Appendix 4D

For the half year ended 31 December 2020

ABN 44 005 616 044

This half year financial report is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.3.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2020

Half year ended: 31 December 2020
Previous corresponding period: 31 December 2019

Result Summary

		%		$'000
Consolidated Revenue from Operations	up	22.7	to	**150,948**
Underlying Net profit after tax attributable to shareholders	up	136.7	to	**494**
Net profit after tax attributable to shareholders	down	(261.0)	to	**(1,331)**

The Group's performance improved over the prior corresponding period on the back of increased volume, however lower export prices offset some of the gains. Woodfibre pulp stocks held by exporters in countries such as Brazil and producers in China continued to fall in the first six months of FY21. Global export market conditions began to improve late in the first half of the FY21 financial year.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the half year ended 31 December 2020.

Dividends / distributions

	Amount per security	Franked amount per security at 30%
2020 interim dividend (no dividend declared)	-	-
2020 final dividend (no dividend declared)	-	-

No interim dividend has been declared in respect of the half year ending 31 December 2020.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	152.2 cents	154.6 cents

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the accompanying 31 December 2020 Half Year Financial Report.

Contents

Review of Results and Operations

Review of results

For the period ending 31 December

$'000	Notes	2020	2019	Change
Revenue and other income				
Sales revenue		**150,948**	122,989	27,959
Other income		**1,171**	4,505	(3,334)
		152,119	127,494	24,625
Less: expenses				
Changes in inventories of finished goods and work in progress		**(7,853)**	7,478	(15,331)
Raw Materials, consumables and other procurement expenses		**(95,471)**	(82,867)	(12,604)
Employee benefits expense		**(10,154)**	(15,580)	5,426
Plantation management expenses		**(51)**	(421)	370
Freight and shipment costs		**(22,127)**	(23,591)	1,464
Repairs and maintenance costs		**(3,586)**	(4,403)	817
Other operating expenses		**(4,727)**	(6,308)	1,581
Share of profit/(loss) of equity accounted investments		**(1,058)**	2,412	(3,470)
EBITDA – S (underlying)		**7,092**	4,214	2,878
Depreciation & Amortisation		**(4,645)**	(5,959)	1,314
EBIT – S (underlying)		**2,447**	(1,745)	4,192
Net finance expense		**(1,269)**	(1,032)	(237)
Net profit/(loss) before tax – S (underlying)		**1,178**	(2,777)	3,955
Income tax benefit/(expense)		**(665)**	1,569	(2,234)
Net profit/(loss) after tax – S (underlying)		**513**	(1,208)	1,721

Reconciliation of underlying net profit after tax to statutory net profit after tax (NPAT)	**31-Dec-20**	31-Dec-19
Net profit / (loss) after tax – S (underlying)	**513**	(1,208)
Net fair value (decrement)/increment on biological assets	**(2,008)**	9,020
Non-cash interest expense (AASB 15 strategy impact)[1]	**(845)**	(528)
JobKeeper	**1,222**	-
Impairment loss on Non-Current Assets (Plantation Management Partners Pty Ltd)	**-**	(4,858)
Impairment loss on Non-Current Assets (ADDCO Fibre Pty Ltd)	**-**	(1,446)
Impact of AASB 16	**(8)**	(13)
Transaction costs incurred	**(186)**	-
Net profit / (loss) after tax - Statutory	**(1,312)**	967

1. Non cash interest expense is incurred on the liability created on 1 July 2018 to repurchase trees under the Strategy arrangement, which was deemed a financing arrangement upon the adoption of AASB 15 Revenue from Contracts with Customers. The Strategy arrangement is a contractual obligation to repurchase hardwood trees the Group sold in February 2016.

