PITCHER PARTNERS

Midway Limited and controlled entities

ABN 44 005 616 044

Re-issued Consolidated Financial report
For the year ended 30 June 2014

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MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED DIRECTORS' REPORT

The directors present their report together with the financial report of the economic entity, being the company and its controlled entities, for the year ended 30 June 2014 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

G H McCormack (Chairman)

J P D Frederick (Resigned 30 September 2015)

S H Bennett (Ceased holding office 27/11/2013)

T H Gunnersen AM

T B Keene

N G Gunnersen

N P Koren (Alternate director for T H Gunnersen)

A C Bennett (Appointed 28/11/2013)

A R Price (Appointed 10 November 2015)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the economic entity for the year after providing for income tax amounted to $2,402,281 (2013: $3,899,090 loss). This result includes an after-tax increment to the fair value of biological assets of $2,581,102 (2013: $1,243,937 decrement). The operating result before this fair value adjustment is a loss after tax of $178,821 (2013: $2,655,153 loss).

The fair value of plantation land was reassessed at 30 June 2014 resulting in an decrease to the carrying value by $10,010,172 (2013: $3,085,795 increase). This fair value adjustment is recognised in the asset revaluation reserve and the after tax effect is disclosed as Other Comprehensive Income in the Statement of Comprehensive Income.

Review of operations

The economic entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the economic entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the economic entity during the year was procuring, processing and marketing residual wood products and management of forestry plantations.

No significant change in the nature of these activities occurred during the year.

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years are as follows:

On 5 February 2016 Midway Plantations Pty Ltd and Strategy Timber Pty Ltd executed a Sale Agreement whereby Midway Plantations Pty Ltd to sell substantially all of its plantation trees to Strategy Timber Pty Ltd. This sale transaction was completed on 29 February 2016 for approximately $55.7 million, resulting in a net profit recognised on sale of approximately $2.4 million.

As at 31 December 2015 approximately $67,000 was paid on deposits for two blocks of plantation land. These blocks were settled between 22 January and 25 January 2016 with approximately $635,000 being paid upon settlement. During February 2016, 10% deposits were paid on an additional four blocks of plantation land totalling approximately $168,000 with 90 day settlement terms. As at the date of this financial report, these blocks have not yet settled with approximately $1.5 million payable on settlement.

Subsequent to 31 December 2015, the Board of Directors resolved to enter into proceedings to undertake an initial public offering of the Midway Ltd group. This process is underway but not yet complete at the date of signing.

The financial statements of Midway Limited and controlled entities were initially authorised for issue on 29 September 2014. These financial statements have been subsequently reissued at the date of signing of the Directors report based on a prior period error being identified in the financial statements for the year ended 30 June 2013 relating to understatement of the Deferred Tax Liability and overstatement of the Asset Revaluation Reserve, as detailed in Note 30 of the re-issued financial statements of Midway Ltd and controlled entities for the period ended 30 June 2013.

Other matters or circumstances arising since 30 June 2014 are as detailed in financial statements for subsequent years available on the public register.

Likely developments

With the exception of the matters occurring after balance date as detailed above, the economic entity expects to maintain the present status and level of operations.

Environmental regulation

The economic entity's operations are subject to environmental regulations under a law of the Commonwealth or of a State or Territory. Details of the economic entity's performance in relation to such environmental regulation are as follows:

As Midway Ltd and its controlled entities are in the business of procuring and selling wood products and timber production, it must comply with all relevant Commonwealth, State and Local government laws, in particular the Code of Forest Practice for timber production in Victoria. The Company has achieved certification under the Australian Forestry Standard (AS4708). To the best of our knowledge, there have been no material breaches of any environmental laws by the company or its contractors during the reporting period.

There are certain pre-existing environmental issues associated with the Gatic property which was acquired in 1998. This is owned by the wholly owned subsidiary, Midway Properties Pty Ltd, including contaminated soil, etc. An ongoing environmental management plan to monitor the water table has been in place for a number of years.

Dividends paid, recommended and declared

Dividends paid or declared since the start of the financial year are as follows:

- Fully franked at 30% - $3,449,199 (2013: $11,260,400)

Information on directors

G H McCormack	Non-Executive Director and Board Chairman, Chairman of OH&S and Management Systems Committee and member of the Audit & Risk Management and Remuneration & Nomination Committees
Qualifications	Bachelor of Business
Experience	Strong forestry and sawmilling background. Director since 1980.
J P D Frederick	CEO and Executive Director
Qualifications	B.Econ
Experience	Extensive commercial and senior management experience. Midway CEO from 1996 until 31 March 2012 and from 1 March 2013. Director from 2008 until November 2012, recommenced from 1 March 2013. Resigned 30 September 2015.
S H Bennett	Non-Executive Director. Member of Remuneration & Nomination and OH&S and Management Systems Committees.
Qualifications	
Experience	Strong forestry, sawmilling and engineering background. Director from 1992 to 2013. Ceased holding office 27 November 2013.

Information on directors (Continued)

T B Keene	Independent Non-Executive Director. Chairman of Audit & Risk Management Committee and member of Remuneration & Nomination Committee.
Qualifications	B.Ec., FAICD
Experience	Strong commercial and agribusiness background. Director since 2008.
T H Gunnersen AM	Non-Executive Director. Chairman of Remuneration & Nomination Committee and member of OH&S and Management Systems Committee.
Qualifications	B.Com, Master of Science (Social Science)
Experience	Strong forestry, sawmilling and distribution of wood-related products background. Director since 1993.
N G Gunnersen	Non-Executive Director. Member of Audit & Risk Management and OH&S and Management Systems Committees.
Qualifications	B. Bus., Ag Commerce (UNE)
Experience	Commercial experience in forestry, harvesting and logistics, sawmilling and processing, sales and marketing and distribution of wood related products. Director since October 2013.
A C Bennett	Non Executive Director.
Qualifications	Dip. E (Civil) Grad Dip. (Industrial Management). Appointed 28 November 2013.
Experience	Extensive background in production management, particularly in the manufacture of high volume/low margin products for use in civil engineering construction.
N P Koren	Alternate Director for T H Gunnersen
A R Price	CEO and Executive Director.
Qualifications	BSc Forestry, Grad Dip. (Business Management).
Experience	Appointed 10 November 2015.

Meetings of directors

Directors	Directors' meetings		Audit & Risk Management Committee meetings		Remuneration & Nomination Committee meetings		OH&S and Management Systems Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G H McCormack	11	11	3	3	3	3	3	3
J P D Frederick	11	10	-	-	-	-	-	-
S H Bennett	5	5	-	-	1	1	1	1
T H Gunnersen AM	11	11	-	-	3	3	3	3
T B Keene	11	10	3	3	3	3	-	-
N G Gunnersen	11	11	3	3	-	-	3	3
A C Bennett	7	6	-	-	-	-	-	-

Options

No options over unissued shares or interests in the economic entity were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the economic entity has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the economic entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director/officer of the economic entity, other than conduct involving a wilful breach in relation to the economic entity.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the economic entity.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the economic entity

No person has applied for leave of Court to bring proceedings on behalf of the economic entity or intervene in any proceedings to which the economic entity is a party for the purpose of taking responsibility on behalf of the economic entity for all or any part of those proceedings.

Signed on behalf of the board of directors.

Director: ______________________

G H McCormack

Dated this 21st day of April 2016

PITCHER PARTNERS

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF MIDWAY CONSOLIDATED GROUP

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

S SCHONBERG

Partner

PITCHER PARTNERS

Melbourne

Date: 21/4/16

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Re-issued $	2013 Re-issued $
Revenue and other income			
Sales revenue	4	93,673,816	78,666,286
Other income	4	3,213,991	3,223,555
	4	96,887,807	81,889,841
Less: expenses			
Changes in inventories of finished goods and work in progress	5	(1,185,066)	(7,683,539)
Materials, consumables and other cost of sales	5	(78,923,942)	(61,759,659)
Depreciation and amortisation expense	5	(3,586,831)	(3,636,972)
Employee benefits expense		(4,311,891)	(4,689,723)
Finance costs	5	(2,013,635)	(2,404,657)
Biological assets net fair value increment / (decrement)	12	3,687,289	(1,777,053)
Plantation management expenses		(679,796)	(666,174)
Other expenses		(5,607,087)	(5,307,002)
		(92,620,959)	(87,924,779)
Share of net (losses) / profits of SWF and VTP accounted for using the equity method	5	(600,363)	394,548
Profit / (loss) before income tax expense		3,666,485	(5,640,390)
Income tax (expense) / benefit	6	(1,264,204)	1,741,300
Net profit / (loss) from continuing operations		2,402,281	(3,899,090)

* Refer to Note 30 for details regarding change in accounting policy

The accompanying notes form part of these financial statements.

