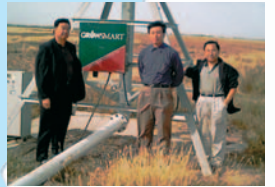


water

l'eau • wasser • água • 水 • ماء • agua



2005 Annual Report

Making every drop count through intelligent technology

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> | 2005 | 2004 | % Change |
|---|------------|-----------|----------|
| Income Data | | | |
| <i>for the fiscal years ended August 31</i> | | | |
| Operating revenues | \$ 177,271 | \$196,696 | -9.9 |
| Gross profit | 33,571 | 39,517 | -15.0 |
| Operating expenses | 28,073 | 27,477 | 2.2 |
| Operating income | 5,498 | 12,040 | -54.3 |
| Interest and other income, net | 1,452 | 1,726 | -15.9 |
| Pretax earnings | 6,950 | 13,766 | -49.5 |
| Net earnings | \$4,838 | \$9,286 | -47.9 |
| Average shares outstanding assuming dilution | 11,801 | 11,947 | -1.2 |

Balance Sheet and Cash Flow Data at August 31

| | | | |
|------------------------------------|----------|----------|-------|
| Current assets | \$94,213 | \$81,372 | 15.8 |
| Fixed assets (net of depreciation) | 17,268 | 16,355 | 5.6 |
| Total assets | 134,839 | 139,001 | -3.0 |
| Current liabilities | 20,138 | 24,476 | -17.7 |
| Shareholders' equity | 109,330 | 112,184 | -2.5 |
| Capital expenditures | 4,122 | 5,037 | -18.2 |
| Depreciation and amortization | \$3,481 | \$2,969 | 17.2 |
| Shares outstanding at year end | 11,520 | 11,770 | -2.1 |

Per Share Data

| | | | |
|----------------------|--------|--------|-------|
| Diluted net earnings | \$0.41 | \$0.78 | -47.4 |
| Book value | \$9.49 | \$9.53 | -0.4 |

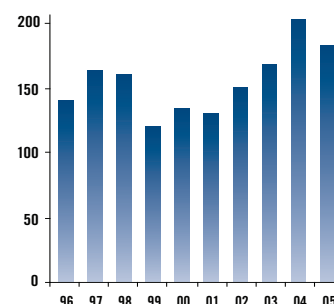
Performance Ratios

| | | |
|----------------------------|------|------|
| Operating margin | 3.1% | 6.1% |
| Net margin | 2.7% | 4.7% |
| Return on beginning equity | 4.3% | 8.9% |

Employee Information

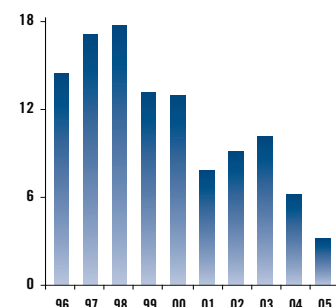
| | | | |
|---------------------------------|-------|-------|------|
| Average number of employees | 645 | 649 | -0.6 |
| Revenue per employee | \$275 | \$303 | -9.2 |
| Number of employees at year end | 645 | 639 | 0.9 |

Revenue (\$ in millions)



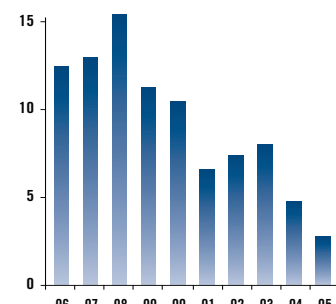
During fiscal 2005, a decline in irrigation equipment unit volume was partially offset by increased diversified manufacturing revenues.

Operating Margin (Percentage)



Fiscal 2005 operating margin reflects significant decreases in unit volumes, a field repair campaign and higher operating costs attributable to Sarbanes-Oxley compliance.

Net Margin (Percentage)



Net margin declined in fiscal 2005 due to a reduced operating margin and reduced interest income.



TO OUR SHAREHOLDERS:

While Lindsay Manufacturing Co.'s (LMC) fiscal 2005 results were below our expectations and goals for the business, the year included meaningful accomplishments in many areas. Early in the fiscal year we experienced a significant deterioration in market demand, fueled by the combined effects of lower agricultural commodity prices, higher farm input costs, an easing

of drought conditions and steadily increasing energy prices. The combination of these factors created short-term reluctance on the part of some farmers to invest in capital equipment, including irrigation systems. For Lindsay, the lower overall market demand resulted in a 35% reduction in our unit volumes and a decline in our revenues and net earnings for the year.

At the same time, these cyclical changes in market demand should not mask the achievements that occurred at LMC during the year or the significantly positive long-term market drivers. Included among the year's accomplishments were a substantial broadening of our international footprint, a completed expansion of our galvanizing facility, materially higher operating cash flows, a lowering of operating costs, completion of certification to the Sarbanes-Oxley section 404 requirements for internal controls, meaningful growth in diversified products revenues, and yet another increase in our dividend rate. We believe that LMC is now a stronger, leaner, and more competitive entity than it was a year ago.

From a somewhat broader perspective, our business continues to change and evolve in what we believe are very positive ways. For instance, only five years ago LMC was a U.S.-based irrigation business primarily generating domestic revenues that were augmented by some export sales. We recognized that the global market was changing as the pace of agricultural development increased in many parts of the world. We needed to adapt our business to these changes. In recent years, we have built a substantial and geographically diversified international infrastructure that reflects the increasing worldwide necessity for efficient water management in the agricultural and food growing process. This infrastructure is now leverageable across additional products and businesses that we will add through our growth initiatives. We are excited about the added incremental earnings growth opportunities that we will derive from that expansion and that will benefit the company for many years to come.

Financial Review

The effects of softer short-term U.S. market conditions discussed above led to a \$27.4 million, or 21%, reduction in domestic irrigation revenues during 2005. When combined with essentially flat international irrigation revenues and strong growth in diversified manufacturing revenue, the result was a nearly 10% decline in our

consolidated revenues, to \$177.3 million, from the \$196.7 million in fiscal 2004. With the reduction in irrigation revenues and a strong year for diversified products, the irrigation segment contributed 88% of total revenues, compared to 93% in 2004.

While irrigation reviews declined due to significantly reduced market demand, we grew revenues from our diversified products unit by 63% to \$21 million, from just under \$13 million in fiscal 2004. This represented 12% of the company's total revenue, and compares to 7% in fiscal 2004. And while this segment typically generates somewhat lower margins than does the irrigation unit, it nevertheless is effective in utilizing manufacturing resources and leveraging expenses. We are enthusiastic about its considerable progress and will seek to add revenues to this growing area, including new higher-margin proprietary product lines and contract manufacturing relationships in industries outside of agriculture and irrigation.

With lower revenues in 2005, margins were reduced for the year. Gross margins were 18.9%, down from 20.1% in 2004, as the lower unit volumes resulted in manufacturing efficiency variances, by reducing our base for the allocation of factory overhead expenses. These variances were offset somewhat by the higher selling margins we were able to achieve in 2005 over 2004, now that our implemented price increases have successfully passed through the higher steel costs we have experienced. We are pleased to report that our selling margins, excluding volume related variances, have returned to the higher-levels achieved prior to the rapid run-up in steel costs in 2004. We continue to closely monitor steel costs and effectively manage our steel inventories. Although there continues to be some upward pressure on the prices of certain other raw materials, such as zinc and copper wire, we remain confident in our ability to pass those increased costs through to our customers in a timely manner.

Gross margins also were impacted during the year by a program that we voluntarily instituted to repair a defective part on certain Zimmatic irrigation systems manufactured after 1993. The pre-tax charge to 2005 earnings for this campaign was \$1.5 million or \$0.09 per diluted share after tax. This charge was taken in the fourth quarter of the year. Our determination to undertake this campaign signals our level of concern for, and commitment to, the safety of our products and those who operate them.

Our operating margin for the year declined to 3.1%, from 6.1% in 2004. Higher operating expenses, some of which related to our increasing international presence, were offset somewhat by our success in implementing cost reductions. The international expenses included incremental expense of approximately \$200,000 for the full-year of operations of Stettyn, the South African manufacturer of center pivots that we acquired in late fiscal 2004. Operating margins also were significantly impacted by expenses related to Sarbanes-Oxley compliance. We were able to complete that process smoothly and successfully and we expect associated compliance related costs to now decline.



Zimmatic pivots irrigate coffee crops in Brazil, in addition to soy beans.



*Our new **FieldVISION** control panel is the latest addition in the GrowSmart technology line of products. It features a unique graphic display for easier programming.*

In spite of the difficult year that we experienced in fiscal 2005, the picture nevertheless was bright as it related to several key financial metrics for the company. Cash flow from operations increased more than 800% to \$11.8 million, from \$1.2 million in fiscal 2004. During the year, we invested \$6.6 million of the cash flow generated to repurchase nearly 325,000 shares of our common stock. In July we announced that our directors had declared a 9% increase in our regular quarterly dividend to shareholders. The new annual indicated rate is \$0.24 per share, up from the prior rate of \$0.22 per share. This now makes three consecutive years of increased dividends for Lindsay shareholders.

Our balance sheet also continues to be exceptionally strong. We ended the year with \$54.8 million in cash and marketable securities, along with reduced working-capital levels. At the same time, we continue to operate without long-term debt, which, in concert with our strong cash position, provides us with substantial flexibility as we seek to foster growth and expansion for LMC.

Further, we have made meaningful progress in lowering our cost structure. In response to market conditions, we reduced our domestic staffing close to the levels that existed in the early years of this decade. We will also benefit from the completion of our expanded galvanizing facility, which, in addition to increasing our galvanizing quality and capacity, also allows us to further reduce costs. We also reduced staffing in our international units and continue to experience overall improvements in their margins as they mature and are able to realize operational and procurement efficiencies.

The Domestic Market's Future

We noted in last year's annual report, and remain confident that, while agricultural commodity prices will fluctuate with 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.

In fact, to the extent that low commodity prices are partially responsible for U.S. irrigation market softness, those conditions are testimony to the tremendous success and efficiency of the American farmer. Record corn production in the U.S. in 2004, raised the nation's corn stock at the conclusion of that year to 9.45 billion bushels. With the exception of 1986 and 1987, that level constitutes the highest total since the United States Department of Agriculture began reporting totals in 1943. Similarly, record soybean production in 2004 pushed

the U.S. stock of that crop to more than 2.30 billion bushels, easily the highest total since 1942. These high-ending inventories, as well as projections for large harvests for 2005, pressed commodity prices lower. While net cash farm income is expected to remain strong in 2005, a higher percentage of the farmers' income will come from government subsidies due to the reduction in corn and soybean prices.

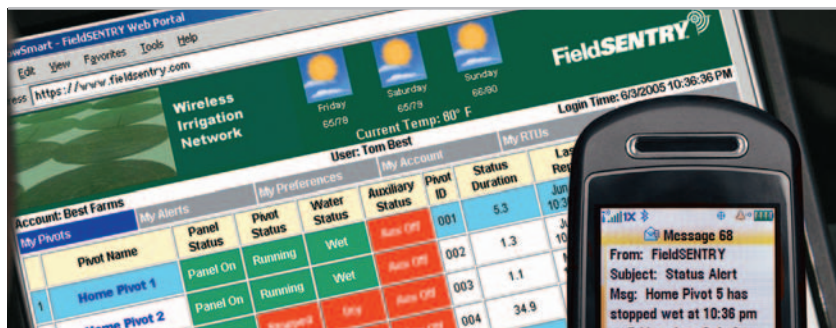
We are, of course, unable to predict with any certainty when the current domestic commodity price cycle will be reversed or when farmers' confidence in making capital purchases will strengthen. However, nearly 15% of the domestic corn crop is now used in the manufacture of ethanol, the gasoline substitute. We think that the current agricultural commodity price cycle, especially as it relates to corn, will be shortened by the effects of higher gasoline prices and the corresponding need to increase ethanol production levels.

Further, we think that there are several factors that could return the U.S. irrigation market to its formerly robust state sooner than otherwise might be expected, particularly as it relates to the equipment manufactured by LMC. For instance, of the approximately 420 million U.S. acres committed to farming, 87% remains non-irrigated. We believe that, as this percentage declines, it likely will occur through the use of center pivot and lateral move equipment, which provides the most efficient use of water in the agricultural irrigation and crop production process for broad-acreage crops. In order for U.S. agricultural production to remain competitive and efficiently use the water resources available, conversion of gravity or furrow irrigation to pivots, along with dry land conversion directly to pivots, must continue and in some regions will likely accelerate.

