commodity prices.

Throughout 2004 the Company's raw material costs were significantly and adversely affected by the rapid rise in steel costs which essentially doubled during the year. The Company responded by increasing selling prices, but margins were eroded as pricing did not fully offset the increased costs. Pricing policies have been changed, manufacturing lead times shortened, and forecasting models improved to help the Company better respond to raw material cost changes.

Compliance with Sarbanes Oxley requirements impacted the expenses during 2004 and will be an ongoing focus. The Company, with the assistance of consultants, is documenting and strengthening internal controls to ensure compliance with the new regulations.

The Company will continue to focus on opportunities for growth both organically and through accretive acquisitions. Over the past four years, the Company has added the operations in Europe, South America, and South Africa. The addition of those operations has allowed the Company to strengthen its market position in those regions, yet they remain relatively small in scale. None of the international operations has achieved the operating leverage of the United States based operations.

Additional revenue expansion opportunities in other international markets, such as China and Eastern Europe, are being developed.

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 2004.

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 2004 Compared to 2003” and the “Fiscal 2003 Compared to 2002” 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 2004 Compared to 2003

The following table provides highlights for fiscal 2004 compared with fiscal 2003:

<u>(\$ in thousands)</u>	<u>For the Years Ended</u> <u>August 31,</u>		<u>% Increase</u> <u>(Decrease)</u>
	<u>2004</u>	<u>2003</u>	
Consolidated			
Operating revenues.....	\$196,696	\$163,374	20.4%
Cost of operating revenues	\$157,179	\$123,628	27.1
Gross profit.....	\$ 39,517	\$ 39,746	(0.6)
Gross margin	20.1%	24.3%	
Selling, engineering and research, and general and administrative expenses	\$ 27,477	\$ 23,380	17.5
Operating income	\$ 12,040	\$ 16,366	(26.4)
Operating margin.....	6.1%	10.0%	
Interest income, net	\$ 1,456	\$ 1,577	(7.7)
Other income, net	\$270	\$844	(68.0)
Income tax provision	\$ 4,480	\$ 5,900	(24.1)
Effective income tax rate.....	32.5%	31.4%	
Net earnings.....	\$ 9,286	\$ 12,887	(27.9)
Irrigation Equipment Segment (See Note Q)			
Operating revenues.....	\$183,844	\$151,320	21.5
Operating income (1).....	\$ 27,226	\$ 27,992	(2.7)
Operating margin.....	14.8%	18.5%	
Diversified Products Segment (See Note Q)			
Operating revenues.....	\$ 12,852	\$ 12,054	6.6
Operating income (1).....	\$ 1,143	\$ 1,237	(7.6)
Operating margin.....	8.9%	10.3%	

(1) Excludes unallocated general & administrative and engineering & research expenses

Revenues

Operating revenues for fiscal 2004 increased by \$33.3 million or 20% over fiscal 2003. This increase was attributable to improved irrigation equipment revenues.

Due to a favorable domestic market, domestic irrigation equipment revenues increased by \$20.0 million or 18% over fiscal 2003. In the domestic market, revenue expansion was split approximately equally between sales volume gains and customer price increases. Conditions were generally favorable in the Company’s domestic markets due to higher prices for many farm commodities earlier in fiscal 2004 (including corn, soybeans, wheat, and cotton). Other factors, such as low interest rates, additional first-year depreciation for capital investments, and higher land values also contributed to increased revenues from domestic irrigation sales.

International irrigation equipment revenues increased by \$12.5 million or 33% compared to fiscal 2003 due primarily to an increase in revenues from the Company’s foreign operations, which increased \$10.5 million over fiscal 2003. Revenues were stronger in the European and South American markets as the Company’s operations in France and Brazil continued to develop. The European market reflected higher demand after the drought that was experienced there in fiscal 2003. The South American market reflected the impact in Brazil of strong demand due to the continued expansion of agricultural production in Brazil. Additionally, revenues from export sales to the Australian and Mexican regions were higher due to favorable market conditions. In total, for fiscal 2004, international revenues were 26% of total revenues, up from 24% of revenues in the previous year.

Diversified revenues increased \$798,000 or 7% compared to fiscal 2003. Revenues in this segment depend to a large degree on orders from a relatively small number of customers. The diversified products segment uses the same Lindsay, Nebraska physical plant resources as those used for irrigation equipment.

Gross Margin

Gross margin was 20.1% for fiscal 2004 compared to 24.3% for fiscal 2003. Fiscal 2004 gross margins reflected significant increases in steel costs, which essentially doubled during this fiscal year. Although the Company was able to increase prices during the year, its ability to fully pass on steel cost increases to its customers was limited because firm sales prices committed to at the time of order acceptance generally did not fully reflect steel price increases effective at the time of production and due to competitive factors.

Operating Expenses

The Company's operating expenses increased \$4.1 million or 17.5% over fiscal 2003. This increase in operating expenses reflects a \$3.1 million (30%) increase in general and administrative expenses compared to fiscal 2003, reflecting higher general insurance costs of approximately \$800,000, the \$724,000 bad debt charge related to the insolvency of a Kansas dealership, in which the Company held a minority equity position, higher legal and other professional services costs associated with the Sarbanes-Oxley Act compliance of approximately \$700,000, and approximately \$700,000 associated with increased administrative personnel costs. Selling expenses increased by \$631,000 (6%) compared to fiscal 2003 of which approximately \$200,000 is related to new business additions. In addition, engineering and research expense increased by \$332,000 (13%) reflecting marginally higher investments by the Company in new product development.

Interest Income, Other Income, and Taxes

Fiscal 2004 interest income of \$1.5 million was comparable to fiscal 2003. The Company's interest income is primarily generated from its investments in short-term (0 to 12 months) and intermediate-term (12 to 42 months) investment grade municipal bonds, on which interest earnings are exempt from federal income taxes, and short-term investment grade commercial paper.

Fiscal 2004 other income decreased by \$574,000 compared to fiscal 2003, primarily from a charge of \$250,000 on its guarantee of certain bank loans relating to the Kansas irrigation dealership insolvency and equity loss of equity-method investments.

The effective tax rate during fiscal 2004 was 32.5% compared to 31.4% for fiscal 2003. The increased effective tax rate reflects primarily a higher mix of foreign based income and related foreign statutory rates compared to U.S. based income and related U.S. effective rate. Overall, the Company benefits from a U.S. effective tax rate which is lower than the combined federal and state statutory rates primarily due to the federal tax-exempt interest income from its municipal bond investments.

On October 22, 2004, the President signed into law American Jobs Creation Act of 2004 (the Act). The Company is evaluating the impact of changes to provisions related to the extra territorial exclusion, repatriation of foreign earnings, the effect of the manufacturing tax relief on the Company's effective tax rate in future periods and various other provisions of the Act.

Net Earnings

Net earnings were \$9.3 million, or \$0.78 per diluted share, for fiscal 2004, compared with \$12.9 million, or \$1.08 per diluted share, for fiscal 2003.