RE-ISSUED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Re-issued $	2013 Re-issued $
Profit / (loss) for the year		2,402,281	(3,899,090)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Revaluation of land, net of tax	20	(7,007,120)	2,160,183
		(7,007,120)	2,160,183
Other comprehensive income for the year		(7,007,120)	2,160,183
Total comprehensive income		(4,604,839)	(1,738,907)
Profit/(loss) is attributable to:			
- Owners of Midway Limited		2,317,307	(3,523,499)
- Non-controlling interests		84,974	(375,591)
		2,402,281	(3,899,090)
Total comprehensive income is attributable to:			
- Owners of Midway Limited		(4,689,813)	(1,363,316)
- Non-controlling interests		84,974	(375,591)
		(4,604,839)	(1,738,907)

* Refer to Note 30 for details regarding change in accounting policy

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 Re-issued $	2013 Re-issued $	2012 Re-issued $
Current assets				
Cash and cash equivalents	8	21,989,831	22,490,641	30,176,217
Receivables	9	14,906,163	7,951,824	10,282,507
Inventories	10	3,803,884	4,988,950	12,672,489
Current tax assets	6	-	651,131	26,691
Other assets	11	1,375,203	1,133,232	1,447,272
Total current assets		42,075,081	37,215,778	54,605,176
Non-current assets				
Biological assets	12	51,343,388	49,562,536	55,333,047
Investments accounted for using equity method	13	4,380,755	5,371,013	5,642,980
Intangible assets	14	1,970,930	1,970,930	1,970,930
Property, plant and equipment	15	112,026,832	124,468,277	124,248,155
Total non-current assets		169,721,905	181,372,756	187,195,112
Total assets		211,796,986	218,588,534	241,800,288
Current liabilities				
Trade and other payables	16	16,741,819	9,843,990	15,412,005
Borrowings	17	3,582,814	3,438,593	3,733,688
Provisions	18	1,380,593	1,370,962	1,179,263
Current tax liabilities	6	91,629	-	-
Total current liabilities		21,796,855	14,653,545	20,324,956
Non-current liabilities				
Long term borrowings	17	29,316,308	32,087,821	35,319,787
Provisions	18	63,835	68,322	70,767
Deferred tax liabilities	6	30,774,802	33,879,622	35,186,247
Total non-current liabilities		60,154,945	66,035,765	70,576,801
Total liabilities		81,951,800	80,689,310	90,901,757
Net assets		129,845,186	137,899,224	150,898,531

The accompanying notes form part of these financial statements.

RE-ISSUED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 Re-issued $	2013 Re-issued $	2012 Re-issued $
Equity				
Share capital	19	28,833,038	28,833,038	28,833,038
Reserves	20	38,350,016	45,849,034	49,272,788
Retained earnings	21	61,415,645	61,152,716	70,352,678
Equity attributable to owners of Midway Consolidated Group		128,598,699	135,834,788	148,458,504
Outside equity interests in controlled entities		1,246,487	2,064,436	2,440,027
Total equity		129,845,186	137,899,224	150,898,531

* Refer to Note 30 for details regarding change in accounting policy

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity $	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Consolidated					
Balance as at 1 July 2012	28,833,038	49,272,788	70,985,126	2,440,027	151,530,979
Adjustment on change in accounting policy	-	-	(632,448)	-	(632,448)
Restated balance as at 1 July 2012	28,833,038	49,272,788	70,352,678	2,440,027	150,898,531
Balance as at 1 July 2012	28,833,038	49,272,788	70,352,678	2,440,027	150,898,531
Loss for the year	-	-	(3,523,499)	(375,591)	(3,899,090)
Revaluation of land, net of tax	-	2,160,183	-	-	2,160,183
Total comprehensive income for the year	-	2,160,183	(3,523,499)	(375,591)	(1,738,907)
Transfers	-	-	5,583,937	-	5,583,937
Transactions with owners in their capacity as owners:					
Dividends	-	-	(11,260,400)	-	(11,260,400)
Decrement of plantations, net of tax	-	(5,583,937)	-	-	(5,583,937)
Total transactions with owners in their capacity as owners	-	(5,583,937)	(11,260,400)	-	(16,844,337)
Balance as at 30 June 2013	28,833,038	45,849,034	61,152,716	2,064,436	137,899,224

The accompanying notes form part of these financial statements.

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity $	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Balance as at 1 July 2013	28,833,038	45,849,034	61,152,716	2,064,436	137,899,224
Profit for the year	-	-	2,317,307	84,974	2,402,281
Revaluation of land, net of tax	-	(7,007,120)	-	-	(7,007,120)
Total comprehensive income for the year	-	(7,007,120)	2,317,307	84,974	(4,604,839)
Transfers	-	-	491,898	-	491,898
Transactions with owners in their capacity as owners:					
Disposal of ownership interest in associated entity	-	-	-	(902,923)	(902,923)
Dividends	-	-	(3,449,199)	-	(3,449,199)
Purchase of additional ownership interest in QCE	-	-	902,923	-	902,923
Decrement of plantations, net of tax	-	(491,898)	-	-	(491,898)
Total transactions with owners in their capacity as owners	-	(491,898)	(2,546,276)	(902,923)	(3,941,097)
Balance as at 30 June 2014	28,833,038	38,350,016	61,415,645	1,246,487	129,845,186

* Refer to Note 30 for details regarding change in accounting policy

MIDWAY LIMITED AND CONTROLLED ENTITIES
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RE-ISSUED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Re-issued $	2013 Re-issued $
Cash flow from operating activities			
Receipts from customers		88,588,104	89,771,404
Payments to suppliers and employees		(82,229,021)	(79,767,535)
Interest received		783,821	1,133,759
Finance costs		(1,926,067)	(2,296,529)
Income tax paid		(623,212)	(837,238)
Net cash provided by operating activities	22(b)	4,593,625	8,003,861
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		290,655	206,373
Payment for property, plant and equipment		(1,231,262)	(911,165)
Net contribution to joint venture		(29,769)	(89,056)
Net cash provided by / (used in) investing activities		(970,376)	(793,848)
Cash flow from financing activities			
Net hire purchase payments		(63,536)	(497,689)
Loan to associates		2,040,000	-
Movement in borrowings		(2,869,459)	(3,137,500)
Dividends paid		(3,449,199)	(11,260,400)
Net cash provided by / (used in) financing activities		(4,342,194)	(14,895,589)
Reconciliation of cash			
Cash at beginning of the financial year		22,490,641	30,176,217
Net increase / (decrease) in cash held		(718,945)	(7,685,576)
Cash at end of financial year	22(a)	21,771,696	22,490,641

* Refer to Note 30 for details regarding change in accounting policy

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report was approved by the directors as at the date of the re-issued directors' report.

The financial report is for the entity Midway Limited as an individual entity and Midway Limted and its consolidated entities. Midway Limited is a company limited by shares, incorporated and domiciled in Australia. Midway Limited is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

The consolidated financial statements of the economic entity also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Change in accounting policy

(i) *AASB 11: Joint Arrangements*

Under previous accounting standards, the 51% investment in South West Fibre Pty Ltd was accounted for by taking up a share of assets and liabilities proportionate to Midway Ltd's investment. As a result of changes introduced in AASB 10 Consolidated Financial Statements, the investment in now classified as a joint venture and accounted for as an equity accounted investment under AASB 11 Joint Arrangements. Refer to Note 31 for further information regarding investments in joint ventures. The change in accounting policy has been applied retrospectively. Further information on the effect of the restatement is outlined in Note 30.

(ii) *AASB 12: Disclosure of Interests in Other Entities*

AASB 12 sets new minimum disclosure requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures required under AASB 12 are provided in Note 30: Interests in Associates and Joint Arrangements and Note 32: Interests in Subsidiaries

(iii) *AASB 13: Fair Value Measurement*

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the company's fair value measurements. However, the additional disclosures required under AASB 13 are provided in Note 33: Fair Value Measurements.

