Appendix 4D

WELLARD LIMITED

ABN 53 607 708 190

Half-Year Report

Results for announcement to the market
for the half-year ended 31 December 2020

The information that is required by the Australian Securities Exchange Listing Rules is as follows:

1. The reporting period is to 31 December 2020 and the previous corresponding period is to 31 December 2019[1].

2. Results for announcement to the market:

		Current period US$'000	Change from prior period US$'000[1]	Change from prior period %
	Revenue from continuing operations	18,216	(15,377)	(45.8)
	Revenue from discontinued operations	-	-	Nil
2.1	**Revenues from ordinary activities**	**18,216**	**(15,377)**	**(45.8)**
	Profit/(loss) from continuing operations after tax attributable to members	(1,598)	(202)	(14.5)
	Profit/(loss) from discontinued operations after tax attributable to members	-	10	100.0
2.2	**Profit/(loss) from ordinary activities after tax attributable to members**	**(1,600)**	**(190)**	**(13.5)**
2.3	Net profit/(loss) for the period attributable to members	(1,600)	(190)	(13.5)
2.4	Dividends (distributions)	Nil	Nil	Nil

3. Net tangible assets per security:

		31 Dec 2020 US$ cents	31 Dec 2019 US$ cents
3.1	Net tangible assets per ordinary security	7.2	7.0

4. There were no entities over which control has been gained or lost during the period.

5. No dividends were paid during the period.

[1] Due to Wellard's change in presentational currency from $A to US$, effective in these Interim Financial results, the prior corresponding period is now shown in United States dollars. Please refer to Wellard's 31 December 2019 results for Australian dollar figures.

6. The Company does not have a dividend re-investment plan.

7. The Company does not have any associates or joint venture entities.

The reviewed financial statements for the half-year ended 31 December 2020 are attached to this Appendix 4D. The independent auditors review report contains a material uncertainty related to going concern. For further information refer Note 1(c) in the attached Interim Financial Report.

WELLARD LIMITED

ABN 53 607 708 190

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2020

Directors' Report

The Board of Directors of Wellard Limited (the **Company** or, together with the entities it controls, the **Group**) submits its financial report in respect of the half-year ended 31 December 2020.

The Directors of the Company in office during the half-year and at the date of this report are:

Name	Position	Appointed
John Klepec	Executive Chairman	3 August 2018
Philip Clausius	Non-Executive Director	19 November 2015
Kanda Lu	Executive Director	12 May 2017
John Stevenson	Non-Executive Director	22 November 2019

The Company Secretary of the Company in office during the half-year and at the date of this report is Michael Silbert.

All amounts are presented in United States Dollar unless stated otherwise.

Review and Results from Continuing Operations

FOR HALF-YEAR ENDED 31 DECEMBER (US$'000)		2020	2019	Movement
Revenue		18,216	33,593	(45.8%)
Chartering[1]		17,998	31,313	(42.5%)
Trading		-	2,269	(100.0%)
Other revenue		218	11	1,881.8%
Gross profit		**5,688**	**12,214**	**(53.4%)**
General and Administrative expenses		(2,263)	(4,262)	46.9%
Other gains/(losses) from trading and chartering activities		(8)	5	(260.0%)
EBITDA[2]		**3,417**	**7,957**	**(57.1%)**
Other gains/(losses) from other activities		57	(1,075)	105.3%
Depreciation and amortisation expenses		(4,484)	(4,352)	3.0%
EBIT		**(1,010)**	**2,530**	**(139.9%)**
Net finance costs		(588)	(3,926)	(85.0%)
Income tax expense		(2)	(4)	(50.0%)
Loss from continuing operations after tax		**(1,600)**	**(1,400)**	**(14.3%)**
Profitability analysis				
Gross Profit margin	%	31.2	36.4	(14.3%)
Operating Profit margin	%	18.8	23.7	(20.7%)
Interest coverage[3]	Times	5.8	2.0	190.0%
Net operating cashflow	US$'m	1.9	5.8	(67.2%)

AS AT		31 Dec 2020	30 June 2020	Movement
Balance Sheet analysis				
Current ratio	Times	0.5	1.2	(58.3%)
Net tangible assets	US$'m	38.1	39.7	(4.0%)
Net tangible assets per security (US$)	Cps	7.2	7.5	(4.0%)
Net Debt[4]	US$'m	8.6	6.1	41.0%
Debt to capital ratio[5]	%	25.5	29.9	(14.7%)
Ship loan to asset book value ratio	%	29.2	37.6	(22.3%)

[1] Chartering revenue refers to external chartering activity and excludes revenue arising from intercompany transactions.
[2] EBITDA equals profit/(loss) from continuing operations before income tax, less depreciation and amortisation expenses, less net finance costs, less other gains/(losses) arising from other activities and less impairment expenses.
[3] Interest coverage equals EBITDA divided by net finance costs.
[4] Net debt equals loans and borrowings less cash and cash equivalents.
[5] Debt to capital ratio equals loans and borrowings divided by total equity plus loans and borrowings.

Financial Review

Unless otherwise stated, all comparisons are in relation to the previous corresponding period ("PCP").