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 (1).....	\$ 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).....	\$ 1,237	\$ 1,907	(35.1)
Operating margin.....	10.3%	14.5%	

(1) Excludes unallocated general & administrative and engineering & research expenses

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 operation 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 24% of total revenues, up from 22% 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.

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 of \$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.

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 42 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.

Liquidity and Capital Resources

The Company requires cash for financing its receivables and inventories, paying operating costs and capital expenditures, and for dividends. Historically, the Company has met its liquidity needs and financed all capital expenditures exclusively from its available cash and funds provided by operations.

The Company's cash and marketable securities totaled \$56.3 million at August 31, 2004 compared with \$62.8 million at August 31, 2003. The Company's marketable securities consist primarily of tax-exempt high-grade municipal debt.

Cash flows provided by operations totaled \$1.2 million during fiscal 2004 compared to \$15.3 million during fiscal 2003. For fiscal 2004, cash flows provided by operations include an increase of \$11.5 million for accounts receivable compared with a decrease of \$2.5 million in fiscal 2003, and net earnings of \$9.3 million. Accounts receivable increased primarily due to higher revenues occurring during the fourth quarter of fiscal 2004 compared to fiscal 2003, resulting from favorable market conditions and seasonal programs, timing of revenues within the quarter, and increased international receivables which have longer terms than domestic accounts. For fiscal 2003, cash flows provided by operations include increases in inventory of \$2.6 million, decreases of \$2.5 million for accounts receivable and net earnings of \$12.9 million. Inventories increased 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 under a prior agreement.

Cash flows used in investing activities totaled \$5.7 million during fiscal 2004 compared to \$10.5 million during fiscal 2003. Capital expenditures were \$5.0 million during fiscal 2004 compared to \$1.9 million during fiscal 2003. Capital expenditures were used primarily for updating manufacturing plant and equipment, expanding manufacturing capacity, and further automating the Company's facilities. Capital expenditures for fiscal 2005 are expected to be approximately \$4 to \$5 million and will be used to improve the Company's facilities and expand its manufacturing capacity. Net proceeds from maturities or sales of marketable securities were \$333,000 during fiscal 2004 compared to net purchases of marketable securities of \$8.7 million during fiscal 2003. The Company invested \$1.0 million during fiscal 2004 in a business acquisition and none during fiscal 2003.

The Company has an unsecured revolving line of credit, which expires December 31, 2004, with a commercial bank under which it could borrow up to \$10 million for working capital and general corporate purposes, including stock repurchases. There were no borrowings made under the revolving line of credit. Under the terms of the line of credit, borrowings, if any, 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 (3.50% at August 31, 2004). The Company expects to renew this line of credit on substantially similar terms.

The Company's European subsidiary, Lindsay Europe, has an unsecured revolving line of credit with a commercial bank under which it could borrow up to the Euro equivalent of \$2.7 million for working capital. As of August 31, 2004, there was no outstanding balance on this line. Under the terms of the line of credit, borrowings, if any, bear interest at a floating rate in effect from time to time designated by the commercial bank as LIBOR+200 basis points. (4.65% at August 31, 2004).

The Company believes its current cash resources (including cash and marketable securities balances), projected operating cash flow, and bank lines of credit are sufficient to cover all of its expected working capital needs, planned capital expenditures, dividends, and other cash requirements.

Inflation

The Company is subject to the effects of changing prices. During fiscal 2004, the Company realized dramatic and unprecedented increases in pricing for purchases of certain commodities, 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 introducing appropriate sale price adjustments and by actively pursuing internal cost reduction efforts.

Off-Balance Sheet Arrangements

The Company has certain off balance sheet arrangements as described in Note P to the consolidated financial statements. The Company does not believe these arrangements are reasonably likely to have a material effect on the Company's financial condition. During fiscal 2004, the Company incurred a charge of \$250,000 on its guarantee of certain bank loans relating to the insolvency of a Kansas dealership in which the Company owned a minority equity interest.

Contractual Obligations and Commercial Commitments

In the normal course of business, the Company enters into contracts and commitments which obligate the Company to make payments in the future. The table below sets forth the Company's significant future obligations by time period. Where applicable, information included in the Company's consolidated financial statements and notes is cross-referenced in this table.

(\$in thousands)

<u>Contractual Obligations</u>	<u>Note Reference</u>	<u>Total</u>	<u>Less than 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>More than 5 years</u>
Leases.....	M	\$3,821	\$ 768	\$1,361	\$ 959	\$ 733
Supplemental Retirement Plan.....	N	<u>10,777</u>	<u>313</u>	<u>626</u>	<u>734</u>	<u>9,104</u>
Total.....		<u>\$14,598</u>	<u>\$1,081</u>	<u>\$ 1,987</u>	<u>\$1,693</u>	<u>\$9,837</u>

Market Conditions and Fiscal 2005 Outlook

For fiscal 2005, the Company expects unit volume growth in the international and domestic markets for irrigation equipment, but the Company remains uncertain as to the effect of future steel cost changes and the possible impact on the selling prices and demand for our products. The Company believes that it is taking appropriate action to shorten the pricing commitment period on orders received, maintain pricing discipline, prudently manage steel inventories, and place emphasis on achieving costs reductions.

The Company is pleased with the unit growth it achieved in the domestic market in fiscal 2004 and with the progress of its international business units. Each of them achieved excellent growth, and improved their market position. The markets for its international units and for export remain strong. Even though commodity prices have dropped off from last year's peak levels due to expectations for exceptional harvests and yields, and certain input costs are rising, demand drivers remain in place. Drought conditions, which continue to affect the western states, and growers needs for efficient, water-saving irrigation systems will continue to drive world-wide demand.

The Company will continue to create shareholder value by pursuing a balance of accretive acquisitions, organic growth opportunities, share repurchases and dividend payments.

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 rates. 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 one quarter 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.

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 the Company's profitability. Approximately 6.5% of the Company's revenues are generated from sales of its diversified products (outsource manufacturing services and the sale of large diameter steel tubing). While we anticipate that these customers 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 the Company earns from outsource manufacturing and its 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. Management does not believe any future material capital and operational expenditures for such issues are required.

New disclosure rules regarding internal controls may increase audit risk. Beginning in fiscal year 2005, Section 404 of the Sarbanes-Oxley Act of 2002 will require the Company's annual report on Form 10-K to include a report on management's assessment of the effectiveness of the Company's internal controls over financial reporting and a statement that the Company's independent auditor has issued an attestation report on management's assessment of the Company's internal controls over financial reporting. While the Company has not yet identified any material weaknesses in internal controls over financial reporting, there are no assurances that the Company will not discover deficiencies in its internal controls as it implements new documentation and testing procedures to comply with the new Section 404 reporting requirement. If the Company discovers deficiencies or is unable to complete the work necessary to properly evaluate its internal controls over financial reporting, there is a risk that management and/or the Company's independent auditor may not be able to conclude that the Company's internal controls over financial reporting are effective.