Expanding the market even further is a rapidly increasing need for additional uses of technology in the irrigation process. These advancements will occur through improvements in automation and integrated water-saving solutions, and LMC is a leader in providing these technology solutions for growers. These innovations increase irrigation efficiency and aid in the preservation of our valuable water resources. With an estimate of more than 175,000 center pivot systems operating in North America, we believe that the parts and replacement market will continue to expand significantly in the years ahead, driving incremental revenue and margin opportunities.

The International Picture

If there is a phenomenon that clearly cuts across national boundaries



FieldSENTRY is a new product that allows growers wireless monitoring and control capabilities for their irrigation equipment.



Here a Stettyn brand pivot is shown in operation in South Africa. Lindsay purchased Stettyn in late fiscal 2004.

and regional differences, it is the importance of water and the need for meaningful increases in irrigation efficiency in the production of food and other agricultural products. This is particularly true in those areas of the world that are developing industrially, experiencing population growth and becoming more concerned with dietary quality. It is a strategic imperative to establish our products and a strong market position in the major developing agricultural regions throughout the world. We continue to make great strides in achieving this objective.

Our products and equipment are marketed overseas through a network of approximately 200 international dealers. In each of the past several years, international revenues have grown by about two additional percentage points of total revenues, reaching 29% in 2005. We believe that within a couple of years, revenues generated overseas could represent a third of the total, and we think it is conceivable that they could reach half of LMC's total revenues within five years. While expanding international revenues are resulting in what we view as a temporary reduction in operating margins, the incremental opportunity they represent for our shareholders clearly surpasses the short-term negative effect.

Global expansion continued to be a major focus for us in 2005, which also was the first full year of our ownership of Stettyn, the South African manufacturing operation that we acquired in late fiscal 2004. We feel good about the prospects for Stettyn and about our opportunities in Africa, in spite of the short-term reduction in market demand due to lower corn prices. We see excellent opportunities for market expansion in much of southern Africa, driven by the need for improvements in water-use efficiency, improvements in dietary conditions, and funding provided by many regional governmental agencies. Additionally, southern Africa is the subject of considerable investment from the international community, operating through such intermediaries as the World Bank and the United States Agency for International Development.

We also expanded our presence in China and continue to be enthusiastic about our prospects there. At the same time, the world's most populous nation represents a decidedly different business environment from our domestic markets and from other parts of the world where we are doing business. Chinese agriculture remains within the purview of numerous small government farms, a few large

corporate growers, and various branches of the Chinese government. However, a number of trends within this rapidly developing nation are leading to farm consolidations and an urbanization of the population, and are creating an increasing need for water conservation. We currently are producing products in China on a limited basis through a subcontract agreement and we recently have hired a business manager for that nation. While we are approaching the market prudently and taking efforts to protect proprietary technologies, we believe that over time China will become an excellent market for us and will serve as a fulcrum for additional Asian distribution.

Brazil also is a market in a state of change. That nation's agricultural industry currently is beset by the dual challenges of Asian rust, which has affected its soybean crop, and Foot and Mouth Disease, which has hit portions of the nation's cattle herds. But while that nation's agricultural industry clearly is battling these challenges, the opportunities for us continue to be tremendous in Brazil and ultimately in much of Latin America.

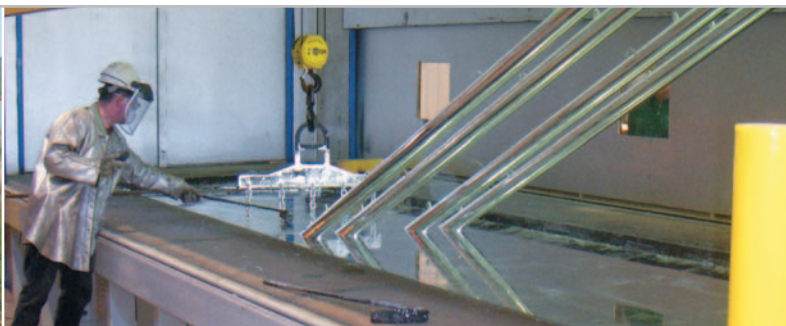
Business Development

We remain determined to pragmatically pursue every possible opportunity to achieve meaningful earnings growth at LMC. To that end, we are continuing to conduct an active program to identify potential acquisitions that could prove strategic to Lindsay's mission and that diversify our customer base. While our traditional agricultural market customers are very important to us, we must also somewhat reduce the effects of market cyclicality by developing an expanded customer base. As part of that program, in fiscal 2005 we explored, in detail, approximately 55 acquisition candidates, for an average of more than one per week. Our belief is that the most attractive targets for us are companies producing water management and infrastructure products, with revenues in the \$20-\$50 million range, and are likely to be accretive to our earnings within one year. Even as our primary acquisition targets are those offering water management product or service revenues, we also consider acquisitions that are synergistic with our present diversified manufacturing business. Potential acquisitions in that area would further expand our customer base and leverage our manufacturing capabilities.

I expected that we would have completed one or more acquisitions in 2005, but we were unsuccessful in finalizing a transaction during the period. While we found numerous prospects that were strategically



The TR-20, developed by Lindsay Europe, represents the new generation of our hose reel product line used for irrigating smaller fields.



A new galvanizing facility at our Lindsay, NE plant opened in October 2005. This new line will improve quality and expand capacity in this important process.

attractive, some of which are still candidates, we have found that the process to achieve mutually satisfactory terms with high-caliber companies takes time and patience. We will continue our quest to expand the company by acquisition, and also will seek product line expansions through purchases of smaller companies with \$5 million or more in revenues.

In addition to potential acquisitions, we are also constantly evaluating geographic expansion possibilities. We believe we now have manufacturing locations in the right regions, at least for the near future, however, we will continue to evaluate opportunities for adding manufacturing or distribution facilities in key markets. There further exists the prospect for product line expansions, including the manufacture and distribution of pumps, sensors, flow control equipment, or other units that function in concert with our irrigation products. And given the almost daily increases in importance of technology to the efficiency of the irrigation and water management processes, we will continue to pursue the expansion of our technology offering, through organic development, license, or acquisition. All in all, we are excited to note that there are numerous opportunities to derive sensible, profitable and sustained growth into the totality of our water management activities.

We are also continuing our overall investment in the internal development of new products. During the past year we introduced products that expanded our irrigation equipment and technology offering, including new monitoring hardware and software, a renewable service product, and products produced by others that are elements of the irrigation system. We also added new, reduced cost versions of our European hose-reel line. We will continue our investment in organic development to bring value-creating innovations to market that expand revenues and margins.

There are two other growing uses of our products that tend not to be widely appreciated that will also expand our market. In addition to their typical uses in crop irrigation, the equipment that we manufacture is being used at an increasing rate for gray water reapplication in the growing of forage crops for animal consumption. This use is becoming particularly more common in the dairy industry. Secondly, the equipment is used in dust suppression, an application

considered critical in some regions. These two additional uses of irrigation products can add incrementally to the demand for our products in the years ahead.

Looking at a Few Objectives

The circumstances of the past year have not altered the key long-term financial goals for our company. We believe that revenue growth of 8%-12% per year, apart from contributions from business acquisitions, is reasonable and sustainable. Similarly, as our international businesses mature, we believe that gross margins of 23%-27% and operating margins of 10%-13% will be achievable. Finally, we believe that return on equity for Lindsay can range between 14% and 20% on an ongoing basis. We noted these objectives in our 2004 annual report and we remain committed to achieving them.

During the past two years we have wrestled with the one-two punch of higher steel costs and a cyclical softening of agriculture commodity prices. In each case, we have taken the action required and ultimately made our company stronger. Despite these temporary market factors, we have become progressively more enthusiastic about the expanding importance of efficient water management to today's and tomorrow's worlds and LMC's substantial role in fostering that efficiency. We believe that water management and energy production are the two salient industrial functions in the world today, and that we have a key, significant role to play in water management. As such, we will steward the growth of LMC in ways that we believe will enhance its mission and accrue to the ongoing benefit of our shareholders.

Lindsay Manufacturing Co. has achieved its current status through a convergence of positive influences from our employees, our directors, our dealers, our suppliers, and our shareholders. To each of these groups, we bid sincere thanks.

Sincerely,

Richard W. Parod
President and Chief Executive Officer

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

For the fiscal year ended August 31, 2005 OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

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:

| <u>Title of Class</u> | <u>Name of each exchange on which registered</u> |
|--------------------------------|--|
| Common Stock, \$1.00 par value | 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 a well-known seasoned issuer, (as defined in Rule 405 of the Securities Act). Yes ☒ No ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Common Stock of the registrant, all of which is voting, held by non-affiliates based on the closing sales price on the New York Stock Exchange, Inc. on February 28, 2005 was \$270,948,258.

As of October 19, 2005, 11,520,136 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement pertaining to the February 6, 2006, 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, chemical injection systems and remote monitoring and control 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 SAS, 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 two 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.

The Company also markets pivot monitoring and control systems, which includes remote telemetry and a web or personal computer hosted data acquisition and monitoring applications. These systems will allow the grower to monitor and control their pivot system, accumulate data on the operation of the system and control the pivot from a remote location by logging onto an internet web site. The pivot monitoring and control system are marketed under the GrowSmart brand with product names of FieldSENTRY and FieldLink.

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>2005</u> | <u>2005</u> | <u>2004</u> | <u>2004</u> | <u>2003</u> | <u>2003</u> |
| | <u>Revenues</u> | <u>% of Total</u> | <u>Revenues</u> | <u>% of Total</u> | <u>Revenues</u> | <u>% of Total</u> |
| | <u>Revenues</u> | <u>Revenues</u> | <u>Revenues</u> | <u>Revenues</u> | <u>Revenues</u> | <u>Revenues</u> |
| United States..... | \$ 126.5 | 71 | \$ 145.7 | 74 | \$ 125.0 | 76 |
| Europe, Africa, Australia, & Middle East..... | 30.1 | 17 | 30.3 | 15 | 23.3 | 14 |
| Mexico & Latin America..... | 16.1 | 9 | 16.5 | 9 | 10.7 | 7 |
| Other International..... | <u>4.6</u> | <u>3</u> | <u>4.2</u> | <u>2</u> | <u>4.4</u> | <u>3</u> |
| Total Revenues..... | \$ 177.3 | 100 | \$ 196.7 | 100 | \$ 163.4 | 100 |

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

systems, or farm structures. The Company also has a small number of direct sales agents that sell the *Greenfield* and *GrowSmart* branded products directly to the end-users.

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 \$2.7 million, \$2.9 million, and \$2.6 million for fiscal years 2005, 2004, and 2003, 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. In addition, the Company has expanded its diversified products into contract manufacturing. The Company continues to develop new relationships for diversified manufacturing in industries outside of agriculture and irrigation. 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, 2005, the Company had an order backlog of \$14.2 million, a decrease of 14% from \$16.5 million at August 31, 2004. The \$2.3 million decrease in order backlog was primarily attributable to decreased demand for irrigation systems, which was partially offset by a higher backlog on diversified products. At fiscal year end 2005, the Company had a \$9.0 million order backlog for irrigation equipment, compared to \$12.3 million at fiscal year end 2004. At fiscal year end 2005, order backlog for diversified products totaled \$5.2 million, compared to \$4.2 million at fiscal year end 2004. The Company expects that the existing backlog of orders will be filled in fiscal 2006.

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 financing 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 2005, 2004, and 2003 were \$4.1 million, \$5.0 million and \$1.9 million, respectively. Fiscal 2005 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 2006 are expected to be approximately \$4.0 to \$4.5 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 2005, 2004, and 2003 were 645, 639, and 620, 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 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.

SUBSIDIARIES

The Company has five wholly owned operating subsidiaries: Lindsay Transportation, Inc., Lindsay Europe SAS, 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 SAS, 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 15% of total consolidated Company sales in fiscal 2005, 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 Securities Exchange Commission (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>, however, information posted on our website is not part of the Form 10-K. 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
Employee Complaint Procedures for Accounting and Auditing Matters
Special Toll-Free Hotline Number, E-mail Address, and Mail Address for Making Confidential or Anonymous Complaints

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 11, 2005, 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.

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 29% 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 Central 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 12% 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

ITEM 2 - Properties

The Company owns and occupies 43 acres in Lindsay, Nebraska on which its principal U.S. manufacturing facilities are located. The Lindsay, Nebraska facility has eight separate buildings. In addition, the Company owns 79 acres adjacent to its primary property. This land is used for research, development, and testing purposes.

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

The Irrigation Specialists Inc. dealership occupies several leased buildings at three separate retail locations based in the eastern Washington state region and one retail location in north eastern Oregon. These leases expire over a remaining term of nine 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 with a six month cancellation option.

The Company leases office space in Omaha, Nebraska where it maintains its executive and its domestic and international sales and marketing offices. The Omaha executive, domestic and international sales and marketing office space 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 2005.