Reconciliation of underlying Earnings, before interest, tax, depreciation and amortisation to statutory Earnings, before interest, tax, depreciation and amortisation (EBITDA)

	31-Dec-20	31-Dec-19
EBITDA - S (underlying)	**7,092**	4,214
Net fair value (decrement)/increment on biological assets	**(2,868)**	12,885
JobKeeper	**1,745**	-
Impairment loss on Non-Current Assets (Plantation Management Partners Pty Ltd)	**-**	(6,516)
Impairment loss on Non-Current Assets (ADDCO Fibre Pty Ltd)	**-**	(2,066)
Impact of AASB 16	**954**	878
Transaction costs incurred	**(264)**	-
EBITDA - statutory	**6,659**	9,395

Earnings summary

The Group's underlying EBITDA-S improved by $2.9M to $7.1M for the six months ending 31 December 2020 compared to the prior corresponding period (pcp).

An improved mix of export sales, with increased volumes of higher grade woodfibre exported from Geelong, offset the negative impact of lower woodfibre prices from pcp.

Global market conditions began to improve later in the first half of FY21, which allowed the Group to market higher quantities of woodfibre and it is expected prices will increase as a result of the increased demand leading into the first half of FY22.

Other favourable impacts to the Group included a slightly improved FX rate over pcp and shipping drier wood (increase of 1%).

Demand for lower quality Acacia woodfibre from the Tiwi islands still has not recovered.

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Midway Limited (the Company) and its subsidiaries (the Group) for the period ending 31 December 2020 and the auditor's report thereon.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows:

Name	Position Held	Employment status
Directors		
Gregory McCormack	Non-Executive Chairman	
Nils Gunnersen	Non-Executive Director	
Tom Gunnersen	Non-Executive Director	
Gordon Davis	Independent Non-Executive Director	
Leanne Heywood	Independent Non-Executive Director	
Thomas Keene	Independent Non-Executive Director	
Anthony Bennett	Independent Non-Executive Director	Retired 1 December 2020
Anthony Price	Managing Director and CEO	

All of the directors have been in office for the entire period unless otherwise stated.

Dividends

No interim dividend has been declared in respect of the half year ending 31 December 2020.

Directors' Report

Significant Events Subsequent to the end of the Half Year

The Directors are not aware of any matter or circumstance which has arisen since 31 December 2020 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations, or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the period ended 31 December 2020.

Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Non-IFRS measures

Throughout this report the Group has used certain non-IFRS measures, predominately underlying EBIT and underlying EBITDA. The non-IFRS measures have been deemed useful for recipients in measuring the underlying performance of the Group. The non-IFRS measures have not been audited.

Non-IFRS measure	Description
EBIT	Earnings, before interest and tax
EBITDA	Earnings, before interest, tax, depreciation and amortisation
Underlying NPAT – S	Statutory net profit after tax adjusted to remove impact of one off or non-recurring items and the net fair value gain / (loss) on biological assets
Underlying EBITDA – S	Earnings, before interest, tax, depreciation and amortisation adjusted to remove impact of one off or non-recurring items and the net fair value gain / (loss) on biological assets

Signed in accordance with a resolution of the Directors.

Greg McCormack
Chairman

Melbourne,

24 February 2021

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Midway Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Midway Limited for the half-year ended 31 December 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