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

The market value of the Company's investment securities fluctuates inversely with movements in interest rates because all of these investment securities bear interest at fixed rates. Accordingly, during periods of rising interest rates, the market value of these securities will decline. However, the Company does not consider itself to be subject to material market risks with respect to its portfolio of investment securities because the maturity of these securities is relatively short, making their value less susceptible to interest rate fluctuations.

The Company has manufacturing operations in the United States, France, Brazil, and South Africa. The Company has sold products throughout the world and purchases certain of its components from third-party foreign suppliers. Export sales made from the United States are principally U.S. dollar denominated. Accordingly, these sales are not subject to significant currency translation risk. However, a majority of the Company's revenue generated from operations outside the United States is denominated in local currency. The Company's most significant transactional foreign currency exposures are the Euro, Brazilian real, and the South African rand in relation to the U.S. dollar. Fluctuations in the value of foreign currencies create exposures, which can adversely affect the Company's results of operations. 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'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 the 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/ David B. Downing

David B. Downing

Vice President, Chief Financial Officer

Report of Independent Registered Public Accounting Firm

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, 2004 and 2003, 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, 2004. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended August 31, 2004, 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 8, 2004

Lindsay Manufacturing Co.
CONSOLIDATED STATEMENTS OF OPERATIONS

<u>(in thousands, except per share amounts)</u>	<u>2004</u>	<u>Years ended August 31,</u> <u>2003</u>	<u>2002</u>
Operating			
revenues.....	\$196,696	\$163,374	\$145,890
Cost of operating revenues.....	<u>157,179</u>	<u>123,628</u>	<u>112,963</u>
Gross profit.....	<u>39,517</u>	<u>39,746</u>	<u>32,927</u>
Operating expenses:			
Selling			
expense.....	11,148	10,517	8,804
General and administrative expense.....	13,419	10,285	8,630
Engineering and research expense.....	<u>2,910</u>	<u>2,578</u>	<u>2,377</u>
Total operating expenses.....	<u>27,477</u>	<u>23,380</u>	<u>19,811</u>
Operating income.....	12,040	16,366	13,116
Interest income, net.....	1,456	1,577	1,647
Other income, net.....	<u>270</u>	<u>844</u>	<u>617</u>
Earnings before income taxes.....	13,766	18,787	15,380
Income tax provision.....	<u>4,480</u>	<u>5,900</u>	<u>4,650</u>
Net earnings.....	<u>\$ 9,286</u>	<u>\$ 12,887</u>	<u>\$10,730</u>
Basic net earnings per share.....	<u>\$ 0.79</u>	<u>\$ 1.10</u>	<u>\$ 0.92</u>
Diluted net earnings per share.....	<u>\$ 0.78</u>	<u>\$ 1.08</u>	<u>\$ 0.90</u>
Weighted average shares outstanding – basic.....	<u>11,756</u>	<u>11,729</u>	<u>11,674</u>
Weighted average shares outstanding – diluted.....	<u>11,947</u>	<u>11,896</u>	<u>11,858</u>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Shares of			Capital in			Accumulated	Total
	Common	Treasury	Common	excess	Retained	Treasury	other	shareholders'
	stock	stock	stock	of stated	earnings	stock	comprehensive	equity
				value			income (loss)	
(in thousands, except per share amounts)								
Balance at August 31, 2001	17,368,029	5,724,069	\$17,368	\$2,079	\$154,166	\$(89,898)	\$(674)	\$83,041
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>
Comprehensive income:								
Net earnings	-	-	-	-	9,286	-	-	9,286
Other comprehensive income:								
Unrealized net gain on available								
for sale securities, net of tax	-	-	-	-	-	-	272	272
Currency translation	-	-	-	-	-	-	201	201
Minimum pension liability, net of tax	-	-	-	-	-	-	28	28
Total comprehensive income	-	-	-	-	(2,410)	-	-	9,787
Cash dividends (\$0.205 per share)	-	-	-	-	-	-	-	(2,410)
Net issued under stock option plan	34,280	-	(6)	(127)	-	-	-	(133)
Proceeds from stock option exercise	-	-	40	452	-	-	-	492
Stock option tax benefits	-	-	-	157	-	-	-	157
Balance at August 31, 2004	<u>17,493,841</u>	<u>5,724,069</u>	<u>\$ 17,494</u>	<u>\$ 2,966</u>	<u>\$181,209</u>	<u>\$(89,898)</u>	<u>\$ 413</u>	<u>\$112,184</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>2004</u>	<u>2003</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,973	\$ 15,368
Marketable securities	14,802	8,770
Receivables, net.....	34,369	22,970
Inventories, net.....	19,780	20,019
Deferred income taxes	1,026	2,301
Other current assets	<u>2,422</u>	<u>1,010</u>
Total current assets	81,372	70,438
Long-term marketable securities	32,527	38,674
Property, plant and equipment, net	16,355	13,889
Other noncurrent assets	<u>8,747</u>	<u>8,219</u>
Total assets	<u>\$139,001</u>	<u>\$131,220</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,117	\$ 8,228
Other current liabilities	<u>15,359</u>	<u>16,053</u>
Total current liabilities	24,476	24,281
Pension benefits liabilities.....	2,169	2,315
Other noncurrent liabilities	<u>172</u>	<u>333</u>
Total liabilities	<u>26,817</u>	<u>26,929</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, 17,493,841 and 17,459,561 shares issued in 2004 and 2003, respectively)	17,494	17,460
Capital in excess of stated value	2,966	2,484
Retained earnings.....	181,209	174,333
Less treasury stock (at cost, 5,724,069 shares)	(89,898)	(89,898)
Accumulated other comprehensive income (loss), net.....	<u>413</u>	<u>(88)</u>
Total shareholders' equity	<u>112,184</u>	<u>104,291</u>
Total liabilities and shareholders' equity	<u>\$139,001</u>	<u>\$131,220</u>