As stated in Wellard's FY2020 Annual Report and following the previously reported decision to focus on chartering activity, the presentation currency of the Group's financial information has changed from the Australian Dollar ("A$") to the United States Dollar ("US$") with effect from 1 July 2020. Following the Group's restructure, nearly all revenue and expenses of the Group are now conducted in United States Dollar. Therefore, the Board believes that the change in the reporting currency provides shareholders with a more accurate reflection of the Group's underlying performance by removing the impact of fluctuating currency conversions from US$ to A$.

All amounts in this Interim Financial Report are presented in US$ unless stated otherwise, whilst the prior corresponding period amounts that were previously stated in A$ have been restated in US$ to provide shareholders with meaningful comparisons.

After a FY2020 characterised by the completion of the Group's financial restructuring and restored profitability, Wellard is reporting, for the half-year ended 31 December 2020 ("H1 FY21"), a net loss after tax of US$1.6 million which is similar to the result recorded in the previous corresponding period (H1 FY20: net loss after tax of US$1.4 million). This included a non-cash depreciation and amortisation expense of US$4.5million (H1 FY20: US$4.4 million) primarily relating to the depreciation of the Group's vessels.

The Group's financial performance for most of the first quarter of FY2021 was largely expected, but as noted at the Annual General Meeting, subsequent adverse external events then impacted our operations:

- At the beginning of September 2020, the livestock vessel *Gulf Livestock 1* sunk during a typhoon in the East China Sea, with the tragic loss of 42 people and almost 6,000 cattle on board, and an immediate temporary suspension of live cattle export from New Zealand was implemented. Two profitable New Zealand voyages of Wellard's M/V Ocean Drover and M/V Ocean Swagman which were in transit or had New Zealand as the next voyage had to be rescheduled and the vessels were redirected to load from Australian ports for replacement voyages negatively impacting Wellard profitability.
- An unscheduled extension to the dry docking of the M/V Ocean Ute which negatively impacted its availability, increasing costs and reducing revenue. The planned dry-docking operation of the M/V Ocean Ute was challenged by travel restrictions and/or quarantines for our crew, surveyors, and technicians and by the increasing cost of spare parts and services. The longer-than-expected technical stop caused the M/V Ocean Ute to remain off-hire for almost three months but, at the same time, allowed Wellard to bring significant improvement to the safety and the operational efficiency of the vessel.

Combined, these circumstances impacted our profitability without considering the opportunity costs for the time lost during the off-hire periods. However, in our view, these events were well managed by our staff and mitigated by effective commercial contingency plans and good underlying cost containment.

In addition, the pandemic continued to challenge our operations with regulatory restrictions and logistics challenges, requiring our vessels to incur costly and time-consuming deviations to complete crew changes in ports outside our trading routes. Many ports which would otherwise host regular international crew changes now ban such changes or impose rigorous quarantine conditions, resulting in the requirement to deviate to, for example, the Philippines to change out Filipino crews.

The reduction in the size of Wellard fleet following the M/V Ocean Shearer sale in March 2020 also contributed to the 45.8% revenue decrease to US$18.2 million (H1 FY20: US$33.6 million), whilst the long drydock off-hire of the M/V Ocean Ute was the main cause of the 14.3% drop in gross profit margin. Following the Group's decision to suspend livestock trading activities, external chartering activity constitutes all of Wellard's sales.

The general and administrative expenses reduced by 46.9% or US$2.0 million in the first six months of FY2021, which helped to limit the impact of the operations on the Group EBITDA to a 57.1% decrease on a period-to-period basis, settling at US$3.4 million (H1 FY20: US$8.0 million).

Net finance costs reduced by 85.0% or US$3.3 million in the first six months, falling to US$0.6 million (H1 FY20: US$3.9 million), due largely to the sale of the M/V Ocean Shearer which allowed the full repayment of all its debt to the vessel's financier and the full redemption of Wellard's unlisted notes.

The significantly reduced finance costs in conjunction with lower general and administration costs enabled Wellard to post NPAT at a similar level to the previous corresponding half (H1 FY21: -US$1.6 million vs H1 FY20: -US$1.4 million) despite revenue nearly halving during the period.

The finance costs reduction also drove a significant interest coverage improvement from 2.0 times in H1 FY20 to 5.8 times in H1 FY21.

Financial Review (continued)

During the H1 FY21 period, the 41.0% or US$2.5 million increase in Net Debt was the consequence of the reduction in cash and cash equivalent that – as of 31 December 2020 – stood at US$5.1 million (30 June 2020: US$11.5 million). The Group made all payments due under its working capital facility, ship financing facilities and lease agreements during the reporting period, and the Group maintains a good working relationship with all financiers.

The purchase obligations of the M/V Ocean Drover of US$4.3 million and of the M/V Ocean Ute of US$0.9 million, both fall due in the next financial year (in December 2021). Consequently, the repayment of US$5.2 million loans and borrowing is required to be reclassified from non-current to current liabilities. Coupled with the temporary suspension of live cattle exports from New Zealand following the Gulf Livestock 1 tragedy and the three months long drydock of the M/V Ocean Ute, this resulted in the Group reporting a working capital deficiency of US$7.8 million (30 June 2020: positive US$2.0 million).