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

KPMG

KPMG

Vicky Carlson
Partner

Melbourne
24 February 2021

Consolidated Statement of Comprehensive Income

For the period ended 31 December

	Notes	2020 $'000	2019 $'000
Revenue and other income			
Sales revenue	3	150,948	122,989
Other income	3	2,916	4,505
		153,864	127,494
Less: expenses			
Changes in inventories of finished goods and work in progress		(7,853)	7,478
Materials, consumables and other procurement expenses		(95,471)	(82,867)
Depreciation and amortisation expense	3	(5,533)	(6,770)
Employee benefits expense		(10,154)	(15,580)
Biological assets net fair value (decrement)/increment	8	(2,868)	12,885
Plantation management expenses		(51)	(421)
Freight and shipping expense		(22,127)	(23,591)
Repairs and maintenance expense		(3,586)	(4,403)
Impairment loss on non-current assets	10	-	(8,582)
Other expenses		(4,037)	(5,430)
		(151,680)	(127,281)
Finance expense	3	(2,618)	(2,409)
Finance income	3	62	536
Net finance expense		(2,556)	(1,873)
Share of net profits from equity accounted investments	5	(1,058)	2,412
Profit / (loss) before income tax expense		(1,430)	752
Income tax benefit/(expense)		118	215
Profit / (loss) for the period		(1,312)	967
Items that will not be reclassified to profit and loss			
Revaluation of land fair value adjustment, net of tax		1,554	1,095
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges - effective portion of changes in fair value, net of tax		4,594	(40)
Foreign operations – foreign currency translation differences		(84)	3
Equity accounted investees - share of OCI		-	(11)
Other comprehensive income for the period		6,064	1,047
Total comprehensive income for the period		4,752	2,014
Profit / (loss) is attributable to:			
- Owners of Midway Limited		(1,331)	828
- Non-controlling interests		19	139
		(1,312)	967
Total comprehensive income is attributable to:			
- Owners of Midway Limited		4,664	1,869
- Non-controlling interests		88	145
		4,752	2,014
Earnings per share for profit attributable to equity holders:			
Basic (loss)/earnings per share		-$0.02	$0.01
Diluted (loss)/earnings per share		-$0.02	$0.01

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at

	Notes	31-Dec-2020 $'000	30-Jun-2020 $'000
Current assets			
Cash and cash equivalents		8,038	11,049
Receivables		13,770	3,564
Inventories		21,560	29,210
Biological assets	8	1,466	1,483
Current tax receivable		860	451
Other assets		7,850	6,187
Derivative assets		9,388	2,825
Total current assets		62,932	54,769
Non-current assets			
Biological assets	8	43,679	48,322
Other Receivables		5,892	5,460
Investments accounted for using the equity method	5	12,734	13,816
Intangible assets	10	1,971	1,971
Loan receivables		3,115	3,129
Property, plant and equipment	13	131,407	133,137
Total non-current assets		198,798	205,835
Total assets		261,730	260,604
Current liabilities			
Trade and other payables		14,588	20,090
Borrowings	9	15,779	11,610
Strategy financial liability		7,358	5,523
Provisions		4,204	4,152
Total current liabilities		41,929	41,375
Non-current liabilities			
Borrowings	9	35,908	38,868
Strategy financial liability		33,888	37,675
Provisions		248	125
Deferred tax liabilities		14,873	12,442
Total non-current liabilities		84,917	89,110
Total liabilities		126,846	130,485
Net assets		134,884	130,119
Contributed Equity			
Share capital		64,888	64,888
Reserves		79,801	73,793
Retained loss		(11,736)	(10,405)
Equity attributable to owners of Midway Limited		132,953	128,276
Equity attributable to non-controlling interests		1,931	1,843
Total equity		134,884	130,119

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

$'000	Share capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 1 July 2019	64,791	74,710	1,614	1,545	142,660
Adjustment on adoption of AASB 16 (note 2)	-	166	-	-	166
Restated total equity at the beginning of the financial period	64,791	74,876	1,614	1,545	142,826
Profit for the period	-	-	828	139	967
Revaluation of land, net of tax	-	1,095	-	-	1,095
Cash flow hedges - effective portion of changes in fair value, net of tax	-	(57)	-	6	(51)
Foreign operations – foreign currency translation differences	-	3	-	-	3
Total comprehensive income for the year	-	1,041	828	145	2,014
Other Transactions:					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	97	(97)	-	-	-
Share based payments expense	-	1	-	-	1
Transfers to profits reserve	-	828	(828)	-	-
Transactions with owners in their capacity as owners:					
Dividends	-	(7,860)	-	-	(7,860)
Total other transactions	97	(7,128)	(828)	-	(7,859)
Balance as at 31 December 2019	64,888	68,789	1,614	1,690	136,981
Balance as at 1 July 2020	**64,888**	**73,793**	**(10,405)**	**1,843**	**130,119**
Profit / (loss) for the period	-	-	**(1,331)**	**19**	**(1,312)**
Revaluation of land, net of tax	-	**1,554**	-	-	**1,554**
Cash flow hedges - effective portion of changes in fair value, net of tax	-	**4,525**	-	**69**	**4,594**
Foreign operations – foreign currency translation differences	-	**(84)**	-	-	**(84)**
Total comprehensive income for the year	-	**5,995**	**(1,331)**	**88**	**4,752**
Other Transactions:					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	**13**	-	-	**13**
Transfers to profits reserve	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Dividends	-	-	-	-	-
Total other transactions	-	**13**	-	-	**13**
Balance as at 31 December 2020	**64,888**	**79,801**	**(11,736)**	**1,931**	**134,884**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