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

Lindsay Manufacturing Co.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<u>(\$ in thousands)</u>	<u>2004</u>	<u>Years ended August 31,</u> <u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$ 9,286	\$12,887	\$10,730
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,969	3,525	3,402
Amortization of marketable securities premiums, net	149	(145)	(212)
Gain on sale of property, plant and equipment	(29)	(76)	(78)
Provision for uncollectible accounts receivable	760	(275)	271
Deferred income taxes	1,034	272	(242)
Stock option tax benefits	157	32	269
Equity in net loss (earnings) of equity-method investments	73	(125)	(253)
Other, net	(204)	(152)	(268)
Changes in assets and liabilities:			
Receivables, net	(11,507)	2,514	(628)
Inventories, net	920	(2,578)	(2,720)
Other current assets	(1,428)	(119)	(308)
Accounts payable, trade	749	(564)	(2,177)
Other current liabilities	436	189	1,347
Current taxes payable	(1,443)	1,446	397
Other noncurrent assets and liabilities	(717)	(1,524)	450
Net cash provided by operating activities	<u>1,205</u>	<u>15,307</u>	<u>11,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(5,037)	(1,918)	(2,217)
Acquisitions of businesses	(1,025)	-	(4,813)
Proceeds from sale of property, plant and equipment	43	63	206
Purchases of marketable securities held-to-maturity	(2,982)	(12,465)	(15,904)
Proceeds from maturities of marketable securities held-to-maturity	6,676	14,232	7,555
Purchases of marketable securities available-for-sale	(11,817)	(10,445)	-
Proceeds from maturities or sales of marketable securities available-for-sale ..	8,456	-	-
Equity investment	-	-	(80)
Net cash used in investing activities	<u>(5,686)</u>	<u>(10,533)</u>	<u>(15,253)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of options under stock option plan	492	39	513
Dividends paid	(2,410)	(1,819)	(1,631)
Net cash used in financing activities	<u>(1,918)</u>	<u>(1,780)</u>	<u>(1,118)</u>
Effect of foreign exchange rate changes on cash	4	(51)	(15)
Net increase (decrease) in cash and cash equivalents	(6,395)	2,943	(5,150)
Cash and cash equivalents, beginning of period	<u>15,368</u>	<u>12,425</u>	<u>17,575</u>
Cash and cash equivalents, end of period	<u>\$ 8,973</u>	<u>\$15,368</u>	<u>\$ 12,425</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	\$ 6,246	\$ 5,753	\$ 4,397
Interest paid	\$ 119	\$ 73	\$ 140

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 manufacturing 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 four locations in the State of Washington ("Irrigation Specialists").

Notes to the consolidated financial statements describe various elements of the financial statements and the accounting policies, estimates, and assumptions applied by management. While actual results could differ from those estimated at the time of preparation of the consolidated financial statements, management believes that the accounting policies, assumptions, and estimates applied 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." Net earnings does not reflect stock-based employee compensation cost 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 earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

<u>\$ in thousands, except per share amounts</u>	<u>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net earnings, as reported	\$ 9,286	\$12,887	\$10,730
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	<u>(1,244)</u>	<u>(1,057)</u>	<u>(1,191)</u>
Proforma net earnings	<u>\$ 8,042</u>	<u>\$11,830</u>	<u>\$ 9,539</u>
Earnings per share:			
Basic-as reported	\$ 0.79	\$ 1.10	\$ 0.92
Basic-pro forma	\$ 0.68	\$ 1.01	\$ 0.82
Diluted-as reported	\$ 0.78	\$ 1.08	\$ 0.90
Diluted-pro forma	\$ 0.67	\$ 0.99	\$ 0.80

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 2004, 2003, and 2002: dividend yield of 0.6% to 0.7%, expected volatility of 35.3% to 36.5%, risk-free interest rates ranging from 4.0% to 4.8 %, and expected lives of the options of 7 years. The weighted average fair value of options granted during fiscal 2004, 2003, and 2002 was \$11.27, \$8.36, and \$9.65, 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 \$1.5 million, \$1.4 million, and \$1.3 million for the fiscal years ended August 2004, 2003, and 2002, respectively.

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

Cash equivalents are included at cost, which approximates market. At August 31, 2004, the Company's cash equivalents were held primarily by one financial institution. 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.

During 2004, the Company transferred all of its securities classified as part of the Company's held-to-maturity portfolio to an available-for-sale securities portfolio. The net carrying amount (amortized cost) of the securities at the date transferred was \$30.3 million and resulted in the recognition of a net unrealized gain of \$208,000 in accumulated other comprehensive income (net of related income taxes of \$79,000). The transfer of securities resulted from management's revision of its investment policy in light of the changes in the Company's overall business strategy, which considered the possibility that the securities may be liquidated prior to the maturity of the debt securities. As a result of the transfer of securities from the held-to-maturity portfolio, the Company does not expect to classify new acquisitions of securities as held-to-maturity for a period of at least two years.

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. Following management's decision to transfer debt securities from the held-to-maturity portfolio, the Company will not designate purchases to the held-to-maturity portfolio for a period of at least two years. Currently, the Company holds no securities designated as held-to-maturity or trading. All 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, net of related income tax effects. The Company monitors its investment portfolio for any decline in fair value that is other-than-temporary and records any such impairment as an impairment loss. No impairment losses for other-than-temporary declines in fair value have been recorded in fiscal years 2004, 2003, or 2002. In the opinion of management, the Company is not subject to material market risks with respect to its portfolio of investment securities because the investment grade quality of the securities and the maturities of these securities is relatively short, making their value less susceptible to interest rate fluctuations.

(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 Company's Lindsay, Nebraska inventory. Cost is determined by the weighted average method for inventories at the Company's other operating locations in Washington State, France, Brazil, and South Africa. 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 operating income in the consolidated statements of operations.

(8) Equity Investments

Other assets include a 39% minority investment held by the Company in an irrigation dealership based outside of the United States. This investment is accounted for on the equity method. The Company's investment in this company is 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.

During fiscal 2004, due to the insolvency and liquidation of a Kansas irrigation dealership in which the Company held a 25% minority interest, the Company wrote-off the value of the investment which was deemed to be immaterial. The Company also incurred a bad debt charge during fiscal 2004 of \$724,000 and a \$250,000 charge relating to bank guarantees associated with this dealership.

(9) Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets arising from acquisitions. SFAS No. 141, "Business Combinations", 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, "Goodwill and Other Intangible Assets", 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 updated its evaluation of goodwill recoverability at August 31, 2004. No impairment losses were indicated as a result of the 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 year 2002 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:

August 31, 2004			August 31, 2003			August 31, 2002		
Weighted Average			Weighted Average			Weighted Average		
Shares	Price	Expire	Shares	Price	Expire	Shares	Price	Expire
		November 2007-			November 2007-			September 2007-
<u>305,813</u>	<u>\$25.86</u>	August 2014	<u>170,750</u>	<u>\$25.98</u>	May 2012	<u>203,562</u>	<u>\$25.97</u>	May 2012

(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. In December 2003, the FASB issued Interpretation No. 46R, a revision of Interpretation No. 46. The Company has adopted FIN 46 and FIN 46R during fiscal 2004. The adoption of this standard did not have a material impact on the Company's consolidated financial position or net income.

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 had no 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 Deliverables". This guidance addresses the determination of whether an arrangement involving multiple deliverables 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 had no material impact on the Company's consolidated financial statements.

In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," amendments of FASB Statements No. 87, 88, and 106. This statement added certain disclosure requirements for the major categories of plan assets and expected returns, the accumulated pension benefit obligations, the measurement date used, the benefits expected to be paid to plan participants during the next ten years, the employer's contributions expected to be paid to the plans during the next fiscal year, and interim disclosure of the components of the benefit costs along with any revisions to the contributions expected to be paid to the plans for the current fiscal year. The annual disclosures are effective for the company's fiscal 2004 Form 10-K presented herein. SFAS No. 132 requires additional disclosure only and has no effect on the amounts reported in the Company's consolidated financial statements.