The Group maintains a US$4.0 million trade facility with a financial institution in Singapore to fund ship operating costs and foreign-exchange transactions, which as of 31 December 2020 was not utilised, nor was it at 30 June 2020. In July 2020, the Group obtained from the same financial institution, an extension of US$7.2 million to the original facility to be utilised for commodity swap to hedge against bunker price swings. As at 31 December 2020, the mark-to-market liability of this swap was US$1.3 million.

At 31 December 2020, total debt represented 25.5% (30 June 2020: 29.9%) of the Group's capital ratio and total ship debt represented 29.2% (30 June 2020: 37.6%) of the book value of the Group's shipping assets. Wellard is either compliant with or has received waivers for all financial covenants.

During the period Non-Executive Director John Stevenson was appointed Chairman of Wellard's Audit and Risk Committee.

Operational Review

During H1 FY2021, Wellard loaded 12 voyages, all for third party charterers. All were cattle voyages, and the Group recorded a total voyage success rate of 99.9%, delivering 96,480 animals of the 96,556 cattle loaded. Wellard had no reportable mortality incidents. Its last reportable mortality incident was in December 2017.

Wellard continues to solely charter its vessels to third party exporters, with voyages exporting breeding cattle from New Zealand to China comprising a greater share of voyages when compared to previous periods. Wellard does remain active in the Australian live export sector's traditional Australia to Indonesia and Australia to Vietnam shipping markets, but due to historically high Australian cattle prices that have been sustained for an extended period due to extensive restocking activity, the number of cattle exported to these markets has reduced significantly compared to previous years, and compared to the previous six months.

Live export figures compiled by the Australian Government's Department of Agriculture, Water and the Environment[6] illustrate the impact that historically high cattle prices in Australia had on live cattle export numbers in the six months to 31 December 2020.

In the first six months of CY20, 359,009 feeder cattle were exported from Australia. This reduced to 269,414 cattle in H2 CY20, a reduction of 25%. Similarly, slaughter cattle exports dropped by 28%, from 165,000 head in the first half of CY20, to 118,516 head in the second half of CY20.

Breeder cattle imports were less affected, falling by 7.4% from 75,208 in H1 CY20 to 69,649 head in H2 CY20.

In response, Wellard capitalised on alternative charter opportunities in the New Zealand to China and South America to China shipping markets, demonstrating the operational flexibility and resilience of Wellard's business model through its ability to mobilise assets to routes which provide the greatest financial return to the Company.

In H1 FY21, the Group's vessels loaded four voyages from New Zealand to China, one voyage from South America to China is in progress as of 31 December 2020 and two subsequent charters are confirmed for the second part of this financial year.

The increased number of voyages from New Zealand was despite a temporary suspension of live exports from that market after the sinking of the Gulf Livestock 1. Wellard is acutely aware that incidents such as these, which resulted in the tragic loss of life for crew and livestock, can negatively impact on the live export industry's social licence to operate.

Wellard continues to campaign for higher regulatory shipping standards to minimise the chances of these type of events from occurring and therefore improve the long-term sustainability of the live export trade in countries that produce livestock which are surplus to their domestic consumption requirements.

[6] www.agriculture.gov.au/export/controlled-goods/live-animals/live-animal-export-statistics/livestock-exports-by-market

Operational Review (continued)

Wellard is continuing to actively manage its operations in response to a changed trading environment created by the COVID-19 pandemic.

The pandemic's effects are largely incremental through increased regulatory burden, and more complex shipping and crew logistics which do increase the Group's cost of operations.

The Group has reduced its overheads by completing the shift of finance operations to Singapore and outsourcing the management of our maintenance program to a professional ship maintenance provider in Ishima.

As noted in the financial report, operations in Q1 FY21 largely reflected the Group's internal forecasts, but September and October shipping operations were impacted by a longer than expected drydocking of the M/V Ocean Ute and the temporary suspension of the New Zealand live export market in response to the unfortunate sinking of the Gulf Livestock 1.

Wellard had planned that the drydocking of the M/V Ocean Ute would make the vessel unavailable for 50 days. However, the period of unavailability extended to 81 days due to: (i) COVID-19 operational impacts in the dock; (ii) additional stability measures/works; (iii) increased ballast voyage length due to crew change; (iv) slow steaming to ensure 14-day quarantine ahead of arrival in Australia; and (v) 2-days for COVID-19 testing on arrival.

Ship movements returned to normal in November. Although the M/V Ocean Drover was technically available, it did not contribute any revenue throughout December as it transited on a month-long ballast voyage from China to Uruguay, where it loaded cattle for a return voyage. Wellard expects the return cargo voyage in H2 FY2021 will be profitable.

While there were some non-Wellard vessel movements in the South America to Turkey trade in H1 FY21, the trade is neither large enough nor stable enough, with import permits being issued sporadically, to warrant repositioning a Wellard vessel to that market at this time. Wellard continues to monitor this closely as it has a major impact on utilisation and charter rates of the large livestock ships.

Meat and Livestock Australia's recently released February 2021 Sheep Projections report indicated, overall live sheep import demand in the Middle East region was notably lower in CY20 compared to CY2019, with some estimates suggesting a 17% decline. The drop was driven largely by various COVID-19 impacts, including lower oil prices, lower consumer confidence and reduced tourism.