For the period ended 31 December

	Notes	2020 $'000	2019 $'000
Cash flow from operating activities			
Receipts from customers		141,294	132,858
Payments to suppliers and employees		(140,034)	(141,770)
Interest received		-	22
Interest paid		(1,031)	(1,220)
Income tax received		(499)	1,002
JobKeeper received		1,745	-
Net cash provided by / (used in) operating activities		**1,475**	**(9,108)**
Cash flow from investing activities			
Payment for property, plant and equipment		(1,237)	(2,477)
Proceeds from sale of property, plant and equipment		236	514
Payment for non-current biological assets		(1,105)	(2,352)
Dividends received from equity accounted investees		-	2,040
Payment of deferred consideration Plantation Management Partners		-	(105)
Net cash provided by / (used in) investing activities		**(2,106)**	**(2,380)**
Cash flow from financing activities			
Repayment of Strategy financial liability		(3,224)	(559)
Principal repayment of lease liabilities		(2,462)	(3,961)
Dividends paid		-	(7,860)
Proceeds from bank borrowings		3,657	17,600
Repayment of bank borrowings		(600)	(1,763)
Proceeds from loan receivable		249	257
Net cash provided by / (used in) financing activities		**(2,380)**	**3,714**
Reconciliation of cash			
Cash at beginning of the financial period		11,049	15,518
Net increase/(decrease) in cash held		(3,011)	(7,774)
Cash at end of financial period (net of overdrafts)		**8,038**	**7,744**

The above Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Half Year Financial Statements

1. Reporting Entity

Midway Limited (the Company) is a company domiciled in Australia. These consolidated half year financial statements as at and for the period ended 31 December 2020 are of Midway Limited and its subsidiaries (the Group). The Group is primarily involved in the production and export of wood fibre to producers of pulp, paper and associated products, forestry logistics and planation management.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 are available at http://www.midwaylimited.com.au/.

2. Basis of Preparation

These half year financial statements are prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2020.

These half year financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.

(a) Accounting policies

The same accounting policies and methods of computation have been applied by each entity in the consolidated Group and are consistent with those adopted and disclosed in the most recent Annual Report.

Use of Estimates and Judgements

In preparing these half year financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

COVID-19 continues to have an effect on the Group and can lead to volatility in certain assumptions such as forecast pricing and foreign exchange rates, which are key to the Group's estimates in impairment, biological assets and property, plant & equipment.

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting

(a) Description of segments

The Group reports segment information based on the internal reporting used by management for making decisions and assessing performance. The operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Chief Executive Officer.

The segment reporting structure reflects the manner in which the Group manages each product/service offered.

Reportable Segments	Products / Services
Woodfibre	Includes primary operations whereby the Group purchases and sells both own and third party wood. SWF is also proportionally consolidated at 51% for segment reporting which reflects how management views and makes decisions of its operations. In the 30 June 2020 reporting period, income earned from marketing third party woodfibre has been reallocated to this category, as this is how the chief operating decision maker reviews the financial information.
Forestry Logistics	Forestry logistics provides support services to third parties engaged in growing woodfibre including harvest and haulage. Forestry logistics also provides harvesting, processing and delivery service to BioGrowth Partners (40% owned by Midway Ltd) which supplies biomass woodchips and sawdust to domestic customers in WA.
Plantation Management	Plantation management is the provision of silviculture services including on group owned trees. The segment also holds any group owned plantation land and trees.
Ancillary	Represents any one off, transactional and other non recurring costs.