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 2007. 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 | 52 | President and Chief Executive Officer |
| Matthew T. Cahill | 43 | Vice President – Manufacturing |
| David B. Downing | 50 | Vice President, Chief Financial Officer, Treasurer and Secretary |
| Gary E. Kaplan | 44 | Vice President - Market Services |
| Dirk A. Lenie | 51 | Vice President – Marketing |
| Charles H. Meis | 59 | Vice President – Engineering |
| Tim J. Paymal | 31 | Corporate Controller |
| Robert S. Snoozy | 59 | Vice President – Domestic 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. David B. Downing is Vice President, Chief Financial Officer, Treasurer and Secretary, and has held the CFO position since August 2004 when he joined the Company and was appointed Treasurer and Secretary in September 2005. 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. 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. Tim J. Paymal is Corporate Controller of the Company, and has held such position since January 2005, when he joined the Company. Prior to that time and since 1996, Mr. Paymal was most recently an audit assurance senior manager with Deloitte & Touche LLP.

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.

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 September 30, 2005 there were approximately 141 shareholders of record and an estimated 2,500 "street-name" beneficial holders whose shares are held in names other than their own.

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

| | Fiscal 2005 Stock Price | | | Fiscal 2004 Stock Price | | |
|----------------|-------------------------|------------|------------------|-------------------------|------------|------------------|
| | <u>High</u> | <u>Low</u> | <u>Dividends</u> | <u>High</u> | <u>Low</u> | <u>Dividends</u> |
| First Quarter | \$28.55 | \$22.45 | \$0.055 | \$24.53 | \$20.05 | \$0.050 |
| Second Quarter | 29.51 | 21.51 | 0.055 | 26.87 | 23.90 | 0.050 |
| Third Quarter | 24.60 | 17.50 | 0.055 | 26.15 | 22.90 | 0.050 |
| Fourth Quarter | 26.06 | 19.95 | 0.060 | 24.96 | 22.70 | 0.055 |
| Year | \$29.51 | \$17.50 | \$0.225 | \$26.87 | \$20.05 | \$0.205 |

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 fourth quarter ended August 31, 2005; therefore, tabular disclosure is not presented. During the second and third quarters of fiscal 2005, the Company repurchased a total of 324,379 shares. From time to time, the Company's Board of Directors has authorized management to repurchase shares of the Company's common stock. Under this share repurchase plan, management has existing authorization to purchase, without further announcement, up to 881,139 shares of the Company's common stock in the open market or otherwise.

ITEM 6 – Selected Financial Data

| <u>(in millions, except per share amounts)</u> | | <u>For the years ended August 31,</u> | | | | | | | | |
|--|-------------|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2005</u> | <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> |
| Operating revenues | \$177.3 | \$196.7 | \$163.4 | \$145.9 | \$126.7 | \$129.8 | \$116.7 | \$155.7 | \$158.3 | \$136.2 |
| Gross profit | 33.6 | 39.5 | 39.7 | 32.9 | 27.9 | 31.6 | 30.6 | 42.8 | 40.9 | 32.7 |
| Selling, general and administrative, and engineering and research expenses | 28.1 | 27.5 | 23.4 | 19.8 | 17.2 | 15.0 | 15.4 | 15.5 | 14.2 | 13.2 |
| Restructuring charges | - | - | - | - | 0.9 | - | - | - | - | - |
| Operating income | 5.5 | 12.0 | 16.4 | 13.1 | 9.8 | 16.6 | 15.2 | 27.3 | 26.7 | 19.5 |
| Net earnings (2) | 4.8 | 9.3 | 12.9 | 10.7 | 8.2 | 13.4 | 12.9 | 23.7 | 20.3 | 16.7 |
| Net earnings per share (1) (2) | 0.41 | 0.78 | 1.08 | 0.90 | 0.69 | 1.07 | 0.97 | 1.63 | 1.36 | 1.10 |
| Cash dividends per share | 0.225 | 0.205 | 0.155 | 0.14 | 0.14 | 0.14 | 0.14 | 0.125 | 0.091 | 0.067 |
| Property, plant and equipment, net | 17.3 | 16.4 | 13.9 | 14.5 | 14.9 | 15.9 | 15.4 | 14.1 | 11.1 | 9.7 |
| Total assets | 134.8 | 139.0 | 131.2 | 114.7 | 101.9 | 97.2 | 101.6 | 109.9 | 108.7 | 97.3 |
| Long-term obligation | - | - | - | - | - | - | - | 0.1 | 0.3 | - |
| Return on sales | 2.7% | 4.7% | 7.9% | 7.4% | 6.5% | 10.3% | 11.1% | 15.2% | 12.8% | 12.3% |
| Return on beginning assets (3) | 3.5% | 7.1% | 11.2% | 10.7% | 8.4% | 13.2% | 11.7% | 21.8% | 20.9% | 19.3% |
| Diluted weighted average shares | 11.801 | 11.947 | 11.896 | 11.858 | 11.900 | 12.503 | 13.285 | 14.556 | 14.980 | 15.226 |

- (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 2006 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 contained in Item 1. 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, chemical injection systems and remote monitoring and control 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 also has a small number of direct sales agents that sell the *Greenfield* and *GrowSmart* branded products directly to 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 declined during fiscal 2005. Lower commodity prices, high farm input costs and a reduction in the drought conditions in the West and Plains regions in the United States decreased demand for irrigation systems. International sales were primarily impacted by the same factors affecting the domestic market.

Compliance with Sarbanes Oxley requirements negatively impacted general and administrative expenses during fiscal 2005. The Company expects that Sarbanes related costs will decrease in fiscal 2006, but will continue to be a recurring expense.

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.

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 2005.

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 consolidated 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 2005 Compared to 2004" and the "Fiscal 2004 Compared to 2003" 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 2005 Compared to 2004

The following table provides highlights for fiscal 2005 compared with fiscal 2004:

| (\$ in thousands) | For the Years Ended August 31, | | % Increase (Decrease) |
|---|-----------------------------------|-----------|--------------------------|
| | 2005 | 2004 | |
| Consolidated | | | |
| Operating revenues | \$177,271 | \$196,696 | (9.9%) |
| Cost of operating revenues | \$143,700 | \$157,179 | (8.6) |
| Gross profit | \$ 33,571 | \$ 39,517 | (15.0) |
| Gross margin | 18.9% | 20.1% | |
| Selling, engineering and research, and general and administrative expenses | \$ 28,073 | \$ 27,477 | 2.2 |
| Operating income | \$ 5,498 | \$ 12,040 | (54.3) |
| Operating margin | 3.1% | 6.1% | |
| Interest income, net | \$ 1,179 | \$ 1,456 | (19.0) |
| Other income, net | \$273 | \$270 | 1.1 |
| Income tax provision | \$ 2,112 | \$ 4,480 | (52.9) |
| Effective income tax rate | 30.4% | 32.5% | |
| Net earnings | \$ 4,838 | \$ 9,286 | (47.9) |
| Irrigation Equipment Segment (See Note Q) | | | |
| Operating revenues | \$156,313 | \$183,844 | (15.0) |
| Operating income (1) | \$ 19,945 | \$ 27,226 | (26.7) |
| Operating margin | 12.8% | 14.8% | |
| Diversified Products Segment (See Note Q) | | | |
| Operating revenues | \$ 20,958 | \$ 12,852 | 63.1 |
| Operating income (1) | \$ 2,595 | \$ 1,143 | 127.0 |
| Operating margin | 12.4% | 8.9% | |

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

Revenues

Operating revenues for fiscal 2005 declined by \$19.4 million or 10% from fiscal 2004. The decline was attributable to decreased irrigation equipment revenues, partially offset by an increase in diversified manufacturing revenues.

Domestic irrigation revenues declined by \$27.4 million or 21% from fiscal 2004. The decline in domestic irrigation revenue was due to a decline in unit volume of approximately 35% as compared to prior year, which was partially offset by an increase in the selling price of irrigation equipment of approximately 10%. Management believes that a combination of factors contributed to the lower demand for irrigation equipment during the year. These factors include generally lower agricultural commodity prices, higher farm input costs, and a reduction in drought conditions. The price of corn declined approximately 10%, cotton declined approximately 8% and soybeans remained flat, from the same time last year. In addition, strong U.S. harvests are expected for this fall season. While ethanol demand continues to drive corn usage higher, ending inventories for corn are expected to remain high. The overall growing conditions for farmers throughout most of the United States remained favorable. The drought conditions experienced in much of the West and Plains regions were greatly alleviated. The combination of these factors and higher costs for energy, fertilizer and other farm inputs contributed to reduced demand for products such as irrigation equipment, which represent substantial capital expenditures.

International irrigation revenues remained flat in fiscal 2005 at \$50.8 million compared to \$50.9 million in fiscal 2004. The acquisition of Stettyn, the irrigation company in South Africa, in the fourth quarter of fiscal 2004 contributed additional revenues during the year. This increase in revenue was partially offset by many of the same factors affecting domestic sales of irrigation equipment, including the negative effects of depressed agricultural commodity prices. In addition, the lower value of the United States dollar relative to local currencies continues to negatively impact farmers' profitability due to the fact that world commodity prices are denominated in US dollars and a depressed U.S. dollar yields less local currency revenue for farmers. In total international revenues were 29% of total revenues for fiscal 2005 as compared to 26% for fiscal 2004.

Diversified manufacturing revenues increased \$8.1 million or 63% compared to fiscal 2004. Revenues grew in both contract manufacturing and commercial tubing. The Company continues to develop new relationships for diversified manufacturing in industries outside of agriculture and irrigation. Additionally, the Company is pursuing incremental growth paths for its commercial tubing business. The diversified segment continues to achieve success in developing new business opportunities and expects to see continued growth supported by appropriate investment.

Gross Margin

Gross margin was 18.9% for fiscal 2005 compared to 20.1% for fiscal 2004. The decrease in gross margin is primarily attributable to the significant reduction in unit volume offset by product price increases implemented in 2004 that were designed to pass-through the steel cost increases that occurred in the prior year. Towards the end of the 2005 fiscal year, the Company experienced a slight reduction in steel costs from the high level of fiscal 2004. In addition, gross margins for fiscal 2005 were negatively affected by the field repair campaign announced during the fourth quarter, which decreased pre-tax earnings by \$1.5 million. Company-wide cost reduction actions have partially offset lower domestic unit volumes and contributed to improved international and diversified manufacturing margins.

Operating Expenses

The Company's operating expenses for fiscal 2005 increased \$596,000 or 2% over fiscal 2004. Operating expenses were positively affected by cost reduction efforts during the year, but these savings were largely offset by incremental operating expenses of \$217,000 incurred at our Stettyn operation which was acquired in the fourth quarter of fiscal 2004. In addition, we incurred additional costs related to Sarbanes-Oxley compliance of approximately \$800,000 higher than 2004. Finally, 2004 operating expenses included a non recurring bad debt charge related to the insolvency of a Kansas dealership of \$724,000.

Interest Income, Other Income, and Taxes

Fiscal 2005 interest income of \$1.2 million was a decrease of \$277,000 as compared to 2004. This decrease primarily reflects a reduction of interest income from securities due to smaller balances held in marketable securities and higher balances in interest bearing accounts earning a lower interest rate. 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 2005 other income of \$273,000 was comparable to fiscal 2004. Other income was primarily the result of higher net earnings from minority equity investments.

The effective tax rate during fiscal 2005 was 30.4% compared to 32.5% for fiscal 2004. The decreased effective tax rate reflects a higher percentage of tax deductions compared to net income before taxes for fiscal year 2005 compared to the same period in 2004. 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.

Net Earnings

Net earnings were \$4.8 million, or \$.41 per diluted share, for fiscal 2005, compared with \$9.3 million, or \$.78 per diluted share, for fiscal 2004.

Fiscal 2004 Compared to 2003

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

| (\$ in thousands) | For the Years Ended August 31, | | % Increase (Decrease) |
|---|-----------------------------------|-----------|--------------------------|
| | 2004 | 2003 | |
| 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% | |

(2) 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 fiscal 2004. Although the Company was able to increase sales 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.

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.

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 \$54.8 million at August 31, 2005 compared with \$56.3 million at August 31, 2004. The Company's marketable securities consist primarily of tax exempt investment grade municipal bonds.

Cash flows provided by operations totaled \$11.8 million during fiscal 2005 compared to \$1.2 million during fiscal 2004. For fiscal 2005, cash flows provided by operations include a decrease of \$6.2 million for accounts receivable compared with an increase of \$11.5 million in fiscal 2004, and net earnings of \$4.8 million. The accounts receivable decrease was primarily due to lower revenues and lower sales to the dealer stock inventory program at year end as compared to fiscal 2004. Other increases include accounts payable of \$2.4 million and other current liabilities of \$3.0 million. For fiscal 2004, cash flows provided by operations include decreases in inventory of \$920,000, increases of \$11.5 million for accounts receivable and net earnings of \$9.3 million.