Shipping figures indicate Australian sheep exports to the Middle East declined by 27 per cent in CY20 compared to the calendar year prior, with just 811,511 sheep shipped.

The live sheep export trade, conducted largely from Western Australia, slowed to a trickle in H1 FY2021, and although this market remains an opportunity for Wellard in the medium term, vertically integrated importers were able to meet their Australian shipping requirements with their own vessels while importers without ships preferred to source their sheep out of Europe where sheep remain cheaper than high-priced Australian export wethers. This sustained, major reduction in sheep export from the Fremantle Port has resulted in the diversion of a large livestock ship to the Australia to South East Asia cattle trade for an extended period.

Wellard continues to ensure that every animal in our care is managed to the highest animal welfare standards. Given our larger than average, purpose-built vessels, our expert crew, and our rigorous emphasis on high standards of care, we continue to demonstrate that we can provide superior conditions for the transport of livestock to destination markets.

Wellard is continuing to support sensible and sustainable Australian regulations which move the industry away from mortality as the sole indicator of onboard animal welfare to alternative indicators.

Outlook

Pleasingly in the most challenging Australian livestock trading markets the industry has seen, all of Wellard's vessels are already chartered throughout Q3 FY2021. Notably, the M/V Ocean Drover is chartered through until late May, when many other large livestock carriers are at anchor awaiting orders, however the vessel will undertake a scheduled maintenance dry dock at the end of February for approximately six weeks.

In light of the issues encountered with the dry dock of the M/V Ocean Ute in China, Wellard decided to conduct the dry docking of the M/V Ocean Drover in Singapore, where this planned maintenance can be better controlled.

With live export cattle prices now above A$4.0 a kilogram live weight, Australian exporters are finding it difficult to sell feeder and slaughter cattle to Indonesian and Vietnamese importers.

As a result of this, in Indonesia:

Outlook (continued)

- Meat & Livestock Australia is reporting feedlots are stocked at 40% capacity
- Indonesia is actively seeking to import large numbers of live cattle from Mexico
    - Australia has been the country's sole supplier for decades
    - It is reported that due to the comparatively low cattle purchase price in Mexico, even with the substantially larger freight cost compared to Australia, Mexican cattle could be landed in Indonesia at a cheaper price than Australian cattle
- Importation of Indian Buffalo Meat and boxed beef from Brazil and Australia is forecast to increase considerably
    - This also due in part to transition away from wet markets to packaged product as a result of COVID-19 and movement restrictions.

While in Vietnam:

- Beef sales (Australian) in Vietnam are reported to be down 70-80% as the market resists the high Australian cattle prices.
- Recent shipments are forecast to more than adequately meet the increased demand for beef during the mid-February Tet Festival, creating a post-Tet overhang of cattle in feedlots
- A tightening of movement into China is forcing competing proteins back into the Vietnamese market, in competition with beef produced from live cattle

As a result of the above, Wellard does not anticipate the recent contraction in live cattle export numbers from Australia will correct to any great degree in the coming six months to 30 June. Importers of beef and slaughter cattle have been unable to pass the increased price onto consumers, which has been exacerbated by the increased Australian Dollar. Fundamentally the very high prices cannot be sustained indefinitely with market participants accumulating substantial losses, likely to lead to some closure of processors for extended periods and in our markets, the substitution of supply sources.

Reflecting this market dynamic, a large majority of confirmed future charters for Wellard vessels are to safely transport breeding cattle from Australia, New Zealand, and Uruguay to China. Additionally, the shift to alternative cattle supply sources, which we will actively participate in, are all much longer shipping routes.

As noted in the Group's Operations Review above, Wellard is expecting little activity in the live sheep sector in the short-term.

A combination of high prices (shipping wethers are making up to A$170 head); long voyage times compared to alternative supply markets; competition from vertically aligned traders/shippers for the few shipments that are being compiled; and importer issues with Australia's reliability as a sheep supplier, all make it unlikely Wellard will be a large and active player in this market in the short-term.

Meat and Livestock Australia's most recent prediction was for two per cent growth in live sheep exports from Australia in 2021, which if correct, will go only part way to recovering the 27 per cent decline in trade from CY19 to CY20.

However, in the medium to long term, there is considerable demand for sheepmeat from the Middle East region. Wellard is engaged with key market participants to investigate how supply chains can be developed that provide reliable and adequate returns for all supply chain participants. This is a work in progress.

Similarly, Wellard is starting to assess the cost-benefit analysis of building new vessels, due to the long lead times involved.

It is important to note that the Wellard Board would not progress a new build if it was either 100% debt-funded or was beholden to a spot charter market.

At the same time, times are changing in the global shipping industry, particularly with respect to reducing the industry's carbon footprint. As a market leader in livestock shipping, Wellard needs to be conscious of those changes, and will continue to take a leadership position if it can derive a competitive advantage. Wellard's ships have all transitioned to low-sulphur bunker fuels, which produce less greenhouse gas emissions, and we are examining further enhancements to lower overall emissions and increase clean operations.

Finally, Wellard will continue to manage the operational and market changes and costs that are resulting from COVID-19 to keep its crew, livestock, and vessels safe, while meeting the world's demand for protein.