The Group evaluates the performance of its operating segments based on net sales (net of insurance and freight costs). Net sales for Geographic segments are generally based on the location of customers earnings before interest, tax, depreciation and amortisation (EBITDA) for each segment includes net sales to third parties, related cost of sales and operating expenses directly attributable to the segment. EBITDA for each segment excludes other income and expense and certain expenses managed outside the operating segments.

Key adjustment items relate to the gross up of revenue and operating and other expenses to reflect cost, insurance and freight (CIF) sales and principal sales. Management accounts are prepared on a segment basis with 51% share of SWF joint venture included in Woodfibre processing. For statutory accounts SWF is equity accounted with revenue and expenses of SWF eliminated.

Prior period comparative information has been restated to reflect the revised structure.

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

(b) Segment information provided to senior management

31-Dec-20

($'000)	Woodfibre	Forestry logistics	Plantation management	Ancillary	Eliminations	Total
Sales revenue	145,385	2,807	119	-	2,637	150,948
Inter segment sales	-	-	5,818	-	(5,818)	-
Other income	759	216	283	-	1,658	2,916
Total revenue and other income	146,144	3,023	6,220	-	(1,523)	153,864
Share of equity accounted profits/(loss)	-	(47)	-	-	(1,011)	(1,058)
EBITDA – S(1)	10,269	(1,339)	(983)	(25)	(830)	7,092
Significant items	1,390	355	-	(264)	-	1,481
AASB 16 impact	665	92	197	-	-	954
Fair value (loss) on biological assets	-	-	(2,868)	-	-	(2,868)
EBITDA	12,324	(892)	(3,654)	(289)	(830)	6,659
Depreciation and amortisation	(4,896)	(1,048)	(745)	(9)	1,165	(5,533)
EBIT	7,428	(1,940)	(4,399)	(298)	335	1,126
Net finance expense	(1,344)	(55)	(1,255)	-	98	(2,556)
Net profit before tax	6,084	(1,995)	(5,654)	(298)	433	(1,430)
Income tax expense	(1,753)	584	1,710	10	(433)	118
Net profit after tax	4,331	(1,411)	(3,944)	(288)	-	(1,312)
Segment assets	**196,327**	**3,646**	**141,626**	**4,871**	**(84,740)**	**261,730**
Equity accounted investees	10,520	2,214	-	-	-	12,734
Capital expenditure	(578)	(442)	(217)	-	-	(1,237)
Segment liabilities	**(73,332)**	**(8,786)**	**(83,374)**	**(3,253)**	**41,899**	**(126,846)**

31-Dec-19

($'000)	Woodfibre	Forestry logistics	Plantation management	Ancillary	Eliminations	Total
Sales revenue	149,758	4,281	1,402	-	(32,452)	122,989
Inter segment sales	-	-	1,711	-	(1,711)	-
Other income	3,868	249	461	-	(73)	4,505
Total revenue and other income	153,626	4,530	3,574	-	(34,236)	127,494
Share of equity accounted profits/(loss)	(12)	20	-	-	2,404	2,412
EBITDA – S(1)	8,245	(1,246)	(456)	(23)	(2,306)	4,214
Significant items	(6,516)	(2,066)	-	-	-	(8,582)
AASB 16 impact	635	80	163	-	-	878
Fair value gain on biological assets	-	-	12,885	-	-	12,885
EBITDA	2,364	(3,232)	12,592	(23)	(2,306)	9,395
Depreciation and amortisation	(6,099)	(1,033)	(797)	(8)	1,167	(6,770)
EBIT	(3,735)	(4,265)	11,795	(31)	(1,139)	2,625
Net finance expense	(1,146)	(42)	(791)	-	106	(1,873)
Net profit before tax	(4,881)	(4,307)	11,004	(31)	(1,033)	752
Income tax expense	1,572	678	(3,077)	9	1,033	215
Net profit after tax	(3,309)	(3,629)	7,927	(22)	-	967
Segment assets	**167,042**	**5,177**	**157,068**	**4,889**	**(51,601)**	**282,575**
Equity accounted investees	11,723	2,226	-	-	-	13,949
Capital expenditure	(2,475)	(24)	(1,209)	-	22	(3,686)
Segment liabilities	**(91,048)**	**(7,194)**	**(84,048)**	**(3,224)**	**39,920**	**(145,594)**

(1) EBITDA – S: Earnings before interest, tax, depreciation and amortisation, significant items and net fair value gain / (loss) on biological assets.