Cash flows provided by investing activities totaled \$13.2 million during fiscal 2005 compared to \$5.7 million used in investing activities during fiscal 2004. Capital expenditures were \$4.1 million during fiscal 2005 compared to \$5.0 million during fiscal 2004. 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 2006 are expected to be approximately \$4.0 to \$4.5 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 \$19.1 million during fiscal 2005 compared to \$8.5 million during fiscal 2004, while purchases of marketable securities in 2005 totaled \$1.8 million compared with \$14.8 million in fiscal 2004.

Cash flows used in financing activities totaled \$8.6 million during fiscal 2005 compared to \$1.9 million in 2004. The increase in cash used for fiscal 2005 is primarily the result of repurchases of common shares of \$6.6 million.

The Company repurchased 324,379 shares of common stock on the open market under the Company's stock repurchase plan during fiscal 2005. As of August 31, 2005, the Company had existing authorization, without further action by our Board of Directors, to repurchase up to approximately 881,000 shares of the Company's common stock in the open market or otherwise.

The Company has an unsecured revolving line of credit, which expires December 28, 2005, 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 during fiscal 2005. 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 (6.44% at August 31, 2005). 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 2.3 million Euros, which equates to USD\$2.8 million, for working capital purposes. As of August 31, 2005, 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. (6.17% at August 31, 2005).

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, excluding potential acquisitions.

Inflation

The Company is subject to the effects of changing prices. During fiscal 2005, the Company realized stabilized 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.

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 | \$3,485 | \$ 937 | \$1,390 | \$638 | \$ 520 |
| Supplemental Retirement Plan..... | N | <u>3,956</u> | <u>313</u> | <u>679</u> | <u>847</u> | <u>2,117</u> |
| Total..... | | <u>\$7,441</u> | <u>\$1,250</u> | <u>\$ 2,069</u> | <u>\$1,485</u> | <u>\$2,637</u> |

Market Conditions and Fiscal 2006 Outlook

For fiscal 2006, the Company remains uncertain as to the demand for irrigation equipment. Lower agricultural commodity prices, higher farm input costs, and a reduction in drought conditions in the United States continues to reduce the demand for irrigation systems. Even though commodity prices have dropped off from last year's levels due to expectations for high harvests and yields, and high farm input costs, demand drivers remain in place. The Company expects diversified manufacturing to remain strong for fiscal 2006 due to the continued expansion and investment in

this business segment. Management believes it has taken appropriate actions to tightly control operating expenses for fiscal 2006.

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

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

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, 2005 and 2004, 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, 2005. 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, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended August 31, 2005 in conformity with U.S. generally accepted accounting principles. 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated November 3, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/KPMG LLP

Omaha, Nebraska
November 4, 2005

Lindsay Manufacturing Co.
CONSOLIDATED STATEMENTS OF OPERATIONS

| <u>(in thousands, except per share amounts)</u> | <u>2005</u> | <u>Years ended August 31,</u> <u>2004</u> | <u>2003</u> |
|--|-----------------|--|------------------|
| Operating | | | |
| revenues..... | \$177,271 | \$196,696 | \$163,374 |
| Cost of operating revenues..... | <u>143,700</u> | <u>157,179</u> | <u>123,628</u> |
| Gross profit..... | <u>33,571</u> | <u>39,517</u> | <u>39,746</u> |
| Operating expenses: | | | |
| Selling | | | |
| expense..... | 11,031 | 11,148 | 10,517 |
| General and administrative expense..... | 14,377 | 13,419 | 10,285 |
| Engineering and research expense..... | <u>2,665</u> | <u>2,910</u> | <u>2,578</u> |
| Total operating expenses..... | <u>28,073</u> | <u>27,477</u> | <u>23,380</u> |
| Operating income..... | 5,498 | 12,040 | 16,366 |
| Interest income, net..... | 1,179 | 1,456 | 1,577 |
| Other income, net..... | <u>273</u> | <u>270</u> | <u>844</u> |
| Earnings before income taxes..... | 6,950 | 13,766 | 18,787 |
| Income tax provision..... | <u>2,112</u> | <u>4,480</u> | <u>5,900</u> |
| Net earnings..... | <u>\$ 4,838</u> | <u>\$ 9,286</u> | <u>\$ 12,887</u> |
| Basic net earnings per share..... | <u>\$ 0.42</u> | <u>\$ 0.79</u> | <u>\$ 1.10</u> |
| Diluted net earnings per share..... | <u>\$ 0.41</u> | <u>\$ 0.78</u> | <u>\$ 1.08</u> |
| Weighted average shares outstanding – basic..... | <u>11,649</u> | <u>11,756</u> | <u>11,729</u> |
| Weighted average shares outstanding – diluted..... | <u>11,801</u> | <u>11,947</u> | <u>11,896</u> |

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

| | <u>Shares of</u> | | | <u>Capital in</u> | | | <u>Accumulated</u> | <u>Total</u> |
|---|-------------------|------------------|------------------|-------------------|-------------------|-------------------|----------------------|----------------------|
| | <u>Common</u> | <u>Treasury</u> | <u>Common</u> | <u>excess</u> | <u>Retained</u> | <u>Treasury</u> | <u>other</u> | <u>shareholders'</u> |
| | <u>stock</u> | <u>stock</u> | <u>stock</u> | <u>of stated</u> | <u>earnings</u> | <u>stock</u> | <u>comprehensive</u> | <u>equity</u> |
| | | | | <u>value</u> | | | <u>income (loss)</u> | |
| (in thousands, except per share amounts) | | | | | | | | |
| Balance at August 31, 2002 | 17,430,348 | 5,724,069 | 17,430 | 2,472 | 163,265 | (89,898) | (914) | 92,355 |
| Comprehensive income: | | | | | | | | |
| Net earnings | - | - | - | - | 12,887 | - | - | 12,887 |
| Other comprehensive income: | | | | | | | | |
| Unrealized net 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 | | | | | | | | 13,713 |
| Cash dividends (\$0.155 per share) | - | - | - | - | (1,819) | - | - | (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 | | | | | | | | 9,787 |
| Cash dividends (\$0.205 per share) | - | - | - | - | (2,410) | - | - | (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> |
| Comprehensive income: | | | | | | | | |
| Net earnings | - | - | - | - | 4,838 | - | - | 4,838 |
| Other comprehensive income: | | | | | | | | |
| Unrealized net loss on available | | | | | | | | |
| for sale securities, net of tax | - | - | - | - | - | - | (321) | (321) |
| Currency translation | - | - | - | - | - | - | 1,382 | 1,382 |
| Minimum pension liability, net of tax | - | - | - | - | - | - | (299) | (299) |
| Total comprehensive income | | | | | | | | 5,600 |
| Cash dividends (\$0.225 per share) | - | - | - | - | (2,603) | - | - | (2,603) |
| Purchases of 324,379 shares of | | | | | | | | |
| common stock | | | 324,379 | - | - | - | (6,649) | - |
| Net issued under stock option plan | 74,243 | - | 16 | 25 | - | - | - | 41 |
| Proceeds from stock option exercise | - | - | 58 | 563 | - | - | - | 621 |
| Stock option tax benefits | - | - | - | 136 | - | - | - | 136 |
| Balance at August 31, 2005 | <u>17,568,084</u> | <u>6,048,448</u> | <u>\$ 17,568</u> | <u>\$ 3,690</u> | <u>\$ 183,444</u> | <u>\$(96,547)</u> | <u>\$ 1,175</u> | <u>\$ 109,330</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>2005</u> | <u>2004</u> |
|--|-------------------------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 25,564 | \$ 8,973 |
| Marketable securities | 14,101 | 14,802 |
| Receivables, net..... | 28,919 | 34,369 |
| Inventories, net..... | 19,311 | 19,780 |
| Deferred income taxes | 3,276 | 1,026 |
| Other current assets | <u>3,042</u> | <u>2,422</u> |
| Total current assets | 94,213 | 81,372 |
| Long-term marketable securities | 15,157 | 32,527 |
| Property, plant and equipment, net | 17,268 | 16,355 |
| Other noncurrent assets. | <u>8,201</u> | <u>8,747</u> |
| Total assets | <u>\$134,839</u> | <u>\$139,001</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 6,704 | \$ 9,117 |
| Other current liabilities | <u>13,434</u> | <u>15,359</u> |
| Total current liabilities | 20,138 | 24,476 |
| Pension benefits liabilities | 5,142 | 2,169 |
| Other noncurrent liabilities. | <u>229</u> | <u>172</u> |
| Total liabilities | <u>25,509</u> | <u>26,817</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, 17,568,084 and 17,493,841 shares issued in 2005 and 2004, respectively) | 17,568 | 17,494 |
| Capital in excess of stated value | 3,690 | 2,966 |
| Retained earnings. | 183,444 | 181,209 |
| Less treasury stock (at cost, 6,048,448 and 5,724,069 shares, respectively) | (96,547) | (89,898) |
| Accumulated other comprehensive income, net..... | <u>1,175</u> | <u>413</u> |
| Total shareholders' equity | <u>109,330</u> | <u>112,184</u> |
| Total liabilities and shareholders' equity | <u>\$134,839</u> | <u>\$139,001</u> |

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

Lindsay Manufacturing Co.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (\$ in thousands) | 2005 | Years ended August 31, 2004 | 2003 |
|--|------------------|--------------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net earnings | \$ 4,838 | \$ 9,286 | \$12,887 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Depreciation and amortization..... | 3,481 | 2,969 | 3,525 |
| Amortization of marketable securities premiums (discounts), net..... | 248 | 149 | (145) |
| Loss (gain) on sale of property, plant and equipment | 37 | (29) | (76) |
| Provision for uncollectible accounts receivable | 88 | 760 | (275) |
| Deferred income taxes | (1,140) | 1,034 | 272 |
| Stock option tax benefits..... | 136 | 157 | 32 |
| Equity in net (earnings) loss of equity-method investments | (257) | 73 | (125) |
| Other, net..... | 16 | (204) | (152) |
| Changes in assets and liabilities: | | | |
| Receivables, net..... | 6,203 | (11,507) | 2,514 |
| Inventories, net..... | 828 | 920 | (2,578) |
| Other current assets..... | (45) | (1,428) | (119) |
| Accounts payable, trade..... | (2,429) | 749 | (564) |
| Other current liabilities | (3,031) | 436 | 189 |
| Current taxes payable..... | 257 | (1,443) | 1,446 |
| Other noncurrent assets and liabilities..... | <u>2,548</u> | <u>(717)</u> | <u>(1,524)</u> |
| Net cash provided by operating activities..... | <u>11,778</u> | <u>1,205</u> | <u>15,307</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property, plant and equipment..... | (4,122) | (5,037) | (1,918) |
| Acquisitions of businesses | - | (1,025) | - |
| Proceeds from sale of property, plant and equipment..... | 55 | 43 | 63 |
| Purchases of marketable securities held-to-maturity..... | - | (2,982) | (12,465) |
| Proceeds from maturities of marketable securities held-to-maturity | - | 6,676 | 14,232 |
| Purchases of marketable securities available-for-sale..... | (1,841) | (11,817) | (10,445) |
| Proceeds from maturities or sales of marketable securities available-for-sale .. | <u>19,100</u> | <u>8,456</u> | <u>-</u> |
| Net cash provided by (used in) investing activities..... | <u>13,192</u> | <u>(5,686)</u> | <u>(10,533)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from exercise of options under stock option plan..... | 621 | 492 | 39 |
| Repurchases of common shares..... | (6,649) | - | - |
| Dividends paid | <u>(2,603)</u> | <u>(2,410)</u> | <u>(1,819)</u> |
| Net cash used in financing activities..... | <u>(8,631)</u> | <u>(1,918)</u> | <u>(1,780)</u> |
| Effect of foreign exchange rate changes on cash | <u>252</u> | <u>4</u> | <u>(51)</u> |
| Net increase (decrease) in cash and cash equivalents | 16,591 | (6,395) | 2,943 |
| Cash and cash equivalents, beginning of period | <u>8,973</u> | <u>15,368</u> | <u>12,425</u> |
| Cash and cash equivalents, end of period..... | <u>\$ 25,564</u> | <u>\$ 8,973</u> | <u>\$ 15,368</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Income taxes paid..... | \$ 2,185 | \$ 6,246 | \$ 5,753 |
| Interest paid | \$ 145 | \$ 119 | \$ 73 |

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 three separate retail locations based in the eastern Washington state region and one retail location in north eastern Oregon ("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>2005</u> | <u>2004</u> | <u>2003</u> |
| Net earnings, as reported | \$ 4,838 | \$ 9,286 | \$12,887 |
| Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | (1,180) | (1,244) | (1,057) |
| Proforma net earnings | <u>\$ 3,658</u> | <u>\$ 8,042</u> | <u>\$11,830</u> |
| Earnings per share: | | | |
| Basic-as reported | \$ 0.42 | \$ 0.79 | \$ 1.10 |
| Basic-pro forma | \$ 0.31 | \$ 0.68 | \$ 1.01 |
| Diluted-as reported | \$ 0.41 | \$ 0.78 | \$ 1.08 |
| Diluted-pro forma | \$ 0.31 | \$ 0.67 | \$ 0.99 |

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 2005, 2004, and 2003: dividend yield of 0.6% to 1.4%, expected volatility of 34.7% to 36.5%, risk-free interest rates ranging from 3.4% to 4.8 %, and expected lives of the

options of 7 years. The weighted average fair value of options granted during fiscal 2005, 2004, and 2003 was \$10.26, \$11.27, and \$8.36, respectively.