(iv) *AASB 119: Employee Benefits*

The amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the economic entity"), comprising the financial statements of the parent entity and all of the entities the parent controls. The economic entity controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the economic entity and are de-recognised from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the re-issued statement of comprehensive income and re-issued statement of financial position respectively.

(d) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (Continued)

Tax Consolidation

The parent entity Midway Limited and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2002. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(e) Finance Costs

Finance costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, including trade creditors and lease finance charges.

Finance costs are expensed as incurred.

(f) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Revenue

Revenue from sale of goods is recognised at the time of delivery of the goods to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Royalties revenue is recognised on an accruals basis in accordance with the royalty agreement.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Finance and insurance revenue is recognised when the right to receive finance and insurance revenue has been established.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

(j) Biological assets

Biological assets comprise standing timber growing on freehold and leasehold land. Biological assets are revalued each year to net market value.

The fair value net increase or decrease to the carrying value of the standing timber revaluation is recognised in profit or loss. To the extent they remain unrealised, the after-tax net increase or decrease is transferred to a plantation revaluation reserve in shareholders equity as noted in Note 20.

The carrying amount of the forest plantation land is included in property, plant and equipment and is accounted for in accordance with Note 1(k).

In revaluing the biological asset component of the forest plantations, a deferred tax liability has been recognised.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property

Freehold land and buildings are measured at fair value. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to the statement of comprehensive income.

Plant and equipment

Plant and equipment is measured on a cost basis.

Buildings

Buildings are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, plant and equipment (Continued)

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2.5 - 20%	Straight line
Plant and equipment at cost	3 - 100%	Straight line
Roading at cost	4%	Straight line

(l) Intangibles

Goodwill

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(m) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated economic entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.
Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

The foreign currency hedging policy is described under Note 26.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(o) Investments in associates

An associated company is a company over which the economic entity is able to exercise significant influence.

The consolidated entity's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the associate is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. Details relating to associates are set out in Note 31.

Unrealised gains and losses on transactions between the consolidated entity and an associate are eliminated to the extent of the entity's share in an associate.

(p) Interests in joint arrangements

Joint ventures

The economic entity's interest in joint venture entities are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture entity is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. The profit or loss of the joint venture entity is recognised in profit or loss. Details relating to the joint venture entity are set out in Note 31.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial instruments

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Loans receivable designated as 'at call' are carried at face value.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Derivative financial instruments

The economic entity holds derivative financial instruments to hedge its risk exposures from foreign currency movements.

Derivatives are initially recognised at fair value and applicable transaction costs are recognised in profit or loss as they are incurred.

Some financial instruments have embedded derivatives within them. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the profit and loss.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Re-issuance of financial statements

This general purpose financial report was approved by the Directors on 21 April 2016 and supersedes the previous general purpose financial report that was signed and approved by the Directors on 29 September 2014. This general purpose financial report was re-issued as a result of identification of a prior period error in the financial statements for the year ended 30 June 2013, relating to an understatement of the Deferred Tax Liability and overstatement of the Asset Revaluation Reserve, as detailed in Note 30 and Note 31 of the re-issued financial statements of Midway Ltd and controlled entities for the period ended 30 June 2013. Refer to Note 27 for additional disclosures not included in superseded financial reports.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2014

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(a) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosure* and AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)*

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the economic entity recognised $0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The economic entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the economic entity's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The economic entity has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The economic entity has decided not to early adopt AASB 9 at 30 June 2014.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

Refer to Note 14 for further details regarding the assumption used in the value in use calculations

(b) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Biological assets

For the significant assumptions applied in determining fair value of biological assets, refer to Note 33.

(d) Forest plantation land valuation

For the significant assumptions applied in determining fair value of land, refer to Note 33.

	2014 Re-issued $	2013 Re-issued $
NOTE 4: REVENUE AND OTHER INCOME		
Sale of goods	93,673,816	78,666,286
Interest income	787,838	1,144,651
Plantation management fees	414,799	445,605
Rental income	17,087	16,612
Profit on sale of non current assets	141,816	66,327
Insurance recoveries	-	1,762
SWF operating fee	1,254,812	1,231,725
Other revenue	597,639	316,873
	96,887,807	81,889,841

NOTE 5: OPERATING PROFIT

	2014 Re-issued $	2013 Re-issued $
Profit / (losses) before income tax has been determined after:		
Cost of sales	80,109,008	69,443,198
Finance costs		
Borrowing costs	28,737	18,333
Bank Interest	1,897,330	2,278,196
Hire purchase charges	87,568	108,128
	2,013,635	2,404,657
Depreciation and amortisation	3,586,831	3,636,972
Foreign currency translation gains	(27,600)	(70,725)
Loss on disposal of non current assets	2,275	5,484
Share of SWF and VTP (losses) / profit before tax	(600,363)	394,548
Remuneration of auditors for:		
Pitcher Partners (Melbourne)		
Audit and assurance services		
- Auditor's remuneration - audit fees	108,400	116,600
- Auditor's remuneration - other services	96,850	161,990

	2014 Re-issued $	2013 Re-issued $

NOTE 6: INCOME TAX

(a) Components of tax expense

	2014 Re-issued $	2013 Re-issued $
Current tax	1,365,972	491,118
Deferred tax	(101,768)	(2,232,418)
	1,264,204	(1,741,300)

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

	2014 Re-issued $	2013 Re-issued $
Prima facie income tax payable on profit before income tax at 30.0% (2013 Re-issued: 30.0%)	1,099,946	(1,692,117)
Add tax effect of:		
- entertainment	1,261	1,590
- Under provision for income tax in prior years	111,118	-
Profits in EAI	42,874	(619)
	155,253	971
Less tax effect of:		
- Other non-assessable items	-	29,400
- Unrealised foreign exchange gain	(9,005)	20,754
	(9,005)	50,154
Income tax expense attributable to profit	1,264,204	(1,741,300)

(c) Current tax

Current tax relates to the following:

	2014 Re-issued $	2013 Re-issued $
Current tax liabilities / (assets)		
Opening balance	(651,131)	(26,691)
Income tax	1,365,972	212,798
Tax payments	(623,212)	(837,238)
Current tax liabilities / (assets)	91,629	(651,131)

	2014 Re-issued $	2013 Re-issued $

NOTE 6: INCOME TAX (CONTINUED)

(d) Deferred tax

Deferred tax relates to the following:

Deferred tax assets

	2014 Re-issued $	2013 Re-issued $
The balance comprises:		
Accruals	232,187	56,941
Provisions	433,328	812,065
Standing timber to harvest	1,264,247	1,318,793
Other	92,580	1,250,169
Plant & Equipment	148,995	-
	2,171,337	3,437,968

Deferred tax liabilities

	2014 Re-issued $	2013 Re-issued $
The balance comprises:		
Biological assets held at fair value	14,295,710	14,768,876
Land held at fair value	18,629,033	21,819,422
Investments accounted for using equity method	21,396	729,292
	32,946,139	37,317,590
Net deferred tax liabilities	30,774,802	33,879,622

(e) Deferred income tax (revenue)/expense included in income tax expense comprises

	2014 Re-issued $	2013 Re-issued $
Decrease / (increase) in deferred tax assets	1,266,631	(553,310)
(Decrease) / increase in deferred tax liabilities	(1,368,399)	(1,483,665)
	(101,768)	(2,036,975)

(f) Deferred income tax related to items charged or credited directly to equity

	2014 Re-issued $	2013 Re-issued $
(Decrease) / increase in deferred tax liabilities	(3,003,052)	925,793
	(3,003,052)	925,793

	2014 Re-issued $	2013 Re-issued $
NOTE 7: DIVIDENDS		
Fully franked at 30% (2013:30%)	3,449,199	11,260,400
Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:	6,678,906	7,533,922

NOTE 8: CASH AND CASH EQUIVALENTS

	2014	2013
Cash on hand	936	936
Cash at bank	1,291,651	2,539,052
Term deposit	20,697,244	19,950,653
	21,989,831	22,490,641

NOTE 9: RECEIVABLES

	2014	2013
CURRENT		
Trade debtors	9,491,490	719,498
Other debtors	-	73,136
GST receivable	713,146	417,663
Loans to associates	4,701,527	6,741,527
	14,906,163	7,951,824

The above amounts receivable from associated companies represents amounts receivable from South West Fibre Pty Ltd.