B. ACQUISITIONS

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; and 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 30 year old irrigation dealership based in Pasco, Washington is 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 is 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 and 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 included inventory of \$130,000, fixed assets of \$190,000, other assets of \$80,000, goodwill of \$469,000, and a non-compete covenant of \$110,000. The non-compete agreement is being amortized over three years. The goodwill is not being amortized.

During June 2004, the Company's subsidiary, Lindsay Manufacturing Africa (PTY) Ltd acquired the assets of Stettyn, a manufacturer of center pivots in South Africa, for \$1.0 million in cash. Stettyn specializes in standard height, four-inch pivot systems designed for the growing market segment of farmers who want an economical irrigation system with smaller parcels of land. The Company's preliminary allocation of purchase price for this acquisition consisted of inventory of \$560,000, fixed assets of \$265,000, receivables of \$465,000, and other current liabilities of \$265,000.

Pro forma data is not presented for acquisitions, as these amounts are considered immaterial.

C. OTHER COMPREHENSIVE INCOME (LOSS), NET

The components of accumulated other comprehensive income (loss) consists of the following:

<u>\$ in thousands</u>	<u>For the years ended August 31,</u>	
	<u>2004</u>	<u>2003</u>
Accumulated other comprehensive income (loss), net:		
Unrealized gain (loss) on available for sale securities, net of tax.....	\$ 185	\$ (87)
Currency translation	1,363	1,162
Minimum pension liability, net of tax	<u>(1,135)</u>	<u>(1,163)</u>
Total accumulated other comprehensive income (loss), net	<u>\$ 413</u>	<u>\$ (88)</u>

The deferred tax components of accumulated other comprehensive income consists of the following:

<u>\$ in thousands</u>	<u>August 31,</u>	
	<u>2004</u>	<u>2003</u>
Unrealized gain on available for sale securities taxes:		
Federal deferred liability	\$ 104	\$ -
State deferred liability	\$ 9	\$ -
Minimum pension liability taxes:		
Federal deferred asset	\$ 629	\$ 656
State deferred asset	\$ 52	\$ 73

D. OTHER INCOME, NET

<u>\$ in thousands</u>	<u>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Other income (expense), net:			
Cash surrender value of life insurance	\$ 90	\$ 122	\$ 66
Foreign currency transaction gains, net	484	501	217
Equity in net (loss) earnings of equity-method investments.....	(73)	125	253
Bank guarantee	(250)	-	-
All other, net.	19	96	81
Total other income, net	<u>\$ 270</u>	<u>\$ 844</u>	<u>\$ 617</u>

E. INCOME TAXES

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

<u>\$ in thousands</u>	<u>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
United States	\$12,386	\$18,049	\$16,025
Foreign	1,380	738	(645)
	<u>\$13,766</u>	<u>\$18,787</u>	<u>\$15,380</u>

Significant components of the income tax provision are as follows:

<u>\$ in thousands</u>	<u>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Current:			
Federal.....	\$2,931	\$5,518	\$4,022
State.....	262	630	412
Foreign.....	414	269	-
Total current	<u>3,607</u>	<u>6,417</u>	<u>4,434</u>
Deferred:			
Federal.....	604	(470)	279
State.....	50	(32)	30
Foreign.....	219	(15)	(93)
Total deferred	<u>873</u>	<u>(517)</u>	<u>216</u>
Total income tax provision	<u>\$ 4,480</u>	<u>\$ 5,900</u>	<u>\$ 4,650</u>

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

<u>For the years ended August 31,</u>						
<u>\$ in thousands</u>	<u>2004</u>		<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
U.S. statutory rate	\$4,688	34.1	\$6,482	34.5	\$5,250	34.1
State and local taxes, net of federal tax benefit.....	203	1.5	413	2.2	302	2.0
Qualified export activity	(86)	(0.6)	(165)	(0.9)	(136)	(0.9)
Municipal bond interest income.....	(443)	(3.2)	(481)	(2.6)	(471)	(3.1)
Research and development tax credits	(83)	(0.6)	(150)	(0.8)	(141)	(0.9)
Other	<u>201</u>	<u>1.3</u>	<u>(199)</u>	<u>(1.0)</u>	<u>(154)</u>	<u>(1.0)</u>
Effective rate.....	<u>\$4,480</u>	<u>32.5</u>	<u>\$ 5,900</u>	<u>31.4</u>	<u>\$ 4,650</u>	<u>30.2</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>August 31,</u>	
	<u>2004</u>	<u>2003</u>
Deferred tax assets:		
Minimum pension liability	\$ 681	\$ 710
Foreign items	74	275
Employee benefits liability.....	979	1,459
Inventory	87	90
Accrued liabilities not currently deductible for taxes.	<u>1,969</u>	<u>1,771</u>
Deferred tax assets	<u>\$3,790</u>	<u>\$4,305</u>
Deferred tax liabilities:		
Property, plant and equipment	\$ (606)	\$ (337)
Other	<u>(318)</u>	<u>(68)</u>
Deferred tax liabilities	<u>\$ (924)</u>	<u>\$ (405)</u>
Net deferred tax assets	<u>\$2,866</u>	<u>\$3,900</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, 2004 and 2003.

At August 31, 2004, the Company's foreign subsidiaries had deferred tax assets of \$74,000, as shown above. This is comprised principally of temporary differences for property and equipment, inventory, and other items.

On October 22, 2004, the President signed into law the American Jobs Creation Act of 2004 (the Act). The Company is evaluating the impact of changes to provisions related to the extra territorial exclusion, repatriation of foreign earnings, the effect of the manufacturing tax relief on the Company's effective tax rate in future periods and various other provisions of the Act.

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.

During 2004, the Company transferred all of its securities classified as part of the Company's held-to-maturity portfolio to an available-for-sale securities portfolio. The net carrying amount (amortized cost) of the securities at the date transferred was \$30.3 and resulted in the recognition of a net unrealized gain of \$208,000 in accumulated other comprehensive income (net of related income taxes of \$79,000). The transfer of securities resulted from management's revision of its investment policy in light of the changes in the Company's overall business strategy, which considered the possibility that the securities may be liquidated prior to the maturity of the debt securities. As a result of the transfer of securities from the held-to-maturity portfolio, the Company does not expect to classify new acquisitions of securities as held-to-maturity for a period of at least two years.