Rounding of Amounts

Wellard is an entity of the kind specified in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that legislative instrument, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise. All amounts are in United States Dollar only, unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

This report has been made in accordance with a resolution of the Directors.

John Klepec
Executive Chairman

Paolo Triglia
Group Chief Financial Officer

Date: 25 February 2021

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WELLARD LIMITED

As auditor for the review of Wellard Limited and its controlled entities for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements as set out in *the Corporations Act 2001* in relation to the review, and

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

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth on the 25th day of February 2021.

Condensed Consolidated Statement of Comprehensive Income

For half-year ended	Note	31 Dec 2020 US$'000	31 Dec 2019 US$'000
Continuing operations			
Revenue	2	18,216	33,593
Cost of sales	3(a)	(12,528)	(21,379)
Gross profit		**5,688**	**12,214**
Other gains/(losses)	3(b)	49	(1,070)
Net finance costs	3(c)	(588)	(3,926)
Depreciation and amortisation expenses		(4,484)	(4,352)
General and administrative expenses	3(d)	(2,263)	(4,262)
Loss from continuing operations before income tax		**(1,598)**	**(1,396)**
Income tax expenses		(2)	(4)
Loss from continuing operations		**(1,600)**	**(1,400)**
Discontinued operations			
Loss from discontinued operations, net of tax		-	(10)
Loss for the period after tax		**(1,600)**	**(1,410)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Gain/(loss) from foreign currency translation		113	(111)
Other comprehensive income/(loss) for the period, net of tax		**113**	**(111)**
Total comprehensive loss for the period		**(1,487)**	**(1,521)**

	Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share	(0.30)	(0.26)
Diluted loss per share	(0.30)	(0.26)

The accompanying notes form an integral part of this condensed consolidated statement of comprehensive income.

Condensed Consolidated Statement of Financial Position

	Note	31 Dec 2020 US$'000	30 Jun 2020 US$'000
Current assets			
Cash and cash equivalents		5,064	11,542
Trade and other receivables		1,260	1,025
Inventories		1,098	920
Other assets		2,020	1,086
Total current assets		**9,442**	**14,573**
Non-current assets			
Property, plant and equipment	7	46,045	46,555
Intangible assets	8	1,749	1,692
Other assets		592	583
Total non-current assets		**48,386**	**48,830**
Total assets		**57,828**	**63,403**
Current liabilities			
Trade and other payables		3,094	2,250
Loans and borrowings	6	12,964	8,161
Provisions		132	120
Contract liabilities		1,095	2,000
Total current liabilities		**17,285**	**12,531**
Non-current liabilities			
Loans and borrowings	6	662	9,504
Provisions		11	11
Total non-current liabilities		**673**	**9,515**
Total liabilities		**17,958**	**22,046**
Net assets		**39,870**	**41,357**
Equity			
Issued capital	5	412,259	412,259
Reserves		(277,205)	(277,318)
Accumulated losses		(95,184)	(93,584)
Total equity		**39,870**	**41,357**

The accompanying notes form an integral part of this condensed consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners					
	Issued capital US$'000	Accumulated losses US$'000	Share based payments reserve US$'000	Other reserves US$'000	Common control reserve US$'000	Total US$'000
Balance at 1 July 2019	**412,259**	**(93,748)**	**12,968**	**4,873**	**(295,768)**	**40,584**
Loss for the period	-	(1,410)	-	-	-	(1,410)
Other comprehensive loss	-	-	-	(111)	-	(111)
Total comprehensive loss for the period	**-**	**(1,410)**	**-**	**(111)**	**-**	**(1,521)**
Balance at 31 December 2019	**412,259**	**(95,158)**	**12,968**	**4,762**	**(295,768)**	**39,063**
Balance at 1 July 2020	**412,259**	**(93,584)**	**12,963**	**5,487**	**(295,768)**	**41,357**
Loss for the period	-	(1,600)	-	-	-	(1,600)
Other comprehensive income	-	-	-	113	-	113
Total comprehensive income/(loss) for the period	**-**	**(1,600)**	**-**	**113**	**-**	**(1,487)**
Balance at 31 December 2020	**412,259**	**(95,184)**	**12,963**	**5,600**	**(295,768)**	**39,870**

The accompanying notes form an integral part of this condensed consolidated statement of changes in equity

Condensed Consolidated Statement of Cash Flows

For half-year ended	31 Dec 2020 US$'000	31 Dec 2019 US$'000
Cash flows from operating activities		
Receipts from customers	17,068	29,510
Payments to suppliers and employees	(15,160)	(23,680)
Interest received	-	15
Net income tax paid	(2)	(4)
Net cash inflow from operating activities	**1,906**	**5,841**
Cash flows from investing activities		
Purchase of property, plant & equipment	(3,761)	(344)
Purchase of intangible assets	(11)	-
Proceeds from sale of assets held for sale	-	22,000
Net cash (outflow)/inflow from investing activities	**(3,772)**	**21,656**
Cash flows from financing activities		
Principal repayment of lease liabilities	(1,301)	(578)
Repayments of borrowings	(2,790)	(24,929)
Interest paid	(588)	(3,205)
Net outflow from financing activities	**(4,679)**	**(28,712)**
Net decrease in cash held	(6,545)	(1,215)
Cash at the beginning of the financial period	11,542	5,213
Effects of exchange rate changes on cash and cash equivalents	67	(376)
Cash at the end of the financial period	**5,064**	**3,622**