Aged analysis

	Gross 2014 Re-issued $	Impairment 2014 Re-issued $	Gross 2013 Re-issued $	Impairment 2013 Re-issued $
Not past due	14,903,074	-	7,855,548	-
Past due 31-60 days	275	-	95,397	-
Past due 61-90 days	776	-	879	-
Past due more than 91 days	2,038	-	-	-
	14,906,163	-	7,951,824	-

	2014 Re-issued $	2013 Re-issued $

NOTE 10: INVENTORIES

	2014 Re-issued $	2013 Re-issued $
CURRENT		
At cost		
Finished goods	3,803,884	4,988,950

NOTE 11: OTHER ASSETS

	2014 Re-issued $	2013 Re-issued $
CURRENT		
Prepayments	1,261,340	1,023,386
Accrued income	113,863	109,846
	1,375,203	1,133,232

NOTE 12: BIOLOGICAL ASSETS

	2014 Re-issued $	2013 Re-issued $
NON CURRENT		
At fair value		
Standing timber costs capitalised	1,043,388	962,536
Standing timber at independent valuation	50,300,000	48,600,000
	51,343,388	49,562,536

(a) Nature of activities involving biological assets

The independent valuation of the commercial tree crops was carried out as at 30 June 2014 by Chandler Fraser Keating Limited (CFK), international forest industry consultants. The valuation of the commercial tree crop is based on net market value in existing use.

(b) Financial risk management

Midway manages its own plantation estate, the VTP joint venture estate and estates of third parties using well equipped, trained forestry staff to achieve production wood-flow consistent with the business plan and to mitigate against the risk of damage (including holding insurance against catastrophic events such as fire).

NOTE 12: BIOLOGICAL ASSETS (CONTINUED)

Nature and indication of physical quantities of commercial trees in forests, and movement of Net Market Value (NMV) recognised in the Statement of Financial Performance.

	2014 Hectares	2014 $	Change in NMV $
Plantation Radiata & Eucalypt	9,822	49,400,000	1,960,000
Native Eucalypt	677	900,000	(260,000)
Fallow	1,061	-	-
Unutilised (unplantable) Area	5,236	-	-
	16,796	50,300,000	1,700,000
Less: Plantation costs capitalised during the year			(2,402,711)
Decrement of Net Market Value			(702,711)

The movement in net market value has been recorded in the statement of comprehensive income as an allocation between cost of goods sold for the portion attributable to harvest during the year and the net fair value increment / (decrement) for the balance relating to changes in fair value inputs.

Sensitivity of the Net Market Value of the standing timber to changes in significant assumptions assuming all other variables that might impact on fair value remain constant:

2014	Change	Effect on fair value of standing timber $
Discount rate	1%	(2,532,000)
	(1%)	2,532,000
Log price	5%	7,570,000
	(5%)	(7,570,000)
Harvest/Haulage costs	5%	(3,986,000)
	(5%)	3,986,000
Woodflow (softwood & hardwood)	5%	7,603,000
	(5%)	(7,603,000)

NOTE 12: BIOLOGICAL ASSETS (CONTINUED)

	2013		Change in N
	Hectares	$	$
Plantation Radiata & Eucalypt	9,169	47,440,000	(4,820,000)
Native eucalypt	671	1,160,000	(1,160,000)
Fallow	1,254	-	-
Unutilised (unplantable) Area	4,995	-	-
	16,089	48,600,000	(5,980,000)
Less: Plantation costs capitalised during the year			(1,997,053)
Decrement of Net Market Value			(7,977,053)

The movement in net market value has been recorded in the statement of comprehensive income as an allocation between cost of goods sold for the portion attributable to harvest during the year and the net fair value increment / (decrement) for the balance relating to changes in fair value inputs.

Sensitivity of the Net Market Value of the standing timber to changes in significant assumptions assuming all other variables that might impact on fair value remain constant:

2013	Change	Effect on fair value of standing timber $
Discount rate	1%	(2,280,000)
	(1%)	2,500,000
Log price	2%	2,880,000
	(2%)	(2,850,000)
Harvest & Haulage costs	2%	(1,510,000)
	(2%)	1,520,000

	2014 Re-issued $	2013 Re-issued $
NOTE 13: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD		
Equity accounted investments in SWF and VTP	4,380,755	5,371,013

	2014 Re-issued $	2013 Re-issued $
NOTE 14: INTANGIBLE ASSETS		
Goodwill on consolidation	1,970,930	1,970,930

(a) Impairment tests for goodwill and intangible assets with indefinite useful lives

Goodwill and intangibles with indefinite useful lives are allocated to the following cash generating units (CGU):		
- Queensland Commodity Exports Pty Ltd	1,970,930	1,970,930

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years (maximum of five years).

Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using the following assumptions:

Average growth rate for cash flows in years two to five:	5%	(2013: 4%)
Terminal value growth rate:	6.0%	(2013: 6.0%)
Discount rate:	12%	(2013: 12%)

No reasonable change in these key assumptions of the value in use calculations would result in an impairment.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	2014	2013
Land		
Forest plantations land at fair value	75,356,702	85,368,374
Freehold land at fair value	12,670,000	12,670,000
Buildings		
At cost	2,852,945	2,852,945
Accumulated depreciation	(878,476)	(799,530)
	1,974,469	2,053,415
Site improvements	160,500	160,500
Total buildings	2,134,969	2,213,915
Total land and buildings	90,161,671	100,252,289

	2014 Re-issued $	2013 Re-issued $

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2014 Re-issued $	2013 Re-issued $
Plant and equipment		
Plant and equipment at cost	45,376,137	45,356,860
Accumulated depreciation	(29,345,473)	(26,918,788)
	16,030,664	18,438,072
Roading at cost	8,736,815	8,298,266
Accumulated amortisation	(2,902,318)	(2,520,350)
	5,834,497	5,777,916
Total plant and equipment	21,865,161	24,215,988
Total property, plant and equipment	112,026,832	124,468,277

(a) Details for measurement of revalued amounts - 2014

An independent valuation of the forestry plantation land, on an unencumbered basis, was carried out on 30 June 2014 by VRC Property Pty Ltd. The current market value is based on the highest and best use being mixed between forestry and non-forestry.

The unencumbered value of the plantation land is $86,321,820 (2013: $98,005,000). The directors have subsequently valued the land on an encumbered basis (i.e. in recognition of the existing tree crops being grown on the land), taking into account reversionary costs and utilising a discounted cashflow analysis. The current encumbered value of plantation land is $75,356,702 (2013: $85,368,374).

The independent valuation of the other freehold land was carried out as at 30 June 2014 by Opteon (Victoria) Specialised Pty Ltd on the basis of fair value.

Refer to Note 33 for further details regarding the significant assumptions used in determining the fair value of land.

(b) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2014 Re-issued $	2013 Re-issued $
Forest plantation and freehold land		
Opening carrying amount	85,368,374	82,282,399
Disposals	(1,500)	-
Revaluation	(10,010,172)	3,085,975
Closing carrying amount	75,356,702	85,368,374

	2014 Re-issued $	2013 Re-issued $

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Reconciliations (Continued)

	2014 Re-issued $	2013 Re-issued $
Other freehold land		
Opening carrying amount	12,670,000	12,670,000
Closing carrying amount	12,670,000	12,670,000
Buildings		
Opening carrying amount	2,213,915	2,301,743
Depreciation expense	(78,946)	(87,828)
Closing carrying amount	2,134,969	2,213,915
Plant and equipment		
Opening carrying amount	18,438,072	21,384,369
Additions	792,713	410,963
Disposals	(147,339)	(140,046)
Depreciation expense	(3,052,782)	(3,217,214)
Closing carrying amount	16,030,664	18,438,072
Roading		
Opening carrying amount	5,777,916	5,609,644
Additions	438,549	500,202
Amortisation	(381,968)	(331,930)
Closing carrying amount	5,834,497	5,777,916
Total property, plant and equipment		
Carrying amount at 1 July	124,468,277	124,248,155
Additions	1,231,262	911,165
Disposals	(148,839)	(140,046)
Depreciation expense	(3,513,696)	(3,636,972)
Revaluation	(10,010,172)	3,085,975
Carrying amount at 30 June	112,026,832	124,468,277

	2014 Re-issued $	2013 Re-issued $
NOTE 16: PAYABLES		
CURRENT		
Unsecured liabilities		
Trade creditors	13,966,526	6,276,023
Sundry creditors and accruals	2,775,293	3,567,967
	16,741,819	9,843,990
NOTE 17: BORROWINGS		
CURRENT		
Secured liabilities		
Bank overdraft	218,135	-
Commercial bills	2,800,000	3,000,000
Hire purchase liability	628,267	510,284
Unexpired term charges	(63,588)	(71,691)
	3,582,814	3,438,593
NON CURRENT		
Secured liabilities		
Commercial bills	28,700,000	31,369,459
Hire purchase liability	643,167	775,724
Unexpired term charges	(26,859)	(57,362)
	29,316,308	32,087,821

Midway has fully complied with all debt related financial covenant obligations since the start of the financial year.