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, 2004:				
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>
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>
AVAILABLE-FOR-SALE SECURITIES				
As of August 31, 2004:				
Due within one year	\$14,678	\$ 124	\$ -	\$14,802
Due after one year through five years	<u>32,353</u>	<u>214</u>	<u>(40)</u>	<u>32,527</u>
	<u>\$47,031</u>	<u>\$ 338</u>	<u>\$ (40)</u>	<u>\$47,329</u>
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>

Proceeds and gains and losses from the maturities or sales of available-for-sale securities are as follows:

\$ in thousands

	<u>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Proceeds from maturities or sales.....	\$ 8,456	\$ -	\$ -
Gross realized gains.....	\$ 19	\$ -	\$ -
Gross realized losses.....	\$ (1)	\$ -	\$ -

Marketable securities classified as available-for-sale in a continuous loss position for less than 12 months and greater than 12 months as of August 31, 2004 are as follows:

\$ in thousands

	<u>Less than 12 months</u>	<u>Greater than 12 months</u>
Total amount of unrealized losses	\$ (40)	\$ -
Total fair value of investments with unrealized losses	\$ 6,341	\$ -

G. RECEIVABLES

<u>\$ in thousands</u>	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Receivables:		
Trade accounts and notes	\$35,755	\$23,637
Allowance for doubtful accounts	(1,386)	(667)
Net receivables	<u>\$34,369</u>	<u>\$22,970</u>

H. INVENTORIES

<u>\$ in thousands</u>	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Inventory:		
First-in, first-out (FIFO) inventory	\$16,043	\$15,821
LIFO reserves	(5,333)	(2,494)
Obsolescence reserve	(527)	(566)
Weighted average inventory	<u>9,597</u>	<u>7,258</u>
Total inventories	<u>\$19,780</u>	<u>\$20,019</u>

The Company's LIFO reserves as of August 31, 2004 reflect the liquidation of approximately \$930,000 of base LIFO inventory resulting in approximately \$280,000 of income for fiscal 2004.

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

	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Raw materials	20%	18%
Work in process	10%	5%
Finished goods and purchased parts	70%	77%

I. PROPERTY, PLANT AND EQUIPMENT

<u>\$ in thousands</u>	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Property, plant and equipment:		
Land	\$ 336	\$ 253
Buildings	10,192	8,954
Equipment	38,886	36,724
Other	<u>3,954</u>	<u>2,161</u>
Total property, plant, and equipment	53,368	48,092
Accumulated depreciation and amortization	<u>(37,013)</u>	<u>(34,203)</u>
Property, plant and equipment, net	<u>\$ 16,355</u>	<u>\$13,889</u>

Depreciation expense was \$2.9 million, \$3.4 million and \$3.6 million for the years ended August 31, 2004, 2003, and 2002, respectively.

J. OTHER NONCURRENT ASSETS

<u>\$ in thousands</u>	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Other Noncurrent Assets:		
Cash surrender value of life insurance policies	\$ 1,903	\$ 1,813
Deferred income taxes.....	1,840	1,599
Equity method investments	1,364	1,437
Goodwill	1,254	1,174
Split dollar life insurance.....	916	913
Intangible pension asset.....	373	442
Other intangibles, net	472	574
Other	<u>625</u>	<u>267</u>
Total other noncurrent assets.....	<u>\$ 8,747</u>	<u>\$ 8,219</u>

August 31, 2004 goodwill increased when compared to prior fiscal year ended 2003 due to increases in currency translation and an earn-out payment.

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 5 years. Related amortization expense was \$107,000, \$113,000, and \$66,000 for 2004, 2003, and 2002, respectively.

<u>\$ in thousands</u>	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Non-compete agreements.....	\$385	\$358
Tradenames.....	145	147
Patent.....	100	100
Plans and specifications.....	75	77
Other.....	31	30
Accumulated amortization	<u>(264)</u>	<u>(138)</u>
Total other intangibles, net.....	<u>\$472</u>	<u>\$574</u>

K. OTHER CURRENT LIABILITIES

<u>\$ in thousands</u>	<u>2004</u>	<u>August 31,</u> <u>2003</u>
Other current liabilities:		
Payroll and vacation	\$ 3,280	\$ 3,774
Retirement plan.....	2,584	2,240
Taxes, other than income	1,005	740
Workers compensation and product liability	1,251	1,355
Dealer related liabilities.....	1,279	1,158
Warranty	1,339	1,152
Income tax payable.....	-	1,986
Other	<u>4,621</u>	<u>3,648</u>
Total other current liabilities	<u>\$15,359</u>	<u>\$ 16,053</u>

L. CREDIT ARRANGEMENTS

The Company has an agreement with a commercial bank for a \$10.0 million unsecured revolving line of credit through December 31, 2004. 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.

Under the terms of the line of credit, borrowings, if any, 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 (3.50% at August 31, 2004). The Company expects to renew this line of credit on substantially similar terms.

The Company's European subsidiary, Lindsay Europe, has an unsecured revolving line of credit with a commercial bank under which it could borrow up to the Euro equivalent of \$2.7 million for working capital purposes. As of August 31, 2004, there was no outstanding balance on this line. Under the terms of the line of credit, borrowings, if any, bear interest at a floating rate in effect from time to time designated by the commercial bank as LIBOR+200 basis points. (4.65% at August 31, 2004).

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. In 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. As a result of this review, the EPA issued a letter placing the Company on notice that additional remediation actions were required. The Company and its environmental consultants have 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. Substantially all remediation actions were completed in fiscal 2004 and the Company expects to complete the outstanding actions in fiscal 2005. Related liabilities recognized were \$70,000 and \$250,000 at August 31, 2004 and 2003, respectively.

The Company has an obligation to purchase the remaining shares of its minority investment in an irrigation dealership based outside of the United States for an amount of approximately \$1.5 million by August 31, 2005.

The Company leases land, buildings, machinery, equipment, and furniture under various noncancelable operating lease agreements. At August 31, 2004, future minimum lease payments under noncancelable operating leases were as follows:

\$ in thousands

Fiscal years

2005	\$ 768
2006	741
2007	620
2008	500
2009	459
Thereafter	<u>733</u>
Total future minimum lease payments	<u>\$ 3,821</u>

Lease expense was \$795,000, \$379,000, and \$348,000 for the years ended August 31, 2004, 2003, and 2002, 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 \$497,000, \$449,000 and \$314,000 for the years ended August 31, 2004, 2003, and 2002, respectively.

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 certain 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>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Change in benefit obligation:			
Benefit obligation at beginning of year.....	\$ 4,747	\$ 3,944	\$ 3,237
Service cost.....	40	42	15
Interest cost.....	290	267	218
Actuarial loss	44	773	700
Benefits paid	(282)	(279)	(226)
Benefit obligation at end of year	<u>\$ 4,839</u>	<u>\$ 4,747</u>	<u>\$ 3,944</u>
Funded status	\$ (4,839)	\$ (4,747)	\$ (3,944)
Unrecognized net actuarial loss	<u>2,255</u>	<u>2,507</u>	<u>1,915</u>
Net liability recognized	<u>\$ (2,584)</u>	<u>\$ (2,240)</u>	<u>\$ (2,029)</u>

The Company's accumulated benefit obligation was \$4.8 million, \$4.7 million, and \$3.7 million for the years ended August 31, 2004, 2003, and 2002, respectively.