SFAS No. 123R, (revised December 2004), "Share-Based Payment" sets accounting requirements for "share-based" compensation to employees, including employee-stock-purchase-plans (ESPPs) and provides guidance on accounting for awards to non-employees. This Statement will require the Company to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees, but expresses no preference for a type of valuation model. For public entities, this Statement is effective for the first interim or annual reporting period beginning after June 15, 2005. The Company has historically provided proforma disclosures pursuant to SFAS No. 123 and SFAS No. 148 as if the fair value method of accounting for stock options had been applied, assuming use of the Black-Scholes option-pricing model and that all option grants were recorded at fair value. Although not currently anticipated, other assumptions may be utilized when SFAS No. 123R is adopted. In addition, the Company will also take into consideration the recently issued Staff Accounting Bulletin No. 107. The Company will adopt SFAS No. 123R "Share Based-Payment" during the first quarter of fiscal year 2006. The Company expects that the adoption of SFAS No 123R will have a negative impact on the Company's reported consolidated results of operations.

(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 \$2.7 million, \$1.5 million, and \$1.4 million for the fiscal years ended August 2005, 2004, and 2003, respectively. Warranty costs increased \$1.2 million in fiscal year 2005 compared to the same period in 2004 primarily due to a voluntary repair campaign relating to the end gun solenoid valves on Zimmatic irrigation systems.

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

Cash equivalents are included at cost, which approximates market. At August 31, 2005, 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 will not 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. 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 2005, 2004, or 2003. 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. On September 1, 2005 the Company sold its minority position in the irrigation dealership and no longer has any investment in the dealership. The sale is expected to close prior to November 30, 2005. The Company does not expect a significant gain or loss from the sale of the dealership.

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 and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets arising from acquisitions. Under SFAS No. 141, "Business Combinations", the purchase method of accounting is used for all business combinations. SFAS No. 141 also provides a 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 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, 2005. 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. Intangible assets which have identifiable useful lives are amortized over the term of their useful lives.

(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, 2005 | | | August 31, 2004 | | | August 31, 2003 | | |
|---------------------|----------------|-----------------|---------------------|----------------|----------------|---------------------|----------------|----------------|
| Weighted Average | | | Weighted Average | | | Weighted Average | | |
| Shares | Price | Expire | Shares | Price | Expire | Shares | Price | Expire |
| | | September 2007- | | | November 2007- | | | November 2007- |
| | | August 2015 | | | August 2014 | | | May 2012 |
| <u>377,184</u> | <u>\$25.32</u> | | <u>305,813</u> | <u>\$25.86</u> | | <u>170,750</u> | <u>\$25.98</u> | |

(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

SFAS No. 123R, (revised December 2004), "Share-Based Payment" sets accounting requirements for "share-based" compensation to employees, including employee-stock-purchase-plans (ESPPs) and provides guidance on accounting for awards to non-employees. This Statement will require the Company to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees, but expresses no preference for a type of valuation model. For public entities, this Statement is effective for the first interim or annual reporting period beginning after June 15, 2005. The Company has historically provided proforma disclosures pursuant to SFAS No. 123 and SFAS No. 148 as if the fair value method of accounting for stock options had been applied, assuming use of the Black-Scholes option-pricing model and that all option grants were recorded at fair value. Although not currently anticipated, other assumptions may be utilized when SFAS No. 123R is adopted. In addition, the Company will also take into consideration the recently issued Staff Accounting Bulletin No. 107. The Company adopted SFAS No. 123R "Share Based Payment" on September 1, 2005. There was no cumulative effect of the accounting change recognized as a result of the adoption of SFAS No. 123R and the Company is adopting using the modified prospective method. The Company expects that the adoption of SFAS 123R will have a negative impact on the Company's reported consolidated results of operations.

SFAS No. 151, "Inventory Costs" eliminates the "so abnormal" criterion in ARB 43 Chapter 4 "Inventory Pricing". This Statement no longer permits a company to capitalize inventory costs on their balances sheets when the production defect rate varies significantly from the expected rate. The Statement reduces the differences between U.S. and international accounting standards. This Statement is effective for inventory cost incurred during annual periods beginning after June 15, 2005. The Company will adopt this Statement in the first quarter of fiscal 2006 and is evaluating this pronouncement's effect on the Company's financial position and net income.

SFAS No. 153, "Exchanges of Nonmonetary Assets" eliminates the exception to the fair-value principle for exchanges of "similar productive assets," which had been accounted for based on the book value of the asset surrendered with no gain recognition. Nonmonetary exchanges have to be accounted for at fair-value, recognizing any gain or loss, if the transactions meet the commercial-substance criterion and fair-value determinable. The Statement reduces the differences between U.S. and international accounting standards. This Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company will adopt this Statement in the first quarter of fiscal 2006 and does not expect this pronouncement to have a material impact on the Company's financial position and net income.

In December 2004, the Financial Accounting Standard Board (FASB) issued FASB Staff Position No. FAS 109-1 (“FSP FAS 109-1”), “Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities provided by the American Jobs Creation Act of 2004.” FSP FAS 109-1 clarifies that the deduction will be treated as a “special deduction” as described in SFAS 109, “Accounting for Income Taxes.” As such, the special deduction has no effect on deferred tax assets and liabilities existing at the date of enactment. The impact of the deduction will be reported in the period in which the deduction is claimed. The incentive for U.S. qualified production activities included in the Act is effective as of December 21, 2004. See further discussion of the effect on the Company’s consolidated financial statements in Note 14, Income Taxes.

SFAS No. 154, “Accounting Changes and Error Corrections” replaces APB Opinion No. 20, “Accounting Changes”, and SFAS No. 3, “Reporting Accounting Changes in Interim Financial Statements” and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. This Statement requires retrospective application to prior periods’ financial statements of changes in accounting principle. This Statement shall be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect this pronouncement to have a material impact on the Company’s financial position and net income.

FSP FAS 123(R)-2, *Practical Accommodation to the Application of Grant Date as Defined in FASB Statement No. 123(R)*, is in response to recent inquiries from constituents to provide guidance on the application of grant date as defined in SFAS No. 123 (revised 2004), *Share-Based Payment*. As a practical accommodation, a mutual understanding of the key terms and conditions of an award to an individual employee shall be presumed to exist at the date the award is approved in accordance with the relevant corporate governance requirements if certain conditions are met. The guidance in this FSP shall be applied upon initial adoption of SFAS No. 123(R). The Company will adopt this FSP during the first quarter of fiscal year 2006, and does not expect this FSP to have a material impact on the Company.

B. ACQUISITIONS

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 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 the Stettyn acquisition, as the amounts are considered immaterial.

C. OTHER COMPREHENSIVE INCOME (LOSS), NET

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

| <u>\$ in thousands</u> | <u>For the years ended August 31,</u> | |
|--|---------------------------------------|----------------|
| | <u>2005</u> | <u>2004</u> |
| Accumulated other comprehensive income, net: | | |
| Unrealized (loss) gain on available for sale securities, net of tax..... | \$ (136) | \$ 185 |
| Currency translation | 2,745 | 1,363 |
| Minimum pension liability, net of tax | <u>(1,434)</u> | <u>(1,135)</u> |
| Total accumulated other comprehensive income, net | <u>\$ 1,175</u> | <u>\$ 413</u> |

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

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|--|-------------|----------------------------------|
| Unrealized (loss) gain on available for sale securities taxes: | | |
| Federal deferred asset | \$ 77 | \$ 104 |
| State deferred asset | \$ 6 | \$ 9 |
| Minimum pension liability taxes: | | |
| Federal deferred asset | \$ 798 | \$ 629 |
| State deferred asset | \$ 66 | \$ 52 |

D. OTHER INCOME, NET

| <u>\$ in thousands</u> | <u>2005</u> | <u>For the years ended August 31,</u> <u>2004</u> | <u>2003</u> |
|---|---------------|--|---------------|
| Other income, net: | | | |
| Cash surrender value of life insurance | \$ 72 | \$ 90 | \$ 122 |
| Foreign currency transaction (loss) gains, net | (18) | 484 | 501 |
| Equity in net earnings (loss) of equity-method investments..... | 257 | (73) | 125 |
| Bank guarantee | - | (250) | - |
| All other, net | (38) | 19 | 96 |
| Total other income, net | <u>\$ 273</u> | <u>\$ 270</u> | <u>\$ 844</u> |

E. INCOME TAXES

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

| <u>\$ in thousands</u> | <u>2005</u> | <u>For the years ended August 31,</u> <u>2004</u> | <u>2003</u> |
|------------------------|----------------|--|-----------------|
| United States | \$6,588 | \$12,386 | \$18,049 |
| Foreign | <u>362</u> | <u>1,380</u> | <u>738</u> |
| | <u>\$6,950</u> | <u>\$13,766</u> | <u>\$18,787</u> |

Significant components of the income tax provision are as follows:

| <u>\$ in thousands</u> | <u>2005</u> | <u>For the years ended August 31,</u> <u>2004</u> | <u>2003</u> |
|----------------------------------|----------------|--|----------------|
| Current: | | | |
| Federal..... | \$2,223 | \$2,931 | \$5,518 |
| State..... | 336 | 262 | 630 |
| Foreign | <u>314</u> | <u>414</u> | <u>269</u> |
| Total current | <u>2,873</u> | <u>3,607</u> | <u>6,417</u> |
| Deferred: | | | |
| Federal..... | (474) | 604 | (470) |
| State..... | (60) | 50 | (32) |
| Foreign | <u>(227)</u> | <u>219</u> | <u>(15)</u> |
| Total deferred | <u>(761)</u> | <u>873</u> | <u>(517)</u> |
| Total income tax provision | <u>\$2,112</u> | <u>\$4,480</u> | <u>\$5,900</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>2005</u> | | <u>2004</u> | | <u>2003</u> | |
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| U.S. statutory rate | \$2,363 | 34.0 | \$4,688 | 34.1 | \$6,482 | 34.5 |
| State and local taxes, net of federal tax benefit..... | 134 | 1.9 | 203 | 1.5 | 413 | 2.2 |
| Qualified export activity | (98) | (1.4) | (86) | (0.6) | (165) | (0.9) |
| Municipal bond interest income..... | (328) | (4.7) | (443) | (3.2) | (481) | (2.6) |
| Research and development tax credits | (56) | (0.8) | (83) | (0.6) | (150) | (0.8) |
| Other | <u>97</u> | <u>1.4</u> | <u>201</u> | <u>1.3</u> | <u>(199)</u> | <u>(1.0)</u> |
| Effective rate..... | <u>\$2,112</u> | <u>30.4</u> | <u>\$ 4,480</u> | <u>32.5</u> | <u>\$ 5,900</u> | <u>31.4</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>2005</u> | <u>August 31,</u> <u>2004</u> |
|---|-----------------|----------------------------------|
| Deferred tax assets: | | |
| Minimum pension liability | \$ 864 | \$ 681 |
| Foreign items | 301 | 74 |
| Employee benefits liability..... | 1,088 | 979 |
| Inventory..... | 102 | 87 |
| Warranty..... | 930 | 495 |
| Accrued liabilities not currently deductible for taxes..... | <u>1,262</u> | <u>1,474</u> |
| Deferred tax assets | <u>\$4,547</u> | <u>\$3,790</u> |
| Deferred tax liabilities: | | |
| Property, plant and equipment | \$ (327) | \$ (606) |
| Other | <u>(214)</u> | <u>(318)</u> |
| Deferred tax liabilities | <u>\$ (541)</u> | <u>\$ (924)</u> |
| Net deferred tax assets | <u>\$4,006</u> | <u>\$2,866</u> |

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than 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, 2005 and 2004.