As at 30 June 2014 the secured liabilities were secured in full by a registered mortgage debenture over the assets of Midway Limited, Midway Plantations Pty Ltd and Midway Tree Farms Pty Ltd and a First Registered Mortgage over properties at 150-190 Corio Quay Road, North Shore, 1A North Shore Road, Norlane, 10 The Esplanade North Shore and over Forest Plantation Land throughout Victoria. Secured liabilities of Queensland Commodity Exports Pty Ltd are secured by a fixed and floating charge over the whole of the company assets. Guarantees and Indemnity in favour of Midway Limited have also been provided by Midway Plantations Pty Ltd, Midway Properties Pty Ltd and Midway Tree Farms Pty Ltd.

		2014 Re-issued $	2013 Re-issued $
NOTE 18: PROVISIONS			
CURRENT			
Employee benefits	(a)	1,380,593	1,370,962
NON CURRENT			
Employee benefits	(a)	63,835	68,322
(a) Aggregate employee benefits liability		1,444,428	1,439,284
(b) Number of employees at year end		53	57

NOTE 19: SHARE CAPITAL

		2014 Re-issued $	2013 Re-issued $
Issued and paid-up capital			
- 74,819,933 (2013: 74,819,933) ordinary shares	(a)	28,833,038	28,833,038

	2014 Re-issued		2013 Re-issued	
	Number	$	Number	$
(a) Ordinary shares				
Opening balance	74,819,933	28,833,038	74,819,933	28,833,038
At reporting date	74,819,933	28,833,038	74,819,933	28,833,038

Ordinary

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share has voting rights in proportion to their number of shares held.

Capital management

When managing capital, management's objective is to ensure the economic entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

During 2014, dividends were paid of $3,449,199 (2013: $11,260,400).

		2014 Re-issued $	2013 Re-issued $
NOTE 20: RESERVES			
Asset revaluation reserve	20(a)	41,316,600	48,323,720
Plantation valuation reserve	20(b)	(2,966,584)	(2,474,686)
		38,350,016	45,849,034

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

	2014 Re-issued $	2013 Re-issued $
Movements in reserve		
Opening balance	48,323,720	46,163,537
Revaluation of land, net of tax	(7,007,120)	2,160,183
Closing balance	41,316,600	48,323,720

(b) Plantation revaluation reserve

	2014 Re-issued $	2013 Re-issued $
Movements in reserve		
Opening balance	(2,474,686)	3,109,251
Decrement of plantations, net of tax	(491,898)	(5,583,937)
Closing balance	(2,966,584)	(2,474,686)

NOTE 21: RETAINED EARNINGS

	2014 Re-issued $	2013 Re-issued $
Retained earnings at beginning of year	61,152,716	70,352,678
Net profit/(loss)	2,317,307	(3,523,499)
Transfers to reserves	491,898	5,583,937
Dividends provided for or paid	(3,449,199)	(11,260,400)
Transfer of outside equity interest in QCE	902,923	-
	61,415,645	61,152,716

	2014 Re-issued $	2013 Re-issued $

NOTE 22: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the re-issued statement of cash flows is reconciled to the related items in the re-issued statement of financial position is as follows:

	2014 Re-issued $	2013 Re-issued $
Cash on hand	936	936
Cash at bank	1,291,651	2,539,052
At call deposits with financial institutions	20,697,244	19,950,653
Bank overdrafts	(218,135)	-
	21,771,696	22,490,641

(b) Reconciliation of cash flow from operations with profit after income tax

	2014 Re-issued $	2013 Re-issued $
Profit / (loss) from ordinary activities after income tax	2,402,281	(3,899,090)
Adjustments and non-cash items		
Depreciation	3,586,831	3,636,972
Net (gain) / loss on disposal of property, plant and equipment	(141,816)	(66,327)
Plantation revaluation decrement	702,711	7,977,053
Distribution not received in cash	419,664	755,571
Share of equity accounted SWF and VTP net profit after dividends	600,363	(394,548)
Hire purchase charges	87,568	108,128
Changes in assets and liabilities		
(Increase) / decrease in receivables	(9,067,475)	181,417
(Increase) / decrease in other assets	(241,971)	314,040
(Increase) / decrease in inventories	1,185,066	7,683,539
Increase in biological assets (net of revaluation increment/decrement)	(2,483,563)	(2,206,542)
Increase / (decrease) in payables	6,897,830	(5,568,015)
(Increase) / decrease in deferred taxes	(101,768)	(2,232,418)
Increase / (decrease) in provisions	5,144	189,254
Increase / (decrease) in related party loans	-	2,149,267
Increase/(Decrease) in tax provision	742,760	(624,440)
	2,191,344	11,902,951
Cash flows from operating activities	4,593,625	8,003,861

	2014 Re-issued $	2013 Re-issued $
NOTE 22: CASH FLOW INFORMATION (CONTINUED)		
(c) Loan facilities		
Loan facilities	46,150,000	44,619,459
Amount utilised	(32,899,122)	(34,369,459)
Unused loan facilities	13,250,878	10,250,000

The major facilities are summarised as follows:

Banking overdrafts:
Limit: $1,500,000
Amount utilised: $218,135

Bank overdraft facilities are arranged with the National Australia Bank with the general terms and conditions as outlined in the bank letter of offer. Interest rates are variable and subject to change.

Commercial Bill Facility:
Limit: $40,200,000
Amount utilised: $31,500,000

Commercial bill facility is provided by the National Australia Bank. Interest rates are variable and subject to change.

Asset finance facilities:
Limit: $4,450,000
Amount utilised: $1,180,987

Asset finance facilities are provided by National Australia Bank to finance the purchase of plant and equipment. Interest rates are fixed however are subject to change on an item-by-item basis.

	2014 Re-issued $	2013 Re-issued $

NOTE 23: CAPITAL AND LEASING COMMITMENTS

	2014 Re-issued $	2013 Re-issued $
(a) Hire purchase commitments		
Payable		
- not later than one year	690,776	510,284
- later than one year and not later than five years	580,658	775,724
Minimum hire purchase payments	1,271,434	1,286,008
Less future finance charges	(90,447)	(129,053)
Total hire purchase liability	1,180,987	1,156,955
Represented by:		
Current liability	564,679	438,593
Non-current liability	616,308	718,362
	1,180,987	1,156,955

	2014 Re-issued $	2013 Re-issued $
(b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	1,680,368	1,017,554
- later than one year and not later than five years	5,858,000	4,544,578
- later than five years	9,988,063	9,864,293
	17,526,431	15,426,425

	2014 Re-issued $	2013 Re-issued $
(c) Other commitments		
Payable		
- not later than one year	1,689,904	1,689,904
- later than one year and not later than five years	6,759,614	6,759,614
- later than five years	21,968,747	23,658,650
	30,418,265	32,108,168

Other commitments relate to the minimum charges under the Port of Geelong bulk loader agreement.

	2014 Re-issued $	2013 Re-issued $
NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the economic entity		
- short-term employee benefits	1,786,827	1,867,855
- short-term employee benefits - Incentive Scheme	649,389	707,537
- post-employment benefits	161,386	155,529
	2,597,602	2,730,921

The names of directors who have held office during the year are:

Name	**Appointment / resignation details**
G H McCormack	(Chairman)
J P D Frederick	(Resigned 30 September 2015)
S H Bennett	(Ceased holding office 27/11/2013)
T H Gunnersen AM	
T B Keene	
N G Gunnersen	
N P Koren	(Alternate director for T H Gunnersen)
A C Bennett	(Appointed 28/11/2013)
N G Gunnersen	(Alternate director for T H Gunnersen)

The names of key management personnel during the year are:

Name

John Frederick
Ashley Merrett
Stephen Roffey
Rowan Eyre
Michael Taylor
Stephen Walker
Andrew Dawson

NOTE 25: RELATED PARTY TRANSACTIONS

(a) The name of each person holding the position of Director of Midway Ltd during the financial year have been disclosed in Note 24.