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

(c) Revenue by geographic region

The presentation of geographical revenue is based on the geographical location of customers.

31-Dec-20

Revenue by geographic region	Woodfibre processing	Forestry logistics	Plantation management	Ancillary	Eliminations	Total
Australia	1,376	2,807	5,922	-	(5,907)	4,198
China	111,273	-	-	-	7,928	119,201
Japan	32,736	-	-	-	(5,202)	27,534
South East Asia	-	-	15	-	-	15
	145,385	**2,807**	**5,937**	**-**	**(3,181)**	**150,948**

31-Dec-19

Revenue by geographic region	Woodfibre processing	Forestry logistics	Plantation management	Ancillary	Eliminations	Total
Australia	6,599	4,281	2,375	-	(1,711)	11,544
China	99,483	-	-	-	(19,961)	79,522
Japan	43,676	-	-	-	(12,491)	31,185
South East Asia	-	-	738	-	-	738
	149,758	**4,281**	**3,113**	**-**	**(34,163)**	**122,989**

In the six months ending 31 December 2020 there were three (31 December 2019: five) customers in China and Japan that individually made up 10% or above total sales for the Group.

4. Individually significant items

For period ended 31 December		**2020**	2019
Individually significant items before tax	Notes	**$'000**	$'000
Impairment loss on non current assets (ADDCO Pty Ltd)	10	-	(2,066)
Impairment loss on non current assets (Plantation Management Partners Pty Ltd)	10	-	(6,516)
JobKeeper payments [1]		**1,745**	-
Transactions costs [2]		**(264)**	-
Impact of individually significant items		**1,481**	(8,582)

(1) The Group has elected to account for JobKeeper payments received from the Federal Government as a grant income recorded in other income once reasonable assurance has been obtained regarding eligibility to receive the subsidy.

(2) Transactions costs refers to costs incurred relating to key business development opportunities.

Notes to the Consolidated Half Year Financial Statements

5. Interests in equity accounted investees

	Nature of relationship	Ownership interest		Carrying amount	
		31-Dec-20	30-Jun-20	31-Dec-20	30-Jun-20
		%	%	$'000	$'000
South West Fibre Pty Ltd(1)	Ordinary shares	**51**	51	**10,470**	11,481
Bio Growth Partners Pty Ltd (BGP)	Ordinary shares	**40**	40	**2,214**	2,260
Plantation Export Group Pty Ltd (PEG)	Ordinary shares	**50**	50	**50**	75
				12,734	13,816

(1) South West Fibre Pty Ltd paid and declared dividends of $0M (2019: $2.0M) (fully franked) in respect of the half year period to the Company.

6. Seasonality of Operations

General

The Group traditionally has higher sales in the second half of the financial year than the first half. Winter conditions in South West Victoria constrain the ability to source woodfibre in some locations that contain difficult terrain having a flow on effect on the amount of processed woodfibre available for shipment.

As sales are made in bulk via shipping vessels with volumes of approximately 35,000 to 60,000 green metric tonnes per shipment, any movement in anticipated timing of shipments from one half to another can alter the half year financial performance.

7. Dividends

The following dividends were declared and paid during the period ending 31 December:

	2020	2019
	$'000	$'000
Fully franked at 30% (2019: 30%)	-	7,860

No interim dividend has been declared in respect of the half year ending 31 December 2020.

Notes to the Consolidated Half Year Financial Statements

8. Biological assets

As at	31-Dec-20 $'000	30-Jun-20 $'000
Current		
Plantation hardwood at fair value	1,466	1,483
Non-Current		
Plantation hardwood at fair value	35,957	40,838
Plantation hardwood at fair value (new plantings)	7,722	7,484
	45,145	49,805

The treecrop is classified as current or non-current based on the anticipated timing of harvest.