The Company's foreign subsidiaries had deferred tax assets of \$301,000 and \$74,000 at August 31, 2005 and 2004 as shown above. This is comprised principally of temporary differences for property and equipment, inventory, and other items.

The American Jobs Creation Act of 2004 (the "Jobs Act").

On October 22, 2004, the Jobs Act was enacted, which directly impacts the Company in several areas.

The Company currently takes advantage of the extraterritorial income exclusion ("EIE") in calculation of its federal income tax liability. The Jobs Act repealed the EIE, the benefits of which will be phased out over the next three years, with 80% of the prior benefit allowed in 2005, 60% in 2006 and 0% allowed in any year after 2006. The Company reported an EIE of \$287,000 and \$253,000 at fiscal years ended 2005 and 2004, respectively. The Jobs Act

replaced the EIE with the new “manufacturing deduction” that allows a deduction from taxable income of up to 9% of “qualified production activities income” not to exceed taxable income. The deduction is phased in over a nine-year period, with the eligible percentage increasing from 3% in 2005 to 9% in 2010.

The Jobs Act includes a foreign earnings repatriation provision that provides an 85% dividends received deduction for certain dividends received from controlled foreign corporations. The Company does not intend to repatriate earnings of its foreign subsidiaries and accordingly, under APB Opinion No. 23, “Accounting for Income Taxes-Special Areas” has not recorded deferred tax liabilities for unpatriated foreign earnings. However, the Company will continue to analyze the potential tax impact should it elect to repatriate foreign earnings pursuant to the Jobs 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 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 will not classify new acquisitions of securities as held-to-maturity for a period of at least two years.

Fair value of investments in marketable securities classified as 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> |
|---|---------------------------|---------------------------------------|--|-----------------------|
| As of August 31, 2005: | | | | |
| Due within one year | \$14,163 | \$ 1 | \$ (63) | \$14,101 |
| Due after one year through five years | <u>15,315</u> | <u>1</u> | <u>(159)</u> | <u>15,157</u> |
| | <u>\$29,478</u> | <u>\$ 2</u> | <u>\$ (222)</u> | <u>\$29,258</u> |
| 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> |

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>2005</u> | <u>2004</u> | <u>2003</u> |
| Proceeds from maturities or sales..... | \$ 19,100 | \$ 8,456 | \$ - |
| Gross realized gains..... | \$ 5 | \$ 19 | \$ - |
| Gross realized losses..... | \$ (51) | \$ (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, 2005 are as follows:

\$ in thousands

| | <u>Less than 12 months</u> | <u>Greater than 12 months</u> |
|--|-----------------------------------|--------------------------------------|
| Total amount of unrealized losses | \$ (173) | \$ (48) |
| Total fair value of investments with unrealized losses | \$ 26,227 | \$ 2,609 |

G. RECEIVABLES

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|---------------------------------------|--------------------|--|
| Receivables: | | |
| Trade accounts and notes | \$ 29,621 | \$35,755 |
| Allowance for doubtful accounts | (702) | (1,386) |
| Net receivables | <u>\$ 28,919</u> | <u>\$34,369</u> |

H. INVENTORIES

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|--|--------------------|--|
| Inventory: | | |
| First-in, first-out (FIFO) inventory | \$15,373 | \$16,043 |
| LIFO reserves | (4,048) | (5,333) |
| Obsolescence reserve | (613) | (527) |
| Weighted average inventory | <u>8,599</u> | <u>9,597</u> |
| Total inventories | <u>\$19,311</u> | <u>\$19,780</u> |

The Company's LIFO reserves as of August 31, 2005 reflect adjustments resulting in approximately \$498,000 of income for fiscal 2005. 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>2005</u> | <u>August 31,</u> <u>2004</u> |
|--|--------------------|--|
| Raw materials | 23% | 20% |
| Work in process | 6% | 10% |
| Finished goods and purchased parts | 71% | 70% |

I. PROPERTY, PLANT AND EQUIPMENT

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|---|--------------------|--|
| Property, plant and equipment: | | |
| Land | \$ 336 | \$ 336 |
| Buildings | 10,625 | 10,192 |
| Equipment | 38,884 | 38,886 |
| Other | <u>6,175</u> | <u>3,954</u> |
| Total property, plant, and equipment | 56,020 | 53,368 |
| Accumulated depreciation and amortization | <u>(38,752)</u> | <u>(37,013)</u> |
| Property, plant and equipment, net | <u>\$ 17,268</u> | <u>\$16,355</u> |

Depreciation expense was \$3.3 million, \$2.9 million and \$3.4 million for the years ended August 31, 2005, 2004, and 2003, respectively.

J. OTHER NONCURRENT ASSETS

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|---|-----------------|----------------------------------|
| Other Noncurrent Assets: | | |
| Cash surrender value of life insurance policies | \$ 1,975 | \$ 1,903 |
| Deferred income taxes..... | 730 | 1,840 |
| Equity method investments | 1,621 | 1,364 |
| Goodwill | 1,364 | 1,254 |
| Split dollar life insurance..... | 954 | 916 |
| Intangible pension asset..... | 304 | 372 |
| Other intangibles, net | 695 | 472 |
| Other | 558 | 626 |
| Total other noncurrent assets..... | <u>\$ 8,201</u> | <u>\$ 8,747</u> |

August 31, 2005 goodwill increased when compared to prior fiscal year ended 2004 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 \$155,000, \$107,000, and \$113,000 for 2005, 2004, and 2003, respectively.

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|-----------------------------------|--------------|----------------------------------|
| Non-compete agreements..... | \$406 | \$385 |
| License..... | 364 | - |
| Tradenames..... | 146 | 145 |
| Patent..... | 100 | 100 |
| Plans and specifications..... | 75 | 75 |
| Other..... | 38 | 31 |
| Accumulated amortization | <u>(434)</u> | <u>(264)</u> |
| Total other intangibles, net..... | <u>\$695</u> | <u>\$472</u> |

K. OTHER CURRENT LIABILITIES

| <u>\$ in thousands</u> | <u>2005</u> | <u>August 31,</u> <u>2004</u> |
|--|-----------------|----------------------------------|
| Other current liabilities: | | |
| Payroll and vacation | \$ 3,313 | \$ 3,280 |
| Retirement plan..... | 330 | 2,584 |
| Taxes, other than income | 610 | 1,005 |
| Workers compensation and product liability | 1,243 | 1,251 |
| Dealer related liabilities..... | 1,008 | 1,279 |
| Warranty | 2,456 | 1,339 |
| Income tax payable..... | 265 | - |
| Other | 4,209 | 4,621 |
| Total other current liabilities | <u>\$13,434</u> | <u>\$ 15,359</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 28, 2005. 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 (6.44% at August 31, 2005). 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 2.3 million Euros, which equates to USD\$2.8 million, for working capital purposes. As of August 31, 2005, 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. (6.17% at August 31, 2005).

M. COMMITMENTS AND CONTINGENCIES

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. These include a consent decree that the Company entered in 1992 with the U.S. Environmental Protection Agency concerning groundwater contamination at its Lindsay, Nebraska facility, which is included as an EPA superfund site. 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.

The Company held a minority position in an irrigation dealership based outside of the United States. On September 1, 2005 the Company sold its minority position in the irrigation dealership and no longer has any investment in the dealership. The sale is expected to close prior to November 30, 2005. The Company does not expect a significant gain or loss from the sale of the dealership.

The Company leases land, buildings, machinery, equipment, and furniture under various noncancelable operating lease agreements. At August 31, 2005, future minimum lease payments under noncancelable operating leases were as follows:

\$ in thousands

Fiscal years

| | |
|---|-----------------|
| 2006..... | \$ 937 |
| 2007 | 768 |
| 2008 | 622 |
| 2009 | 333 |
| 2010 | 305 |
| Thereafter..... | <u>520</u> |
| Total future minimum lease payments | <u>\$ 3,485</u> |

Lease expense was \$1,039,000, \$795,000, and \$379,000 for the years ended August 31, 2005, 2004, and 2003, 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 \$430,000, \$497,000 and \$449,000 for the years ended August 31, 2005, 2004, and 2003, 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>2005</u> | <u>2004</u> | <u>2003</u> |
| Change in benefit obligation: | | | |
| Benefit obligation at beginning of year..... | \$ 4,839 | \$ 4,747 | \$ 3,944 |
| Service cost..... | 34 | 40 | 42 |
| Interest cost..... | 269 | 290 | 267 |
| Actuarial loss | 654 | 44 | 773 |
| Benefits paid | <u>(318)</u> | <u>(282)</u> | <u>(279)</u> |
| Benefit obligation at end of year | <u>\$ 5,478</u> | <u>\$ 4,839</u> | <u>\$ 4,747</u> |
| Funded status | \$ (5,478) | \$ (4,839) | \$ (4,747) |
| Unrecognized net actuarial loss | <u>2,606</u> | <u>2,255</u> | <u>2,507</u> |
| Net liability recognized | <u>\$ (2,872)</u> | <u>\$ (2,584)</u> | <u>\$ (2,240)</u> |

The Company's accumulated benefit obligation was \$5.5 million, \$4.8 million, and \$4.7 million for the years ended August 31, 2005, 2004, and 2003, respectively.

| <u>\$ in thousands</u> | <u>August 31,</u> | |
|---|-------------------|-----------------|
| | <u>2005</u> | <u>2004</u> |
| Amounts recognized in the statement of financial position consist of: | | |
| Accrued benefit cost..... | \$ 2,872 | \$ 2,584 |
| Intangible pension asset..... | (304) | (372) |
| Additional minimum pension liability | 2,583 | 2,169 |
| Other comprehensive loss | <u>(2,279)</u> | <u>(1,797)</u> |
| Net amount recognized..... | <u>\$ 2,872</u> | <u>\$ 2,584</u> |

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

| | | |
|--|-------|-------|
| Discount rate..... | 5.00% | 5.75% |
| 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>2005</u> | <u>2004</u> | <u>2003</u> |
| Components of net periodic benefit cost: | | | |
| Service cost..... | \$ 34 | \$ 40 | \$ 42 |
| Interest cost..... | 269 | 290 | 267 |
| Net amortization and deferral..... | <u>302</u> | <u>296</u> | <u>181</u> |
| Total | <u>\$ 605</u> | <u>\$ 626</u> | <u>\$ 490</u> |

Weighted-average assumptions for expense for the years ended:

| | | | |
|---|-------|-------|-------|
| Discount rate..... | 5.00% | 5.75% | 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:

\$ in thousands

Fiscal years

| | |
|---|-----------------|
| 2006 | \$ 313 |
| 2007 | 313 |
| 2008 | 367 |
| 2009 | 423 |
| 2010 | 423 |
| 2011-2015 | <u>2,117</u> |
| Future expected benefit payments through 2015 | <u>\$ 3,956</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 1988 Plan. The 2001 Plan is similar in most material respects to the 1991 Plan and provides for awards of stock options, restricted stock, restricted stock units 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 restricted stock units 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:

Option shares

| | <u>Number of Shares</u> | <u>Average Exercise Price</u> |
|--|--------------------------------|--|
| Officers, Directors and Key Employees: | | |
| 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 |
| Outstanding at August 31, 2004..... | 1,229,133 | 19.06 |
| Granted | 128,872 | 24.45 |
| Exercised | (81,712) | 12.22 |
| Cancelled | <u>(89,562)</u> | 23.39 |
| Outstanding at August 31, 2005..... | <u>1,186,731</u> | 19.84 |
| Exercisable at August 31, 2005..... | <u>693,938</u> | \$17.98 |

The numbers of stock awards available for grant under the stock option plans are 263,672, 302,996, and 466,968 shares as of August 31, 2005, 2004, and 2003, respectively.

The following table summarizes information about stock options outstanding at August 31, 2005:

| Range of exercise prices | Number outstanding at 8/31/05 | <u>Options Outstanding</u> | | <u>Options Exercisable</u> | |
|--------------------------|-------------------------------|---|------------------------|-------------------------------|------------------------|
| | | Weighted average remaining contractual life | Weighted average price | Number exercisable at 8/31/05 | Weighted average price |
| \$ 10.00 – 15.00 | 350,000 | 4.5 years | \$14.00 | 300,000 | \$14.00 |
| 15.01 - 22.00 | 408,930 | 5.9 years | 19.38 | 266,004 | 18.72 |
| \$ 22.01 – 30.00 | <u>427,801</u> | 7.8 years | \$25.05 | <u>127,934</u> | \$25.75 |
| | <u>1,186,731</u> | | | <u>693,938</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> | August 31, | |
|--|-----------------|-----------------|
| | <u>2005</u> | <u>2004</u> |
| Guarantees on third party debt of equity investment..... | \$ - | 700 |
| Customer equipment financing recourse | 2,256 | 3,700 |
| Product warranties | <u>N/A</u> | <u>N/A</u> |
| Total guarantees..... | <u>\$ 2,256</u> | <u>\$ 4,400</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 \$69,000 at August 31, 2005 compared to \$83,000 at August 31, 2004, 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 \$190,000 and \$290,000 at August 31, 2005 and 2004, 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 \$1.3 million at August 31, 2005 and \$1.5 million at August 31, 2004. 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 two financial institutions including the institution referred to above. The original amount of existing specific guarantees is approximately \$956,000 at August 31, 2005 compared to \$2.2 million at August 31, 2004. 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 had 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. By the end of the second quarter fiscal 2005, all underlying bank loans guaranteed had been paid in full for approximately \$250,000 and the guarantees released.