Condensed Consolidated Statement of Cash Flows (continued)

Reconciliation of net loss after tax to net cash flows from operating activities	**31 Dec 2020 US$'000**	**31 Dec 2019 US$'000**
Loss after tax	(1,600)	(1,410)
Adjustments for:		
Depreciation and amortisation	4,484	4,352
Loss on disposal of property, plant and equipment	-	122
Net loss from changes in fair value of fuel hedge	8	-
Net gain from changes in fair value of biological assets	-	(5)
(Reversal)/allowance for impairment loss	(4)	3
Impairment expense	-	3
Amortisation of deferred borrowing costs	-	1,299
Interest income	-	(15)
Income tax expense	2	4
Interest expense	588	2,642
Inventories written off	-	276
Unrealised foreign exchange (gains) / losses	(174)	(236)
Changes in assets and liabilities, net of the effects of purchase and of subsidiaries		
Change in trade, other receivables and other current assets	(1,169)	(2,716)
Change in inventories, contract assets and biological assets	(178)	823
Change in trade and other payables	844	1,803
Change in contract liabilities	(905)	(970)
Change in provisions	12	(145)
	1,908	**5,830**
Interest received	**-**	**15**
Income tax paid	**(2)**	**(4)**
Net cash flows from operating activities	**1,906**	**5,841**

The accompanying notes form an integral part of this condensed consolidated statement of cash flows.

Notes to the Condensed Consolidated Interim Financial Statements

1. Corporate information and basis of preparation

(a) Corporate information

Wellard Limited (Wellard or the Company) is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purpose of preparing the financial statements.

The condensed financial statements for the consolidated entity which consists of Wellard and its subsidiaries (together referred to as the Group) for the half-year ended 31 December 2020 were authorised for issue by the board of directors on 25 February 2021.

(b) Basis of preparation

This interim financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in the annual financial report. It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Wellard Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the most recent annual financial report and corresponding interim reporting period. A number of new or amended accounting standards and interpretations are effective for the Group from 1 July 2020. However, these are not considered relevant to the activities of the Group nor are they expected to have a material impact on the financial statements of the Group.

Change in presentation currency from A$ to US$

From 1 July 2020, Wellard changed its presentation currency from Australian Dollar to United States Dollar. The interim financial report for the half-year ended 31 December 2020 is the first financial report with results in US$. The change was made to reflect that US$ is the predominant currency in the Group, counting for a significant part of the Group's net cash flow.

(c) Going concern

The condensed consolidated interim financial information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Having completed the Group's reorganisation program and transitioned to exclusively a chartering company, Wellard remained EBITDA and operating cash flow positive for the first half of the 2021 financial year.

The finance extension agreements with Ruchira Ships Limited (the financier of the M/V Ocean Ute and M/V Ocean Drover) and the sale of the Group's vessel, M/V Ocean Shearer, that allowed the full repayment of the financing facility to Intesa and the Group's notes, has positioned the Group to meet its debt servicing requirements in the coming 12 months. As of 31 December 2020, there are no breaches in financial covenant and undertaking.

The Group maintains a US$4.0 million trade facility with a financial institution in Singapore to fund ship-operating costs and foreign-exchange transactions, which as of 31 December 2020 was not utilised, nor was it as of 30 June 2020. In July 2020, the Group obtained from the same financial institution, an additional US$7.2 million to the original facility to be utilised for commodity swap to hedge against bunker price fluctuation in the market. As of 31 December 2020, the mark-to-market value of this swap was US$1.3 million.

The purchase obligations of the M/V Ocean Drover of US$4.3 million and of the M/V Ocean Ute of US$0.9 million, both fall due in the next financial year (in December 2021). Consequently, the repayment of US$5.2 million loans and borrowing are required to be reclassified from non-current to current liabilities. Coupled with the temporary suspension of live cattle export from New Zealand following the Gulf Livestock 1 tragedy and the three months long drydock of the Ocean Ute, this resulted in the Group reporting a working capital deficiency of US$7.8 million (30 June 2020: positive US$2.0 million).

(c) Going concern (continued)

Wellard’s chartering activity is exposed to liquidity risk due to its exposure to the spot charter market. Freight rates earned may not be sufficient to cover its operating costs, leading to a reduction in cash balance. The uncertainties in the market exacerbate the need for the Group to keep working towards an invigorated business model which provides the reliable revenues needed to meet its operational needs and financial obligations.