(b) Transactions between related parties are on normal commercial terms no more favourable than those available to other parties unless otherwise stated.

At 30 June 2014, an accrual was recorded in respect of Directors fees for six days to year end.

Transaction of Directors and their Director-related entities concerning shares.

Aggregate number of shares of Midway Ltd held directly, indirectly or beneficially by the Directors of the Company or the consolidated entity or their Director-related entities at 30 June 2014.

	2014 Number	**2013 Number**
Ordinary shares	47,558,161	47,978,009
	47,558,161	47,978,009

Transactions with Directors and Director-related entities

Aggregate amounts of transactions with Directors and their Director-related entities for the year ended 30 June 2014:			**2014 $**	**2013 $**
Company Name	**Director Name**	**Nature of Transaction**		
McCormack Timbers	G H McCormack	Directors' fees	159,452	159,453
		Directors' reimbursements (Marketing costs associated with international travel by directors paid on behalf of Midway)	50,473	35,249
Gunnersen Companies	TH & NG Gunnersen	Directors' fees	164,434	150,176
		Directors' reimbursements	1,198	1,365
W H Bennett & Sons	S H Bennett	Directors' fees	34,037	79,726
		Lease	16,771	16,385
	A C Bennett	Directors' fees	39,978	-
		Directors' reimbursements	1,162	-
	T B Keene	Directors' fees	84,709	84,709
		Directors' reimbursements	4,679	6,420
			556,893	533,483

		2014 Re-issued $	2013 Re-issued $

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with other related entities

Aggregate amounts of transactions with other related entities for the year ended 30 June 2014:

Company Name	**Nature of transaction**	2014 Re-issued $	2013 Re-issued $
South West Fibre Pty Ltd	Operator fee income	(1,258,304)	(1,183,422)
	Reimbursement of costs	(342,932)	(1,960,000)
	Loan repayments (net)	(2,040,000)	(325,945)
	Sale of wood products	(113,159)	-
	Purchase of wood product	1,107,047	9,218
Victorian Treefarm Project	Plantation management fees	(97,881)	(190,716)
	Reimbursement of costs	(261,128)	(90,795)
	Distribution received	-	(755,571)
	Purchase of wood product	1,879,998	2,569,803
	Contributions	29,769	89,057
		(1,096,590)	(1,838,371)

(c) **Aggregate amounts receivable / (payable) from other related entities at 30 June 2014:**

	2014 Re-issued $	2013 Re-issued $
South West Fibre Pty Ltd	4,701,527	6,742,527
	4,701,527	6,742,527

NOTE 26: FINANCIAL RISK MANAGEMENT

The economic entity is exposed to a variety of financial risks comprising:

(a) Market Risk Management Policies
(b) Currency risk
(c) Interest rate risk
(d) Credit risk
(e) Liquidity risk
(f) Financial risk exposures and management

The board of directors have overall responsibility for identifying and managing operational and financial risks.

The economic entity holds the following financial instruments:

	2014 Re-issued $	2013 Re-issued $
Financial assets		
Cash and cash equivalents	1,292,587	2,539,988
Receivables	9,491,490	719,498
Other receivables	713,146	490,798
Related party receivables	4,701,527	6,741,527
Other financial assets	20,697,244	19,950,653
	36,895,994	30,442,464
Financial liabilities		
Bank overdraft	218,135	-
Bank and other loans	31,500,000	34,369,459
Creditors	13,966,526	6,276,023
Hire purchase liability	1,180,987	1,156,955
Other payables	2,775,295	3,567,967
	49,640,943	45,370,404

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk Management Policies

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bills, leases and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for entity operations.

Derivatives in the form of forward exchange contracts are used by the entity for hedging purposes. The entity does not speculate in the trading of derivative instruments

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The entity mitigates this risk by entering into forward exchange option contracts to sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the company against unfavourable exchange rate movements for the contracted and anticipated future sales undertaken in foreign currencies.

The accounting policy for forward exchange contract is detailed in Note 1(q) . At balance date the net amount of outstanding forward exchange contracts was $4,342,400 (2013 Re-issued: $7,915,783).

The full amount of the foreign currency the economic entity will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the economic entity, at balance date are:

Buy US dollars	Sell Australian dollars		Average exchange	
	2014	2013	2014	2013
Settlement	Re-issued	Re-issued	Re-issued	Re-issued
	AUD $	AUD $	$	$
Less than 6 months	4,342,400	7,915,783	0.94	0.98

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

The economic entity's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2014
Re-issued

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	
	$	$	$		
Financial assets					
Cash	1,291,651	936	1,292,587	0.3 %	Floating
Debtors	-	9,491,490	9,491,490	0.0 %	
Other receivables	-	713,146	713,146	0.0 %	
Related party receivables	-	4,701,527	4,701,527	0.0 %	
Term Deposit	20,697,244	-	20,697,244	3.5 %	
	21,988,895	14,907,099	36,895,994		
Financial liabilities					
Bank overdraft	218,135	-	218,135	11.4 %	Floating
Bank and other loans	31,500,000	-	31,500,000	4.7 %	Floating
Creditors	-	13,966,526	13,966,526	0.0 %	
Hire purchase liability	1,180,987	-	1,180,987	6.8 %	Fixed
Other payables	-	2,775,295	2,775,295	0.0 %	
	32,899,122	16,741,821	49,640,943		

2013
Re-issued

Financial assets					
Cash	2,539,052	936	2,539,988	1.8 %	Floating
Debtors	-	719,498	719,498	0.0 %	
Other receivables	-	490,768	490,768	0.0 %	
Related party receivables	-	6,741,527	6,741,527	0.0 %	
Other financial assets	19,950,653	-	19,950,653	4.1 %	Fixed
	22,489,705	7,952,729	30,442,434		

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

2013
Re-issued

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$	$	$	
Financial liabilities				
Bank and other loans	34,369,459	-	34,369,459	5.2 % Floating
Creditors	-	6,276,023	6,276,023	0.0 %
Hire purchase liability	1,156,955	-	1,156,955	7.6 % Fixed
Other payables	-	3,567,967	3,567,967	0.0 %
	35,526,414	9,843,990	45,370,404	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in re-issued statement of financial position and notes to financial statements.

One of the economic entity's largest customers (Japanese) represents a large portion of the economic entity's annual sales. Offsetting the credit risk for this customer is the short trading terms applicable to the customer, being payment within 7 days of invoicing. Letters of credit are used to mitigate credit risk with significant Chinese customers which comprise the majority of the economic entity's annual sales.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Refer to Note 22(c) for more information.

(f) Financial risk exposures and management

The main risks the entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

On 5 February 2016 Midway Plantations Pty Ltd and Strategy Timber Pty Ltd executed a Sale Agreement whereby Midway Plantations Pty Ltd sells substantially all of its plantation trees to Strategy Timber Pty Ltd. This sale transaction completed on 29 February 2016 for approximately $55.7 million resulting in a net profit recognised on sale of approximately $2.4 million.

As at 31 December 2015 approximately $67,000 was paid on deposits for two blocks of plantation land. These blocks were settled between 22 January and 25 January 2016 with approximately $635,000 being paid upon settlement. During February 2016, 10% deposits were paid on an additional four blocks of plantation land totalling approximately $168,000 with 90 day settlement terms. As at the date of this financial report, these blocks have not yet settled with approximately $1.5 million payable on settlement.

Subsequent to 31 December 2015, the Board of Directors resolved to enter into proceedings to undertake an initial public offering of the Midway Ltd group. This process is underway but not yet complete at the date of signing.

The financial statements of Midway Limited and controlled entities for the year ended 30 June 2014 were initially authorised for issue on 29 September 2014. These financial statements have been subsequently reissued at the date of signing of the Directors report based on a prior period error being identified in the financial statements for the year ended 30 June 2014, 30 June 2013 and 30 June 2012 relating to understatement of the Deferred Tax Liability and overstatement of the Asset Revaluation Reserve, as detailed in Note 30 of the re-issued financial statements of Midway Ltd and controlled entities for the period ended 30 June 2013.

Other matters or circumstances arising since 30 June 2014 are as detailed in financial statements for subsequent years available on the public register.