	Biological assets $'000
at 30 June 2020	49,805
Harvested timber	(2,897)
New plantings	1,105
Purchase of standing timber	-
Change in fair value less estimated point of sale costs - due to:	-
Change in discount rate	-
Change in volumes, prices and markets	(2,868)
Balance at 31 December 2020	45,145

The Group engaged an independent valuer to update the treecrop valuation prepared in the prior year for revised assumptions in accordance with AASB 13 Fair Value.

As noted in section 2.2 (d) of the Group's most recent Consolidated Financial Statements (as at 30 June 2020), a portion of the Group's treecrop was legally owned by Strategy Timber Pty Ltd, an investment trust managed by a third-party Timber Management Investment Organisation.

In FY20, Strategy Timber Pty Ltd, sold its investment in the treecrop to another third party, Hancock Natural Resource Group (HNRG), who acquired the Strategy hardwood plantation trees in Victoria on behalf of its investment clients. The existing agreements in place concerning Midway's commitment to repurchase the hardwood treecrop has been novated as a part of the sales process and as such does not have any ramifications for the group.

Notes to the Consolidated Half Year Financial Statements

9. Net Debt

As at	31-Dec-20 $'000	30-Jun-20 $'000
Bank loans - current	**10,300**	7,000
Bank loans - non current	**29,750**	30,150
Hire purchase liabilities - current	**3,753**	3,006
Hire purchase liabilities - non current	**3,677**	5,867
Other finance arrangements	**215**	215
AASB 16 lease liabilities	**3,992**	4,240
Cash and cash equivalents	**(8,038)**	(11,049)
	43,649	39,429

Excludes any liability relating to the Strategy arrangement as this is held on the balance sheet as a result of the adoption of AASB 15 and is not taken into account in the Group's debt covenant obligations.

i. Assets pledged as security

The Midway facilities are secured by the following:

- A fixed and floating charge granted by Midway Limited, Midway Plantations Pty Ltd.

A property mortgage over:

- the property situated at 150-190 Corio Quay Road, North Shore VIC, granted by Midway Limited
- the property situated at 10 The Esplanade, North Shore, VIC, granted by Midway Properties Pty Ltd; and the property situated at 1A The Esplanade, North Shore VIC, granted by Midway Limited
- A number of plantation land titles in South West Victoria

ii. Facilities

Type	Utilised $'000	Total $'000	Maturity
Term debt	**29,175**	29,175	30-Sep-22
Working capital, asset finance (NAB)	**10,286**	28,650	31-May-21
Working capital (NAB)	**-**	10,000	31-Dec-20
Asset finance (ANZ)	**6,144**	10,000	30-Sep-21
Acquisition debt facility - tranche 2	**1,875**	1,875	30-Jun-22

The Group has the ability to enter into purchase arrangements under the asset finance facility until it expires on 31-May-2021(NAB) and 30-Sep-2021(ANZ). Each outstanding finance arrangement will then be repaid within a five year period.

Notes to the Consolidated Half Year Financial Statements

10. Impairment of non financial assets

Impairment tests for all assets are performed when there is an indicator of impairment, although goodwill is tested at least annually. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the income statement.

In FY20, the Group was adversely affected by external market forces including excess production and stocks of paper pulp in Brazil, US tariffs on Chinese paper imports and COVID-19. Recently there has been signs of a woodifbre market recovery, albeit in its early stages and uncertainty surrounding ongoing impacts of COVID-19 remains.

In addition, the market capitalisation of the Group remains below its net asset value.

The Groups' CGUs consist of individual business units at the lowest level at which cash inflows are made including:

- Midway Geelong
- Queensland Commodity Exports
- Midway Logistics
- Midway Tasmania
- Plantation Management Partners
- South West Fibre

Key assumptions and estimates
Key assumptions and estimates used in the impairment analysis consist of:

Projected cash flows
The recoverable amount of a CGU is based on value in use calculations that are based on detailed management prepared forecasts for five years through to FY 2025, unless the timing of tree crop rotation profiles justifies a longer period. In the case of Plantation Management Partners, the timeframes were modelled out to 2056, reflecting the likely timeframes for the next two rotations.