The Group’s management has considered the impact of the COVID-19 global pandemic outbreak and is constantly monitoring the evolving global situation – although the unprecedented and unpredictable nature of this global pandemic makes it very difficult to comprehensively anticipate the pandemic’s effects on the livestock industry. Wellard has not been impacted by an individual material COVID event but has instead been subjected to an accretion of combined costs and operational delays relating to the need to manage ships, cargoes and crew in a manner which deliver the highest possible health outcomes whilst maintaining our focus on excellent animal welfare. However, the long-term economic effects of the Coronavirus are still uncertain, and the Group’s management has maintained a prudent approach on the impact of the pandemic on the Group’s operations in its cash flow forecast. Wellard is assuming that the COVID pandemic will continue to impact business internationally throughout 2021.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

The Directors and management of the Group expect that the future net cash inflows from operating activities and the continued availability of credit facilities from its principal banker will be sufficient to cover the Group’s net current liability position and support the Group’s current level of operations. Accordingly, these financial statements have been prepared on a going concern basis.

In the event that the Group is unable to operate as a going concern, the Group may be unable to discharge its liabilities or realise its assets in the normal course of business, and additional liabilities may arise. In addition, the Group may have to reclassify non-current assets and liabilities as current assets or liabilities. No such adjustments have been made in the interim report for the half-year ended 31 December 2020.

(d) Critical accounting estimates and judgements

When preparing the interim financial report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial report, including the key sources of estimation uncertainty, were the same as those applied in the Group’s last annual financial report for the year ended 30 June 2020.

2. Revenue

	31 Dec 2020 US$'000	31 Dec 2019 US$'000
Revenues		
Chartering	17,998	31,313
Trading	-	2,269
Other revenue	218	11
	18,216	**33,593**

3. Expenses

	31 Dec 2020 US$'000	31 Dec 2019 US$'000
(a) Cost of sales		
Chartering	12,528	19,192
Trading	-	2,187
	12,528	**21,379**
(b) Other (gains)/losses		
(Gains)/losses arising from chartering and trading activities		
Net gain from changes in fair value of biological assets	-	(5)
Net loss from changes in fair value of fuel hedge	8	-
	8	(5)
Losses/(gains) arising from other activities		
Loss on disposal of property, plant and equipment	-	122
Net foreign exchange (gain)/losses	(108)	117
Impairment expenses	(4)	180
Restructuring and integration costs	55	656
	(49)	**1,070**
(c) Net finance costs		
Interest income	-	(15)
Interest expense	588	2,642
Borrowing costs	-	1,299
	588	**3,926**
(d) General and Administrative expenses		
Consulting expenses	452	1,384
Occupancy costs	106	116
General and administrative costs	208	699
Travel expenses	3	229
Bad and doubtful debts recovered	(4)	(570)
Labour expenses	1,479	2,396
Motor vehicle expenses	18	4
Repair and maintenance	1	4
	2,263	**4,262**

4. Segment information

Segment information is presented based on the information reviewed by senior management for performance measurement and resource allocation.

The Group is structured into two business segments, Chartering and Trading. Meat processing and distribution, as well as corporate services are not considered to be reportable operating segments and have been presented in the ‘other segments’ column.

4. Segment information (continued)

a) Chartering: This segment is engaged in the business of livestock transportation required to deliver livestock globally. In the table below, this segment is further reported as charter revenue, being revenue generated from the sale of space on the Group's vessels for the carriage of cargo owned by third parties.

b) Trading: This segment is engaged in the business of livestock marketing, buying livestock from multiple sources for export to buyers in international markets globally. In the table below, this segment is further reported as trading revenue, being revenue generated from the buying and selling of livestock by the company including related logistics.

c) Other segments: This segment consists of corporate services. Corporate services consist of a centralised support function which provides specialised services across several disciplines to the rest of the Group, including human resources, finance and payroll, information technology and communication, legal services and the board of directors in the prior periods. The segment also includes meat processing and distribution, which is a discontinued operation.

These classifications are in accordance with AASB 8 *Operating Segments* guidelines.

Management primarily uses a measure of statutory net profit / (loss) before income tax to assess the performance of the operating segments. However, management also receives financial information about segment revenue, EBITDA, interest expense, assets and liabilities on a monthly basis.

	Chartering US$'000	Trading US$'000	Others US$'000	Total US$'000
HALF-YEAR ENDED 31 DECEMBER 2020				
Revenue	17,998	-	218	18,216
Depreciation and amortisation expenses	(4,291)	(8)	(185)	(4,484)
Net finance costs	(588)	-	-	(588)
Loss from continuing operations before income tax	(265)	(164)	(1,169)	(1,598)
Total segment assets	**57,178**	**1,006**	**(356)**	**57,828**
Total segment liabilities	**17,607**	**100**	**251**	**17,958**
HALF-YEAR ENDED 31 DECEMBER 2019				
Revenue	31,313	2,269	11	33,593
Depreciation and amortisation expenses	(4,117)	(17)	(218)	(4,352)
Net finance costs	(3,183)	-	(743)	(3,926)
Profit / (loss) from continuing operations before income tax	2,384	(585)	(3,195)	(1,396)
Total segment assets	**108,581**	**7,462**	**2,811**	**118,854**
Total segment liabilities	**49,812**	**11,612**	**18,367**	**79,791**

5. Issued Capital

As at 31 December 2020, the share capital of Wellard amounting to 531,250,312 (30 June 2020: 531,250,312) ordinary shares issued and fully paid. Issued share capital consists of ordinary shares only, with equal voting rights. Ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

No shares were issued during the reporting period.