NOTE 28: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Midway Ltd, financial statements:

(a) Summarised re-issued statement of financial position

	2014 Re-issued $	2013 Re-issued $
Assets		
Current assets	39,866,790	36,370,235
Non-current assets	64,474,391	66,273,892
Total assets	104,341,181	102,644,127
Liabilities		
Current liabilities	37,339,128	33,799,765
Non-current liabilities	29,206,388	29,115,241
Total liabilities	66,545,516	62,915,006
Net assets	37,795,665	39,729,121
Equity		
Share capital	28,833,037	28,833,037
Retained earnings	5,101,207	7,034,663
Reserves		
Asset revaluation reserve	3,861,421	3,861,421
Total equity	37,795,665	39,729,121

(b) Summarised re-issued statement of comprehensive income

	2014 Re-issued $	2013 Re-issued $
Profit / (loss) for the year after income tax	1,515,743	(1,309,004)

NOTE 29: CONTINGENT LIABILITIES

No contingent liabilities have been identified in respect of any future claims which may be made against the economic entity.

NOTE 30: CHANGES IN ACCOUNTING POLICIES DUE TO FIRST TIME ADOPTION OF AASBs

(a) AASB 11: Joint Arrangements

Under *AASB 11 Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Midway's 51% investment in South West Fibre Pty Ltd was previously recognised under the proportionate consolidation method whereby 51% of South West Fibre's profit and loss, and balance sheet items, were included in the consolidated entities balances. However, as explained in Note 1(b), it has been determined that the investment meets the classification as a jointly controlled entity under AASB 11. As a result, the entity now recognises it's 51% interest in South West Fibre Pty Ltd in accordance with the equity accounting method, whereby the interest in South West Fibre is recognised as a single line item in the consolidated statement of comprehensive income, and the consolidated statement of financial position.

As required under AASB 11 the change in policy has been applied retrospectively.

Impact on financial statements

As a result of the changes in the entity's accounting policies, prior year financial statements have been restated. The following tables show the adjustments recognised.

NOTE 30: CHANGES IN ACCOUNTING POLICIES DUE TO FIRST TIME ADOPTION OF AASBs (CONTINUED)

Impact on financial statements (continued)
(i) Impact on prior years

Statement of Comprehensive Income (extract)	**2013 (previously stated)**	**Increase / (decrease)**	**2013 (restated)**
Sales revenue	123,005,342	(44,339,056)	78,666,286
Other Income	2,673,939	549,616	3,223,555
Change in inventories of FG & WIP	(8,503,902)	820,363	(7,683,539)
Raw materials, consumables & other COS	(94,203,674)	38,644,015	(55,559,659)
Depreciation	(4,874,386)	1,237,414	(3,636,972)
Employee benefits	(5,189,500)	499,777	(4,689,723)
Other expenses	(7,243,401)	1,936,399	(5,307,002)
Share of net profit/(loss) of SWF and VTP accounted for using the equity method	(256,924)	651,472	394,548
Profit before tax	(5,640,390)	-	(5,640,390)
Income tax expense	1,741,300	-	1,741,300
Profit for the period	(3,899,090)	-	(3,899,090)
Total Comprehensive Income	(1,738,907)	-	(1,738,907)
Profit attributable to:			
Owners of Midway Limited	(3,523,499)	-	(3,523,499)
Non-controlling interests	(375,591)	-	(375,591)
Total comprehensive income is attributable to:			
Owners of Midway Limited	(1,363,316)	-	(1,363,316)
Non-controlling interests	(375,591)	-	(375,591)

NOTE 30: CHANGES IN ACCOUNTING POLICIES DUE TO FIRST TIME ADOPTION OF AASBs (CONTINUED)

Impact on financial statements (continued)
(i) Impact on prior years

Statement of cash flow (extracts)

	2013 (previously stated)	Increase / (decrease)	2013 (restated)
Cash flows from operating activities			
Receipts from customers	124,773,137	(35,001,733)	89,771,404
Payment to suppliers & employees	(114,787,467)	35,215,375	(79,572,092)
Interest received	1,276,897	(143,138)	1,133,759
Income tax paid	(1,185,507)	152,826	(1,032,681)
Net cash provided by operating activities	7,780,531	223,330	8,003,861
Cash flows from investing activities			
Proceeds from sale of PP&E	-	206,373	206,373
Payment for PP&E	(1,117,617)	206,452	(911,165)
Net distribution from/(to) SWF and VTP	666,515	(755,571)	(89,056)
Net cash used in investing activities	(451,102)	(342,746)	(793,848)
Cash flows from financing activities			
Repayment of borrowings	(3,137,500)	-	(3,137,500)
Net cash provided by/(used in) financing activities	(14,895,589)	-	(14,895,589)
Net movements in cash flows	(7,566,160)	(119,416)	(7,685,576)

NOTE 30: CHANGES IN ACCOUNTING POLICIES DUE TO FIRST TIME ADOPTION OF AASBs (CONTINUED)

Impact on financial statements (continued)
(i) Impact on prior years

Balance sheet (extracts)

	2013 (previously stated)	Increase / (decrease)	2013 (restated)
Cash & cash equivalents	22,889,021	(398,380)	22,490,641
Receivables	7,300,038	651,785	7,951,823
Inventories	6,020,114	(1,031,164)	4,988,950
Current tax assets	462,871	188,260	651,131
Other assets	1,398,360	(265,128)	1,133,232
PP&E	136,188,048	(11,719,771)	124,468,277
Investments accounted for using the equity method	928,380	4,442,633	5,371,013
Total assets	**226,720,299**	**(8,131,765)**	**218,588,533**
Payables	(17,889,189)	8,045,199	(9,843,990)
Provisions	(1,474,751)	35,467	(1,439,284)
Deferred tax liabilities	(33,930,721)	51,099	(33,879,622)
Total Liabilities	**(88,821,075)**	**8,131,765**	**(80,689,310)**
Net assets	**137,899,224**	**-**	**137,899,224**
Retained earnings	(61,152,716)	-	(61,152,716)
Total equity	**(137,899,224)**	**-**	**(137,899,224)**

NOTE 30: CHANGES IN ACCOUNTING POLICIES DUE TO FIRST TIME ADOPTION OF AASBs (CONTINUED)

Impact on financial statements (continued)
(i) Impact on prior years

Balance sheet (extracts)	**1 July 2012 (Previously stated)**	**Increase /(decrease)**	**1 July 2012 (Restated)**
Cash & cash equivalents	30,455,181	(278,964)	30,176,217
Receivables	8,389,163	1,893,344	10,282,507
Inventories	14,524,016	(1,851,527)	12,672,489
Other assets	1,826,408	(379,136)	1,447,272
Other financial assets	-	28,864,908	28,864,908
Current tax assets	-	26,691	26,691
PP&E	137,044,827	(12,796,672)	124,248,155
Investments accounted for using the equity method	1,851,819	3,791,161	5,642,980
Total assets	**251,395,391**	**(9,595,103)**	**241,800,288**
Payables	(24,698,172)	9,286,167	(15,412,005)
Provisions	(1,276,349)	26,319	(1,250,030)
Current tax liabilities	(240,133)	(240,133)	-
Deferred tax liabilities	(35,228,731)	42,484	(35,186,247)
Total liabilities	**(100,496,860)**	**9,595,103**	**(90,901,757)**
Net assets	**150,898,531**	**-**	**150,898,531**
Retained earnings	(70,352,678)	-	(70,352,678)
Total equity	**(150,898,531)**	**-**	**(150,898,531)**

(b) AASB 13: Fair Value Measurement

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the economic entity's fair value measurements. Relevant disclosures required under AASB 13 are provided in Note 33: Fair Value Measurements.

(c) AASB 119: Employee Benefits

The amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The economic entity has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

NOTE 31: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS NOTE

(a) Associates and Joint Ventures

Set out below is the joint venture of the group as at 30 June 2014 which, in the opinion of the directors, is material to the group. The entity listed below has share capital consisting solely of ordinary shares. The country of incorporatio is also their principal place of business. The proportion of ownership interest is not the same as the proportion of voting rights held in the entity.