<u>\$ in thousands</u>	<u>August 31,</u>	
	<u>2004</u>	<u>2003</u>
Amounts recognized in the statement of financial position consist of:		
Accrued benefit cost.....	\$ 2,584	\$ 2,240
Intangible pension asset.....	(372)	(442)
Additional minimum pension liability	2,169	2,315
Other comprehensive loss	(1,797)	(1,873)
Net amount recognized.....	<u>\$ 2,584</u>	<u>\$ 2,240</u>

Weighted-average assumptions for the liability as of year ends:

Discount rate.....	5.75%	6.25%
Assumed rates of compensation increases	3.50%	3.50%
Rate of return on underlying 401(k) investments.....	7.50%	7.50%

<u>\$ in thousands</u>	<u>For the years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Components of net periodic benefit cost:			
Service cost.....	\$ 40	\$ 42	\$ 15
Interest cost.....	290	267	218
Net amortization and deferral.....	296	181	111
Total.....	<u>\$ 626</u>	<u>\$ 490</u>	<u>\$ 344</u>

Weighted-average assumptions for expense for the years ended:

Discount rate.....	6.25%	7.00%	7.00%
Assumed rates of compensation increases.....	3.50%	3.50%	3.50%

The Company uses an August 31 measurement date for its supplemental retirement plan.

The following net benefits payments, which reflect future service, as appropriate, are expected to be paid:

<u>\$ in thousands</u>	
<u>Fiscal years</u>	
2005	\$ 313
2006	313
2007	313
2008	367
2009	367
2010-2014	<u>1,836</u>
Future expected benefit payments through 2014	<u>\$ 3,509</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, 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
Outstanding at August 31, 2003.....	1,112,573	17.02
Granted	202,872	25.05
Exercised	(47,312)	14.19
Cancelled.....	<u>(39,000)</u>	22.84
Outstanding at August 31, 2004.....	<u>1,229,133</u>	19.06
Exercisable at August 31, 2004.....	<u>664,594</u>	\$17.22

The numbers of stock awards available for grant under the stock option plans are 302,996, 466,968, and 648,228 shares as of August 31, 2004, 2003, and 2002, respectively.

The following table summarizes information about stock options outstanding at August 31, 2004:

<u>Range of exercise prices</u>	<u>Number outstanding at 8/31/04</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 8/31/04</u>	<u>Weighted average price</u>
\$ 8.31 - 10.22	65,813	.5 years	\$ 9.08	65,813	\$ 9.08
14.00 - 20.00	614,325	5.7 years	15.65	439,070	15.63
\$21.20 - 28.17	<u>548,995</u>	7.5 years	\$24.07	<u>159,711</u>	\$24.96
	<u>1,229,133</u>			<u>664,594</u>	

P. GUARANTEES

The Company is currently party to guarantee arrangements relating to dealer/customer financing arrangements, the debt for a business in which the Company holds a minority equity investment, and warranties of the Company's products.

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

<u>\$ in thousands</u>	<u>August 31,</u>	
	<u>2004</u>	<u>2003</u>
Guarantees on third party debt of equity investment.....	\$ 700	700
Customer equipment financing recourse	3,700	3,600
Product warranties	<u>N/A</u>	<u>N/A</u>
Total guarantees.....	<u>\$ 4,400</u>	<u>\$ 4,300</u>

Customer Equipment Financing

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. The Company recorded, at estimated fair value, deferred revenue of \$83,000 at August 31, 2004 compared to \$28,000 at August 31, 2003, classified with other current liabilities, for guarantees. 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 the value of the guarantees ratably over the term of the guarantee. Separately, related to these exposures, the Company has accrued a liability of \$290,000 and \$326,000 at August 31, 2004 and 2003, respectively, also classified with other current liabilities, for estimated losses on such guarantees.

The Company maintains an agreement with a single financial institution that guarantees the financial institution's pool of financing agreements with end users. This guarantee was approximately \$1.5 million at August 31, 2004 and 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 maximum exposure of these limited recourse guarantees is equal to 2.75% of the aggregate amounts originally financed.

Separately, the Company maintains limited, specific customer financing recourse arrangements with three financial institutions including the institution referred to above. The original amount of existing specific guarantees is approximately \$2.2 million at August 31, 2004 compared to \$2.1 million at August 31, 2003. Generally, the Company's exposure is limited to unpaid interest and principal where customer payments have not yet been made as scheduled. In some cases, the guarantee may cover all scheduled payments of a loan.

All of the Company's customer-equipment recourse guarantees are collateralized by the value of the equipment being financed.

Guarantees on Third Party Debt Related to Equity Investment

The Company has guaranteed three bank loans and a standby letter of credit on behalf of the irrigation dealership based in Kansas in which the Company previously held a minority equity investment position. The guarantees continue until the loans, including accrued interest and fees, have been paid in full. The bank loans have been declared to be in default by the bank due to the insolvency of the dealership. As of August 31, 2004, the maximum aggregate amount associated with the guarantees and letter of credit was approximately \$700,000. The Company has recorded a current liability as of August 31, 2004 for \$250,000 based upon its best estimate of expected aggregate liability associated with the bank loan guarantees. The majority owner of the business provides a separate personal guarantee of the bank notes, although it is uncertain as to the likelihood of recovery from the majority owner guarantee.

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 years ended August 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Product warranty accrual balance, beginning of fiscal year	\$ 1,152	\$ 1,266	\$ 1,396
Liabilities accrued for warranties during the period	1,492	1,370	1,275
Warranty claims paid during the period	<u>(1,305)</u>	<u>(1,484)</u>	<u>(1,405)</u>
Product warranty accrual balance, end of fiscal year	<u>\$ 1,339</u>	<u>\$ 1,152</u>	<u>\$ 1,266</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. The irrigation segment consists of six operating segments that have similar economic characteristics and meet the aggregation criteria of SFAS No. 131.

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, and 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 not utilized by the Company's management.

The Company has no single major customer representing 10% or more of its total revenues during fiscal 2004, 2003, or 2002.

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>2004</u>	<u>2003</u>	<u>2002</u>
Operating revenues:			
Irrigation	\$ 183.8	\$ 151.3	\$ 132.7
Diversified products	<u>12.9</u>	<u>12.1</u>	<u>13.2</u>
Total operating revenues	<u>\$ 196.7</u>	<u>\$ 163.4</u>	<u>\$ 145.9</u>
Operating income:			
Irrigation	\$ 27.2	\$ 28.0	\$ 22.2
Diversified products	<u>1.1</u>	<u>1.2</u>	<u>1.9</u>
Segment operating income	28.3	29.2	24.1
Unallocated general & administrative and engineering & research expenses	(16.2)	(12.8)	(11.0)
Interest and other income, net	<u>1.7</u>	<u>2.4</u>	<u>2.3</u>
Earnings before income taxes	<u>\$ 13.8</u>	<u>\$ 18.8</u>	<u>\$ 15.4</u>

<u>\$ in millions</u>	<u>2004</u>	<u>2003</u>	<u>For the years ended August 31,</u> <u>2002</u>
Geographic area revenues:			
United States	\$ 145.7	\$ 125.0	\$ 113.8
Europe, Africa, Australia, & Middle East	30.3	23.3	17.2
Mexico & Latin America	16.5	10.7	6.0
Other International	<u>4.2</u>	<u>4.4</u>	<u>8.9</u>
Total revenues	<u>\$ 196.7</u>	<u>\$ 163.4</u>	<u>\$ 145.9</u>

R. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The follow is a tabulation of the unaudited quarterly results of operations for the years ended August 31, 2004 and 2003:

<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 2004				
Operating revenues	\$36,513	\$51,475	\$62,286	46,422
Cost of operating revenues	29,159	39,865	49,299	38,856
Earnings before income taxes	1,607	5,166	6,428	565
Net earnings	1,093	3,503	4,345	345
Diluted net earnings per share	\$ 0.09	\$ 0.29	\$ 0.36	\$ 0.04
Market price (NYSE)				
High	\$ 24.53	\$ 26.87	\$ 26.15	\$24.96
Low	\$ 20.05	\$ 23.90	\$ 22.90	\$22.70
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	\$ 0.17
Market price (NYSE)				
High	\$ 25.70	\$ 25.24	\$ 23.00	\$ 24.45
Low	\$ 20.95	\$ 18.45	\$ 17.75	\$ 20.00

2004: Significant fourth-quarter adjustments aggregated a decrease to pre-tax earnings of \$2.6 million. The adjustments decreasing pre-tax earnings included the Kansas irrigation dealership bank guarantee and bad debt adjustments of \$850,000 and LIFO/ Inventory revaluation adjustments and physical inventory adjustments of \$1.7 million.

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.

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, 2004.

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, 2004 through the date of this Annual Report on Form 10-K, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 9B – *Other Information*

NONE

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, 2004. 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 information required by this Section 16(a) is incorporated by reference to the Proxy Statement.

Code of Ethics- Item 406 of Regulation S-K calls for disclosure of whether the Company has adopted a code of ethics applicable to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company has adopted a code of ethics applicable to the Company's principal executive officer and senior financial officers known as the Code of Ethical Conduct (Principal Executive Officer and Senior Financial Officers). The Code of Ethical Conduct (Principal Executive Officer and Senior Financial Officers) is available on the Company's website. In the event that the Company amends or waives any of the provisions of the Code of Ethical Conduct applicable to the principal executive officer and senior financial officers, the Company intends to disclose the same on the Company's website at www.lindsaymanufacturing.com.

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 Accounting 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

(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 Registered Public Accounting Firm	22
Consolidated Statements of Operations for the years ended August 31, 2004, 2003, and 2002.....	23
Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended August 31, 2004, 2003, and 2002	24
Consolidated Balance Sheets at August 31, 2004 and 2003.....	25
Consolidated Statements of Cash Flows for the years ended August 31, 2004, 2003, and 2002.....	26
Notes to Consolidated Financial Statements.....	27-43
Valuation and Qualifying Accounts - Years ended August 31, 2004, 2003, and 2002.....	50

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 on Form 10-K for the fiscal year ended August 31, 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.

a(3) EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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.
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), 2005 Plan Year
14	Code of Ethical Conduct for Principal Executive Officer and Senior Financial Officers incorporated by reference to Exhibit 14 of the Company's Annual Report on Form 10K for the fiscal year ended August 31, 2003.
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 2004 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

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 15th day of November, 2004.

LINDSAY MANUFACTURING CO.

By: /s/ DAVID B. DOWNING
Name: David B. Downing
Title: *Vice President, Chief Financial Officer*

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 15th day of November, 2004.

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

/s/ DAVID B. DOWNING Vice President, Chief Financial Officer
David B. Downing

/s/ BRUCE C. KARSK Executive Vice President,
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. BUFFETT (1) Director
Howard G. Buffett

/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*

Lindsay Manufacturing Co.
VALUATION and QUALIFYING ACCOUNTS
Years ended August 31, 2004, 2003 and 2002
(Dollars in thousands)

<u>Description</u>	<u>Balance at beginning of period</u>	<u>Additions</u>		<u>Deductions</u>	<u>Balance at end of period</u>
		<u>Charged to costs and expenses</u>	<u>Charged to other accounts</u>		
Year ended August 31, 2004:					
Deducted in the balance sheet from the assets to which they apply:					
- Reserve for guarantee losses(c).....	<u>\$354</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>139</u>	<u>\$ 540</u>
- Allowance for doubtful accounts	<u>\$667</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 41(a)</u>	<u>\$1,386</u>
- Allowance for inventory obsolescence	<u>\$566</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$175(b)</u>	<u>\$ 527</u>
Year ended August 31, 2003:					
Deducted in the balance sheet from the assets to which they apply:					
- Reserve for guarantee losses(c).....	<u>\$344</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 95</u>	<u>\$354</u>
- Allowance for doubtful accounts	<u>\$492</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$100(a)</u>	<u>\$667</u>
- Allowance for inventory obsolescence	<u>\$359</u>	<u>\$ 256</u>	<u>\$ 8</u>	<u>\$ 57(b)</u>	<u>\$566</u>
Year ended August 31, 2002:					
Deducted in the balance sheet from the assets to which they apply:					
- Reserve for guarantee losses(c).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>-</u>	<u>\$344</u>
- Allowance for doubtful accounts	<u>\$577</u>	<u>\$ 348</u>	<u>\$ (344)</u>	<u>\$ 89(a)</u>	<u>\$492</u>
- Allowance for inventory obsolescence	<u>\$629</u>	<u>\$(204)</u>	<u>\$ -</u>	<u>\$ 66(b)</u>	<u>\$359</u>

Notes:

- (a) Deductions consist of uncollectible items written off, less recoveries of items previously written off.
- (b) Deductions consist of obsolete items sold or scrapped.
- (c) Represents estimated losses on financing guarantees.

See accompanying report by independent registered public accounting firm.

DIRECTORS AND OFFICERS

Howard G. Buffett*Director since 1995*

Director: Berkshire Hathaway, 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

Larry H. Cunningham*Director since 2000*Retired Senior Vice President-Corporate Affairs,
Archer Daniels Midland Company**David B. Downing***Vice President and Chief Financial Officer*

Joined Lindsay in August 2004

Gary E. Kaplan*Vice President-Market Services*

Joined Lindsay in October 2004

Bruce C. Karsk*Executive Vice President, 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;

Executive Vice President, Treasurer and Secretary 2004

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: GrafTech 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

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 February 9, 2005, at 8:30 a.m. at our corporate office located at 2707 North 108th 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 office.

Quarterly Calendar

The Company operates on a fiscal year ending August 31. Fiscal 2005 quarter-end dates are November 30, 2004, February 28, 2005, May 31, 2005 and August 31, 2005. 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 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 Pagewww.lindsaymanufacturing.com

Stock Market Information

Lindsay's common stock is traded on the New York Stock Exchange, Inc. (NYSE) under the ticker symbol LNN.

Certifications

The Company has filed certifications under Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to its Form 10-K for fiscal year 2004. These exhibits are signed by the Chief Executive Officer and the Chief Financial Officer, respectively. Additionally, on March 19, 2004, the Company's Chief Executive Officer provided his annual certification regarding the Company's compliance with the New York Stock Exchange corporate governance listing standards.

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, 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.