Long-term average growth rate
A terminal growth rate of 2.2% to 2.4% (2020: 2.2% to 2.4%) has been used and only applied to CGUs whereby it is likely they will exceed into perpetuity and there is a reasonable chance of sourcing woodfibre in each catchment whereby a CGU resides.

Discount rate
The Group used a post-tax discount rate of between 8.6% and 11.7% (2020: 8.6% and 11.7%) for all CGUs.

Sensitivity analysis
The Group believes any reasonable possible change in the key assumptions would not cause the carrying value of the CGUs to exceed their recoverable amount, with the exception of Plantation Management Partners.

Projected cashflows for Plantation Management Partners include key assumptions such as a recovery in demand for lower quality Acacia and assumes the Group will manage logistics for the proposed rotation two on the Tiwi islands. In the event these key assumptions do not eventuate, this CGU is at risk of further impairment writedowns. Given the impacts of COVID-19 on global conditions any potential impacts cannot yet be quantified.

COVID-19
The impact of COVID-19 on the market recovery continues to be an area of uncertainty.

As a result of conducting the impairment tests as at 31 December 2020, no write-down's were required.

31 December 2019
Plantation Management Partners Pty Ltd (PMP)
Due to the market downturn in the prior corresponding period the value in use discounted cash flow model did not exceed the carrying amount of the CGU and the Group has written off the previously recognised goodwill on acquisition of PMP of $1.0M and unamortised portion of the customer contract intangible asset for $5.5M.

Impairment of ADDCO (25% equity accounted investee)
ADDCO entered voluntary administration in FY20. The Group has took a writedown on the full amount of its carrying value of its investment in ADDCO of $1.7M and a further writedown of current receivables from ADDCO of $0.3M.

Notes to the Consolidated Half Year Financial Statements

11. Subsidiaries

As at 31 December	Ownership interest held by the Company		Ownership interest held by NCI	
	2020	2019	2020	2019
	%	%	%	%
Subsidiaries of Midway Limited and controlled entities:				
Queensland Commodity Exports Pty Ltd	90	90	10	10
Midway Plantations Pty Ltd	100	100	-	-
Midway Properties Pty Ltd	100	100	-	-
Midway Tasmania Pty Ltd	100	100	-	-
Plantation Management Partners Pty Ltd(1)	100	100	-	-
Resource Management Partners Pty Ltd(1)	100	100	-	-
Plantation Management Partners Pte Ltd(1)(2)	100	100	-	-
Midway Logistics Pty Ltd(3) (previously Softwood Logging Services Pty Ltd)	100	100	-	-
Midway Logistics Unit Trust(3) (previously SLS Unit Trust)	100	100	-	-

1. Acquired on 26th October 2017
2. 50% held in Trust by an independent party, however all risks and benefits of ownership of the share are held by the Group
3. Acquired on 15th October 2018

12. Contingent Liabilities

As at the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Group's financial position or results from operations.

13. Property, plant and equipment

In December 2020, management signed a contract to sell plantation land from Upper Goulburn for $3.2M, with settlement expected no later than 18 months from the date of signing.

14. Commitments

The Group has not entered into any new significant commitments during the six month period ending 31 December 2020.

15. Subsequent Events

There have been no matters or circumstances, which have arisen since 31 December 2020 that has significantly affected or may significantly affect:

(a) The operations, in financial periods subsequent to 31 December 2020, of the Group, or
(b) The results of those operations, or
(c) The state of affairs, in financial periods subsequent to 31 December 2020 of the Group.

Directors Declaration

The Directors declare that the consolidated interim financial statements and notes set out on pages 13 to 21 in accordance with the Corporations Act 2001:

a) Comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

b) Give a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Chairman: ______________________________

G H McCormack

24 February 2021

KPMG

Independent Auditor's Review Report

To the shareholders of Midway Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Midway Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Midway Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2020 and of its performance for the six months ended 31 December 2020; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises the Company and the entities it controlled at the Half year's end or from time to time during the six months ended 31 December 2020.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;* and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*

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

KPMG

Vicky Carlson

Partner

Melbourne

24 February 2021