	Equity instrument	Ownership interest		Measurement basis	Carrying value	
		2014 Re-issued %	2013 Re-issued %		2014 Re-issued $	2013 Re-issued $
Joint venture						
South West Fibre Pty Ltd	Ordinary shares	51	51	Equity accounted	4,299,721	4,442,633
Country of incorporation: Australia						

(b) Summarised financial information for associates and joint ventures

	South West Fibre Pty Ltd $
2014	
Re-issued	
Cash and cash equivalents	778,292
Other current assets	7,620,779
Total current assets	8,399,071
Property, plant and equipment	20,802,295
Other non-current assets	18,774
Total non-current assets	20,821,069
Other current liabilities	(20,789,314)
Total current liabilities	(20,789,314)
Total non-current liabilities	-
Net assets	8,430,826

NOTE 31: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS NOTE (CONTINUED)

	South West Fibre Pty Ltd $
2014 (Continued)	
Revenue	83,488,811
Interest income	50,183
Depreciation and amortisation	(2,412,748)
Income tax benefit	118,968
Loss from continuing operations	(280,219)
Total comprehensive loss	(280,219)
Reconciliation to carrying amount of interest in joint ventures:	
Opening net assets	8,711,045
Less: Current year loss	(280,219)
Add: Other comprehensive income	-
Closing net assets	8,430,826
Group's % share of net assets	51.0%
Group's share of net assets	4,299,721
Carrying amount of investment	4,299,721

	South West Fibre Pty Ltd $
2013	
Re-issued	
Cash and cash equivalents	781,138
Other current assets	8,222,233
Total current assets	9,003,371
Property, plant and equipment	22,979,944
Total non-current assets	22,979,944
Other current liabilities	(23,172,076)
Total current liabilities	(23,172,076)
Other non-current liabilities	(100,194)
Total non-current liabilities	(100,194)
Net assets	8,711,045

NOTE 31: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS NOTE (CONTINUED)

	South West Fibre Pty Ltd $
2013 (Continued)	
Revenue	87,031,571
Interest income	72,555
Depreciation and amortisation	(2,426,302)
Income tax expense	(545,724)
Profit from continuing operations	1,277,396
Total comprehensive loss	1,277,396
Reconciliation to carrying amount of interest in joint ventures:	
Opening net assets	7,433,649
Less: Current year loss	1,277,396
Add: Other comprehensive income	-
Closing net assets	8,711,045
Group's % share of net assets	51.0%
Group's share of net assets	4,442,633
Carrying amount of investment	4,442,633

(c) Individually immaterial joint ventures (VTP)

	2014 Re-issued $	2013 Re-issued $
Aggregate carrying amount of individually immaterial associates - VTP	81,034	928,380
Profit/loss from continuing operations	(457,451)	(256,924)

NOTE 32: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the economic entity's significant subsidiaries:

Subsidiaries of Midway Consolidated Group:	Country of incorporation	Ownership interest held by the group 2014 Re-issued %	2013 Re-issued %	Ownership interest held by NCI 2014 Re-issued %	2013 Re-issued %
Queensland Commodity Exports Pty Ltd	Australia	90	77	10	23
Ownership interest are the same as voting rights					
Midway Plantations Pty Ltd	Australia	100	100	-	-
Ownership interest are the same as voting rights					
Midway Properties Pty Ltd	Australia	100	100	-	-
Ownership interest are the same as voting rights					
Midway Tree Farms Pty Ltd	Australia	100	100	-	-
Ownership interest are the same as voting rights					

(b) Changes in a parent's ownership interest in a subisdiary

Acquisition of additional ownership interest in a subsidiary

During 2014 Midway Ltd purchased an additional 13% of Queensland Commodity Export Pty Ltd's shares from Itochu Corporation.

NOTE 33: FAIR VALUE MEASUREMENT

(a) Fair Value Hierarchy

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

	Level 1	Level 2	Level 3	Total
2014				
Re-issued	$	$	$	$
Recurring fair value measurements				
Non-financial assets				
Revalued property, plant and equipment				
Freehold land	-	12,670,000	75,356,702	88,026,702
Biological assets - plantations	-	-	51,343,388	51,343,388
Total non-financial assets	-	12,670,000	126,700,090	139,370,090
Financial liabilities				
Hedging instruments	-	167,160	-	167,160
Total financial liabilities	-	167,160	-	167,160
2013				
Re-issued				
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	12,670,000	85,368,374	98,038,374
Biological assets - plantations	-	-	49,562,536	49,562,536
Total non-financial assets	-	12,670,000	134,930,910	147,600,910
Financial liabilities				
Hedging instruments	-	273,370	-	273,370
Total financial liabilities	-	273,370	-	273,370

NOTE 33: FAIR VALUE MEASUREMENT (CONTINUED)

(b) Transfers between recurring level 1 and level 2 fair value measurements

There were no transfers between level 1 and level 2 during the year.

(c) Valuation techniques and inputs used in level 2 fair value measurements

	Fair value $	Valuation technique	Description of valuation technique and inputs used
Freehold land	12,670,000	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 9 May 2014 were performed by Opteon, independent valuers. The valuation was performed using a direct market comparison approach.
Hedging instruments	167,160	Income approach	The fair value of the foreign currency forward contract is calculated using the present value of estimated future cash flows based on observable forward exchange rates and yield curve data.

(d) Reconciliation of recurring level 2 fair value movements

	2014 Re-issued $	2013 Re-issued $
Land at fair value		
Opening balance	12,670,000	12,670,000
Closing balance	12,670,000	12,670,000
Hedging instruments		
Opening balance	273,370	-
Instruments closing out during the period	(273,370)	-
Total gains and losses recognised in profit and loss	167,160	273,370
Closing balance	167,160	273,370

NOTE 33: FAIR VALUE MEASUREMENT (CONTINUED)

(e) Valuation techniques and significant unobservable inputs used in level 3 fair value measurements

	Fair value $	Valuation technique	Description of valuation technique and inputs used
Freehold land	75,356,702	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, adjusted by the Directors to an encumbered value to take into account clearfell period, reversionary costs and rental income for current use. The fair value measurements of the consolidated entity's land & buildings as at 30 June 2014 were performed by VRC Property, independent valuers.
Biological assets - plantations	51,343,388	Net present value approach	The fair value of biological assets has been determined using a discounted cashflow methodology over fourteen years. The following key assumptions were applied: - a pre-tax discount rate of 8% to take into account the uncertainty associated with plantation growth, price received for logs and chips as well as fluctuations in input costs including exposure to climatic risk; - harvest yields are based on woodflow optimisation models with a single rotation of existing crops; - future log and chip prices forecast over five years based on industry information; - development costs relating to maintenence of existing crops set based on current expenditures to age group; and - the other costs associated with maintaining the plantations and processing logs are based on expected costs.

NOTE 33: FAIR VALUE MEASUREMENT (CONTINUED)

(f) Reconciliation of recurring level 3 fair value movements

	2014 Re-issued $	2013 Re-issued $
Land at fair value		
Opening balance	85,368,374	82,282,399
Transfers out	(1,500)	-
Valuation adjustment, net of rental, reversion and clearfell period adjustments	(10,010,172)	3,085,975
Closing balance	75,356,702	85,368,374

	2014 Re-issued $	2013 Re-issued $
Biological assets - plantations		
Opening balance	49,562,536	55,333,047
Purchases	3,446,099	2,959,589
Transfers from Nursery Trees	(962,536)	(753,047)
Harvest during the period classified as cost of goods sold	(4,390,000)	(6,200,000)
Net fair value increment/(decrement) recognised in profit or loss (excluding harvest)	3,687,289	(1,777,053)
Closing balance	51,343,388	49,562,536

Gains and losses recognised in the statement of comprehensive income that are attributable to change in unrealised gains and losses are included with [state line item].

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 - 64, are in accordance with the *Corporations Act 2001*: and

   (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

   (b) as stated in Note 1, the consolidated financial statements also comply with *International Financial Reporting Standards*; and

   (c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company 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.

Director: ______________________
G H McCormack

Dated this 21st day of April 2016

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MIDWAY CONSOLIDATED GROUP

We have audited the accompanying financial report of Midway Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PITCHER PARTNERS

MIDWAY LIMITED AND CONTROLLED ENTITIES
ABN 44 005 616 044

RE-ISSUED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MIDWAY CONSOLIDATED GROUP

Opinion

In our opinion:

(a) the financial report of Midway Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modification to the opinion expressed above, as detailed in Note 1(s), this audit report supersedes our previous independent audit report to the members of Midway Ltd and controlled entities dated 2 October 2014 on the financial statements for the year ended 30 June 2014, signed and approved by Directors on 29 September 2014.

S SCHONBERG

Partner

PITCHER PARTNERS

Melbourne

Date 21\4\16