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>For the years ended August 31,</u> | | |
|--|---------------------------------------|-----------------|-----------------|
| | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| <u>\$ in thousands</u> | | | |
| Product warranty accrual balance, beginning of fiscal year | \$ 1,339 | \$ 1,152 | \$ 1,266 |
| Liabilities accrued for warranties during the period | 2,675 | 1,492 | 1,370 |
| Warranty claims paid during the period | <u>(1,558)</u> | <u>(1,305)</u> | <u>(1,484)</u> |
| Product warranty accrual balance, end of fiscal year | <u>\$ 2,456</u> | <u>\$ 1,339</u> | <u>\$ 1,152</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 2005, 2004, or 2003.

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

| (\$ in millions) | <u>For the years ended August 31,</u> | | |
|---|---------------------------------------|-----------------|-----------------|
| | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| Operating revenues: | | | |
| Irrigation | \$ 156.3 | \$ 183.8 | \$ 151.3 |
| Diversified products | <u>21.0</u> | <u>12.9</u> | <u>12.1</u> |
| Total operating revenues | <u>\$ 177.3</u> | <u>\$ 196.7</u> | <u>\$ 163.4</u> |
| Operating income: | | | |
| Irrigation | \$ 19.9 | \$ 27.2 | \$ 28.0 |
| Diversified products | <u>2.6</u> | <u>1.1</u> | <u>1.2</u> |
| Segment operating income | 22.5 | 28.3 | 29.2 |
| Unallocated general & administrative and engineering & research expenses | (17.0) | (16.2) | (12.8) |
| Interest and other income, net | <u>1.5</u> | <u>1.7</u> | <u>2.4</u> |
| Earnings before income taxes | <u>\$ 7.0</u> | <u>\$ 13.8</u> | <u>\$ 18.8</u> |

| <u>\$ in millions</u> | <u>For the years ended August 31,</u> | | |
|--|---------------------------------------|-----------------|-----------------|
| | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| Geographic area revenues: | | | |
| United States | \$ 126.5 | \$ 145.7 | \$ 125.0 |
| Europe, Africa, Australia, & Middle East | 30.1 | 30.3 | 23.3 |
| Mexico & Latin America | 16.1 | 16.5 | 10.7 |
| Other International | <u>4.6</u> | <u>4.2</u> | <u>4.4</u> |
| Total revenues | <u>\$ 177.3</u> | <u>\$ 196.7</u> | <u>\$ 163.4</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, 2005 and 2004:

| <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 2005 | | | | |
| Operating revenues | \$39,767 | \$41,487 | \$55,985 | \$40,032 |
| Cost of operating revenues | 33,194 | 33,721 | 43,792 | 32,993 |
| Earnings before income taxes | 178 | 1,073 | 5,493 | 206 |
| Net earnings | 175 | 600 | 3,770 | 293 |
| Diluted net earnings per share | \$ 0.01 | \$ 0.05 | \$ 0.32 | \$ 0.03 |
| Market price (NYSE) | | | | |
| High | \$ 28.55 | \$ 29.51 | \$ 24.60 | \$26.06 |
| Low | \$ 22.45 | \$ 21.51 | \$ 17.50 | \$19.95 |

| | | | | |
|--------------------------|----------|----------|----------|----------|
| 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 |

2005: Significant fourth-quarter adjustments aggregated an increase to pre-tax earnings of \$1.0 million. The significant adjustments increasing pre-tax earnings include LIFO inventory adjustments and physical inventory adjustments.

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.

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

NONE

ITEM 9A – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Exchange Act Rules 13a-15 (e), 15d-15(e) and internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in enabling the Company to record, process, summarize and report information required to be included in the Company's periodic SEC filings within the required time period.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of August 31, 2005, based on the criteria for effective internal control described in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company's internal control over financial reporting was effective as of August 31, 2005.

The Audit Committee has engaged KPMG LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, to attest to and report on management's evaluation of the Company's internal control over financial reporting. Its report is included herein.

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Lindsay Manufacturing Co.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting appearing under item 9A, that Lindsay Manufacturing Co. and subsidiaries (the Company) maintained effective internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of August 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company and subsidiaries as of August 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended August 31, 2005, and our report dated November 3, 2005 expressed an unqualified opinion on those consolidated financial statements.

/s/KPMG LLP

Omaha, Nebraska
November 4, 2005

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended August 31, 2005 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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, 2005. Information about the Directors required by Item 401 of Regulation S-K is incorporated by reference to 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 Item 405 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.

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, 2005:

| <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⁾ | 836,731 | \$22.76 | 263,672 |
| Equity compensation plans not approved by security holders ⁽³⁾ | <u>350,000</u> | <u>\$14.00</u> | <u>—</u> |
| Total. | <u>1,186,731</u> | <u>\$20.94</u> | <u>263,672</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 1, 2005, 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.

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.

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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 December 16, 2004, incorporated by reference to Exhibit 3(b) to the Company's Current Report on Form 8-K filed on December 22, 2004. |
| 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 incorporated by reference to Exhibit 10 to the Company's Annual Report 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) to 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) to 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(l) | Second Amendment to Employment Agreement, dated December 22, 2004, between the Company and Richard W. Parod, incorporated by reference to |
| 10(h) | Exhibit 10(a) to the Company's Current Report on Form 8-K filed on December 27, 2004. Lindsay Manufacturing Co. Supplemental Retirement Plan, incorporated by reference to Exhibit 10(j) to the Company's Annual Report on Form 10-K 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 10-K for the fiscal year ended August 31, 2001. |
| 10(k)* | Amendment to Lindsay Manufacturing Co. 2001 Amended and Restated Long-Term Incentive Plan, dated July 11, 2005. |
| 10(j)* | Lindsay Manufacturing Co. Management Incentive Plan (MIP), 2006 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 10-K 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 2005 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 14th day of November, 2005.

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, 2005.

/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/ TIMOTHY J. PAYMAL Corporate Controller
Timothy J. Paymal

/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, 2005, 2004 and 2003
(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, 2005: | | | | | |
| Deducted in the balance sheet from the assets to which they apply: | | | | | |
| - Reserve for guarantee losses(c)..... | <u>\$ 540</u> | <u>\$ (38)</u> | <u>\$ -</u> | <u>\$312</u> | <u>\$ 190</u> |
| - Allowance for doubtful accounts | <u>\$1,386</u> | <u>\$ 108</u> | <u>\$ -</u> | <u>\$792(a)</u> | <u>\$ 702</u> |
| - Allowance for inventory obsolescence | <u>\$ 527</u> | <u>\$ 228</u> | <u>\$ -</u> | <u>\$142(b)</u> | <u>\$ 613</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> |

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.

EXHIBIT (10k)

Adopted by the Board of Directors on July 11, 2005.

AMENDMENT TO
LINDSAY MANUFACTURING CO.
2001 LONG-TERM INCENTIVE PLAN

The Lindsay Manufacturing Co. 2001 Long-Term Incentive Plan, as previously amended, is hereby amended as follows:

1. Section 6.02 of the Plan is hereby amended to provide that no automatic Nonqualified Stock Option grants will be made to Director Participants on September 3, 2005.

2. Section 8.10 is hereby added to the Plan to read in its entirety as follows:

“Section 8.10 Restricted Stock Units. The Committee may, in its discretion, grant to any Employee Participant restricted stock units (RSUs) which will be payable in shares of Common Stock and/or in cash on such terms as the Committee may determine in its sole discretion, but subject to the same restrictions contained in the Plan which apply to grants of Restricted Stock. Such Awards may be made as additional compensation for services or may be in lieu of other compensation which the Employee Participant is entitled to receive from the Corporation. All such RSUs shall constitute Awards for all purposes of the Plan, and shall be subject to the limits on Awards which are payable in Shares and in cash which are contained in the Plan. The Committee may also grant dividend equivalents in connection with any such Award which is made under the Plan, on such terms as the Committee may determine in its sole discretion pursuant to Section 11.03 of the Plan.”

This Amendment is adopted, upon recommendation of the Compensation Committee, by action of the Board of Directors pursuant to Article XIII of the Plan.

EXHIBIT (10j)

**LINDSAY MANUFACTURING CO.
MANAGEMENT INCENTIVE PLAN (MIP)
2006 Plan Year**

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1. Purpose

The purpose of the Management Incentive Plan (the “Plan”) is to:

- Encourage performance consistent with the Company’s business strategy
- Focus on near-term performance results as well as progress toward the achievement of long-term objectives
- Strengthen the link between performance and pay by delivering awards based on measurable corporate and individual goals.

2. Definitions

The terms used in this Plan have the meanings set forth below.

- A. "Company" shall mean Lindsay Manufacturing Co.
- B. "Compensation Committee" shall mean the Compensation Committee of the Company's Board of Directors.
- C. "Financial Performance Component" shall mean the portion of a Participant's Plan award that is based on the Company's and specific Market financial performance as defined in Section 7B.
- D. "Individual Performance Component" shall mean the portion of a Participant's Plan award that is based on a Participant's performance relative to individual objectives established in accordance with Section 7C.
- E. "Named Executive Officers" shall mean the executives of the Company listed in the Executive Compensation section of the Company's Proxy Statement.
- F. "Participant" shall mean a key employee eligible for awards under the terms outlined in Section 4 of this Plan.
- G. "Plan" shall mean Lindsay Manufacturing Co. Management Incentive Plan.

3. Effective Date

The Plan shall be effective as of September 1, 2005 and will be in effect for the 2006 bonus year. The 2006 bonus year is defined as September 1, 2005 through August 31, 2006.

4. Eligibility for Participation

- A. Participation in the Plan is limited to individuals in positions which have significant responsibility for and impact on the Company's corporate performance.
- B. Only the Chief Executive Officer and those employees in grades E through G are eligible to be considered for participation in the Plan.
- C. Participation in the Plan does not guarantee or entitle any employee to participate in any bonus plan enacted in the future. Participation in the Plan at any target bonus level does not guarantee or entitle any employee to be eligible to participate at any similar target bonus level in any bonus plan which may be enacted in the future.

5. Enrollment in the Plan

- A. Initial Enrollment

At the beginning of the Plan year, each Participant must be enrolled in the Plan subject to the approvals and eligibility criteria set forth in Sections 4 and 6. The enrollment process is as follows:

- i. Plan Participants will participate in the Plan at the standard target percent per grade level as listed in Section 6.
- ii. The Company's Chief Executive Officer will review the participant list and projected bonus costs of enrolled employees with the Compensation Committee. The Compensation Committee provides final approval on the aggregate potential cost of the Plan.

B. Mid-year Enrollment

When hiring or promoting employees during the Plan year who may be eligible for participation in the Plan, the following procedures must be followed:

- i. Prior to the commencement of the recruiting or promotion process, the hiring manager consults with Human Resources to determine the position's eligibility for participation in the Plan and the recommended target bonus amount.
- ii. Offer letters indicating bonus Plan participation and target bonus award opportunities to new hires and/or promoted employees must be reviewed by the CEO or, in the case of a Named Executive Officer, by the Compensation Committee. Target bonus recommendations must be approved before communication to a prospective Participant. Generally, employees hired or promoted during the fourth quarter 2006 are not eligible to participate in the 2006 Plan.

6. Determination of Target Payout Levels

- A. Incentive awards will be calculated as a percentage of the Participant's actual base salary received during the Plan year. While award amounts will vary based on the range of award opportunity and an assessment of individual performance results, the target award opportunities for each grade level are shown below:

| Grade | Target % of Salary |
|-------|--------------------|
| CEO | 60% |
| G | 35% |
| F | 25% |
| E | 15% |

- i. Actual participation is subject to approval by the CEO, or in the case of a Named Executive Officer, by the Compensation Committee. Actual participation is based on an assessment of the individual's position impact on the organization.
 - ii. Standard target percents per grade level should be followed for all Plan Participants.
- B. If a Participant's Plan target award opportunity (Target % of Salary as set forth above) changes due to promotion into a grade level with a higher target bonus, the Participant's bonus will be calculated based on his or her actual salary during the Plan year and a weighted average bonus percentage. The weighted average bonus percentage will reflect the portion of the Plan year spent in each grade level (e.g., seven months at 15% and five months at 25%). In evaluating the performance of Participants who change positions during the Plan year, consideration will be given to the length of time and results in each position. Actual award decisions will be made by the CEO or, in the case of a Named Executive Officer, by the Compensation Committee. Generally, fourth quarter promotions will not result in an increase in a Participant's target award

opportunity.

- C. Examples of various award calculations are included with this Plan document as Attachment A.
- D. The CEO will review and approve award recommendations for all employees other than Named Executive Officers prior to payout. Final approval authority for all payments (except for award payments to the Named Executive Officers) rests with the CEO. Individual award payments for all Participants (except the Named Executive Officers) may be adjusted at any time and for any reason at the discretion of the CEO.
- E. The Compensation Committee will determine the award payments to the Named Executive Officers.
- F. Award payments will be calculated on an annual basis and paid in accordance with the Company's normal payroll cycle. Payments will be made during the first quarter following the Plan year. The payment date may be changed at any time and for any reason at the discretion of the CEO, or in the case of a Named Executive Officer, with approval of the Compensation Committee.

7. Basis of Awards

- A. Measurable performance objectives for each Plan Participant will be established at the beginning of the Plan year (or at mid-year for mid-year hires or newly eligible employees). In 2006, consideration will be given to:
 - i. Financial Performance Component: Company and Market financial performance vs. Plan performance objectives in accordance with Section 7B.
 - ii. Individual Performance Component: Participant's performance relative to individual goals established in accordance with Section 7C.
 - iii. Individual and Financial Performance Components will be added to reach a Participant's total bonus. The relative weighting will vary by grade in accordance with the following schedule:

| | Financial | Individual |
|-------|-------------|-------------|
| Grade | Performance | Performance |
| CEO | 80% | 20% |
| G | 80% | 20% |
| F | 65% | 35% |
| E | 50% | 50% |

- B. At the beginning of the Plan year, the objectives for the Financial Performance Component are identified and approved by the Compensation Committee.
 - i. Recommended award amounts may range from 0 - 200% of the Financial Performance Component of the Participant's target award, based on performance.
 - ii. Percentages between the threshold, target, and maximum award will be interpolated.

- iii. In the event of an acquisition, revenue and operating income resulting from the acquisition will be excluded from award payout calculations, unless
 - a) the CEO or Compensation Committee suggests a modification to the objectives under the Financial Performance Component that would incorporate revenue and income generated as a result of the acquisition, and
 - b) The Compensation Committee approves the modification.
- C. The Individual Performance Component will be based on written objectives set annually for Participants by their supervisors and approved by the CEO or, in the case of a Named Executive Officer, by the Compensation Committee. Objectives will be based on the Participant's position and may be financial, operational or strategic.
 - i. Objectives under the Individual Performance Component may be linked to team-based goals, if appropriate
 - ii. Examples of appropriate objectives under the Individual Performance Component include:
 - Safety
 - Customer Service
 - Market Share
 - On-time Delivery
 - Cost Reduction
 - Product Development
 - iii. Recommended award amounts may range from 0% - 200% of the target amount under the Individual Performance Component. Recommended award amounts will be based on an assessment of the individual's performance relative to objectives established under the Individual Performance Component, in accordance with the following guidelines:

| Individual Performance | Payout (as % of Target Individual Performance Component) |
|----------------------------------|---|
| Does not meet objectives | 0% |
| Meets some objectives | 50% |
| Meets most objectives | 75% |
| Meets all objectives | 100% |
| Exceeds objectives | 150% |
| Significantly exceeds objectives | 200% |

- iv. The "Payout (as % of Target Individual Performance Component)" represents the payout relative to target award for the Individual Performance Component of the Plan.

8. Changes in Employment Status

- A. Under most circumstances, Participants who cease to be employees of the Company during the Plan year or after the Plan year but prior to the date of actual payment will receive no award. Only active employees on the date that the bonus is paid will be eligible to receive an award. Any exceptions will require the approval of the CEO, or in the case of a Named Executive Officer, the Compensation Committee.

- B. In the event that a Participant transfers out of an eligible position into an ineligible position within the Company, the employee may be eligible for a prorated bonus award based upon the approval of the CEO, or in the case of a Named Executive Officer, the Compensation Committee.
- C. In all cases awards will be calculated and paid according to the provisions in Sections 6 and 7 of this Plan document.

9. Administration

- A. General authority for Plan administration and responsibility for ongoing Plan administration will rest with the Compensation Committee of the Company's Board of Directors. The Compensation Committee has sole authority for decisions regarding interpretation of the terms of this Plan.
- B. The Company reserves the right to amend or change the Plan in whole or in part at any time during the Plan year. Amendments to the Plan require the approval of the Compensation Committee.
- C. Participation in the Plan does not constitute a contract of employment nor a contractual agreement of payment. It shall not affect the right of the Company to discharge, transfer, or change the position of a Participant. The Plan shall not be construed to limit or prevent the Company from adopting or changing, from time to time, any rules, standards or procedures affecting the Participant's employment with the Company or any Company affiliate, including those which affect bonus payouts.
- D. If any provision of this Plan is found to be illegal, invalid or unenforceable under present or future laws, that provision shall be severed from the Plan. If such a provision is severed, this Plan shall be construed and enforced as if the severed provision had never been part of it and the remaining provisions of this Plan shall remain in full force and effect and shall not be affected by the severed provisions or by its severance from this Plan. In place of any severed provision there shall be added automatically as part of this Plan a provision as similar in terms to the severed provision as may be possible and be legal, valid and enforceable.
- E. This is not an ERISA plan. This is a bonus program.

ATTACHMENT A
Award Calculation Guidelines

The following examples are to be used as guidelines in calculating bonus awards at the end of the 2006 Plan year. Managers should use their discretion in calculating actual bonus awards and may consider exceptions to the calculations below when necessary. Any such exceptions must be fully documented and are subject to review and approval by the Chief Executive Officer, or in the case of a Named Executive Officer, the Compensation Committee.

| | | <u>Target Award</u> |
|----------------------------------|---------------------|-------------------------|
| <u>Full Year Participation</u> | | |
| • September 1 – August 31 | | |
| • Target award opportunity: | 15% | |
| • Actual base salary received: | \$75,000 | |
| • Plan target award calculation: | $\$75,000 * 15\% =$ | \$11,250 |

| | | |
|--|---------------------|-----------|
| <u>Partial Year Participation</u> | | |
| • February 15– August 31 | | |
| • Target award opportunity: | 25% | |
| • Actual base salary received (for partial year employment): | \$61,250 | |
| • Plan target award calculation: | $\$61,250 * 25\% =$ | \$ 15,312 |

| | | |
|--|--|----------|
| <u>Mid-year Promotion</u> | | |
| • March 1 promotion | | |
| • Actual base salary received: | \$94,000 | |
| • Target award opportunity at beginning of year: | 15% | |
| • Target award opportunity upon promotion: | 25% | |
| • Months from September 1 – March 1: | 6 months | |
| • Months from March 1 – August 31: | 6 months | |
| • Weighted average target award calculation: | $((15\% * 6 \text{ months}) + (25\% * 6 \text{ months})) / 12 \text{ months} = 20.0\%$ | |
| • Plan target award calculation: | $\$94,000 * 20.0\%$ | \$18,800 |

EXHIBIT 21

Subsidiaries of Lindsay Manufacturing Co.

| | <u>Ownership Percentage</u> |
|---|---------------------------------|
| Lindsay International Sales Corporation – Delaware (Inactive) | 100% |
| Lindsay Transportation, Inc. – Nebraska | 100% |
| Lindsay – Irrigation Pty., Ltd. – Australia (Inactive) | 100% |
| Lindsay Europe SAS – France | 100% |
| Irrigation Specialists, Inc. – Delaware | 100% |
| Lindsay America do Sul Ltda. – Brazil | 100% |
| Lindsay Manufacturing Africa (PTY) Ltd – South Africa | 100% |
| LMC Professional Supply, Inc. – Delaware (Inactive) | 100% |

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

To the Board of Directors of Lindsay Manufacturing Co.:

We consent to the incorporation by reference in the registration statements (No. 333-00769 and No. 333-87806) on Forms S-8 of Lindsay Manufacturing Co. of our reports dated November 3, 2005, with respect to the consolidated balance sheets of Lindsay Manufacturing Co. and subsidiaries as of August 31, 2005 and 2004, 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, 2005, and related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of August 31, 2005 and the effectiveness of internal control over financial reporting as of August 31, 2005, which reports appear in the August 31, 2005 annual report on Form 10-K of Lindsay Manufacturing Co.

/s/KPMG LLP

Omaha, Nebraska
November 4, 2005

EXHIBIT 24(a)

POWER OF ATTORNEY

The undersigned, being a director of Lindsay Manufacturing Co. (the “Company”), hereby appoints Richard W. Parod as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K relating to the year ending August 31, 2005, and any amendments thereto, required to be filed with the Securities and Exchange Commission by the Company.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date indicated.

| <u>Signature</u> | <u>Capacity</u> | <u>Date</u> |
|---|---------------------------------------|------------------|
| <u>/s/ MICHAEL N. CHRISTODOLOU</u> Michael N. Christodolou | Chairman of the Board of Directors | October 25, 2005 |
| <u>/s/ HOWARD G. BUFFETT</u> Howard G. Buffett | Director | October 28, 2005 |
| <u>/s/ LARRY H. CUNNINGHAM</u> Larry H. Cunningham | Director | October 25, 2005 |
| <u>/s/ J. DAVID MCINTOSH</u> J. David McIntosh | Director | October 26, 2005 |
| <u>/s/ MICHAEL C. NAHL</u> Michael C. Nahl | Director | October 26, 2005 |
| <u>/s/ WILLIAM F. WELSH II</u> William F. Welsh II | Director | October 25, 2005 |

CERTIFICATION

I, Richard W. Parod, certify that:

1. I have reviewed this annual report on Form 10-K of Lindsay Manufacturing Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RICHARD W. PAROD
Richard W. Parod

President and Chief Executive Officer
November 11, 2005

CERTIFICATION

I, David B. Downing, certify that:

1. I have reviewed this annual report on Form 10-K of Lindsay Manufacturing Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID B. DOWNING
David B. Downing

Vice President and Chief Financial Officer
November 11, 2005

CERTIFICATION

In connection with the accompanying Annual Report on Form 10-K (the "Report") of Lindsay Manufacturing Co. (the "Company") for the year ended August 31, 2005, I, Richard W. Parod, Chief Executive Officer of the Company and I, David B. Downing, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

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

November 11, 2005

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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, Chief Financial Officer, Treasurer and Secretary

Joined Lindsay in August 2004

Gary E. Kaplan

Vice President-Market Services

Joined Lindsay in October 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

Timothy J. Paymal

Corporate Controller

Joined Lindsay in January 2005

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 6, 2006, 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 David B. Downing, Secretary, at Lindsay's corporate office.

Quarterly Calendar

The Company operates on a fiscal year ending August 31. Fiscal 2006 quarter-end dates are November 30, 2005, February 28, 2006, May 31, 2006 and August 31, 2006. Quarterly earnings are announced approximately three weeks after the end of each quarter and audited results are announced approximately 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

Morgan Joseph and Company, Inc.

Sidoti & Company

Standard & Poors

Value Line Investment Survey

Web Page

www.lindsaymanufacturing.com

Stock Market Information

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

Certifications

The Company has filed certifications under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 as exhibits to its Form 10-K for fiscal year 2005. These exhibits are signed by the Chief Executive Officer and the Chief Financial Officer, respectively. Additionally, on March 11, 2005, 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:

David B. Downing

Vice President, Chief Financial Officer, Treasurer and Secretary

Lindsay Manufacturing Co.

2707 North 108th Street

Suite 102

Omaha, Nebraska 68164

(402) 428-2131

Concerning Forward-Looking Statements

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

Lindsay USA

Lindsay Manufacturing Co.

Corporate Headquarters

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Omaha, Nebraska 68164 U.S.A.

Ph: 1-402-829-6800

Toll-free: 1-800-829-5300

Fx: 1-402-829-6834

Web: www.lindsaymanufacturing.com

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Lindsay Europe

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d'Aligne

France

Ph: 33-2-4348-0202

Fx: 33-2-4348-0200

Web: www.Lindsay-Europe.com

Lindsay Manufacturing Africa

Pty. Ltd.

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Stikland

Bellville 7530

Western Cape

South Africa

Ph: 27-21-917-7100

Fx: 27-21-917-7117

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