	31 Dec 2020 US$'000	30 Jun 2020 US$'000
Issued Capital		
At the beginning and end of reporting period	412,259	412,259

6. Loans and borrowings

	31 Dec 2020 US$'000	30 Jun 2020 US$'000
Current		
Secured borrowings	10,212	5,530
Unsecured lease liabilities	2,752	2,631
Total current	**12,964**	**8,161**
Non-current		
Secured borrowings	-	7,472
Unsecured lease liabilities	662	2,032
Total non-current	**662**	**9,504**
Total loans and borrowings	**13,626**	**17,665**

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms and conditions of outstanding loans were as follows:

Name	Currency	Financial Year of Maturity	31 Dec 2020 US$'000	30 Jun 2020 US$'000
Secured borrowings	USD	2022	10,212	13,002
Unsecured lease liabilities	USD	2022	3,348	4,650
Unsecured lease liabilities	AUD	2021	-	13
Unsecured lease liabilities	AUD	2022	11	-
Unsecured lease liabilities	AUD	2023	55	-
			13,626	**17,665**

7. Property, plant and equipment

	Sheds and buildings US$'000	Plant and equipment US$'000	Right-of-use assets US$'000	Total US$'000
Half-year ended 31 Dec 2020				
Opening net book amount	89	41,931	4,535	46,555
Additions	44	3,717	50	3,811
Foreign exchange revaluation	6	7	4	17
Depreciation expense	(30)	(2,947)	(1,361)	(4,338)
Closing net book amount	**109**	**42,708**	**3,228**	**46,045**
Cost	475	110,640	6,420	117,535
Accumulated depreciation and impairment	(366)	(67,932)	(3,192)	(71,490)
Net book amount	**109**	**42,708**	**3,228**	**46,045**
Year ended 30 June 2020				
Opening net book amount	114	97,597	-	97,711
Adoption of AASB 16	-	-	799	799
	114	97,597	799	98,510
Additions	31	2,025	5,717	7,773
Disposals	(10)	(51,216)	-	(51,226)
Disposal of a subsidiary	-	(1)	-	(1)
Foreign exchange revaluation	(1)	(9)	6	(4)
Depreciation expense	(45)	(6,465)	(1,987)	(8,497)
Closing net book amount	**89**	**41,931**	**4,535**	**46,555**
Cost	425	106,887	6,526	113,838
Accumulated depreciation and impairment	(336)	(64,956)	(1,991)	(67,283)
Net book amount	**89**	**41,931**	**4,535**	**46,555**

Property, plant and equipment with a carrying amount of US$41,512,405 (30 June 2020: US$40,255,299) are pledged as security for the current liabilities as disclosed in note 6.

8. Intangible assets

	Software US$'000
Half-year ended 31 Dec 2020	
Opening net book amount	1,692
Additions	11
Foreign exchange revaluation	192
Amortisation expense	(146)
Closing net book amount	**1,749**
Cost	3,091
Accumulated amortisation	(1,342)
Net book amount	**1,749**

	Goodwill US$'000	Software US$'000	Total US$'000
Year ended 30 June 2020			
Opening net book amount	25	2,139	2,164
Additions	-	20	20
Disposals of a subsidiary	-	(126)	(126)
Foreign exchange revaluation	(2)	(50)	(52)
Impairment expense	(23)	-	(23)
Amortisation expense	-	(291)	(291)
Closing net book amount	**-**	**1,692**	**1,692**
Cost	-	2,754	2,754
Accumulated amortisation	-	(1,062)	(1,062)
Net book amount	**-**	**1,692**	**1,692**

Software includes amounts spent on the implementation of an enterprise resource planning system since the selection phase was concluded and has been in use since May 2016. Software is amortised over ten years.

9. Related party transactions

All transactions with related parties are recorded on an arms-length basis at commercial terms and conditions.

Transport Capital Pte Ltd, a transportation focused investment management and advisory firm, of which Mr Philip Clausius is the founder and Managing Partner, provides technical services to the Group with effect from 1 July 2020. During the six months ended 31 December 2020, the technical service fee rendered and paid to this related party by the Group was US$22,083 (31 December 2019: Nil).

10. Contingent assets and liabilities

The Company's Singaporean subsidiary, Wellard Ships Pte Ltd, has succeeded in its arbitration proceedings in the UK against Uljanik dd in respect of its claims for refunds of advance payments of US$8,000,000 and EUR1,637,648 plus interest and costs made in respect of the terminated contract for the building of the planned livestock vessel to have been known as the M/V Ocean Kelpie. Recovery of those costs, however, is not immediately available because Uljanik dd is in liquidation. Uljanik's liquidator has agreed to pay SGD300,000 for awarded costs. As for the refunds and interest awarded, these currently rank as unsecured low priority claims in the Uljanik liquidation. Refunds under the original shipbuilding contract are separately secured by two Bank Refund Guarantees issued by Hrvatska banka za obnovu i razvitak (HBOR). Wellard is now using the first arbitration award against Uljanik to claim a refund of the advance payments and interest from HBOR, who are denying the claims and have not made payment. Wellard has, therefore, commenced a second arbitration, this time against HBOR. This is in process in London and is currently expected to conclude in H1 of 2021. The Group cannot currently make any statement about the likelihood of success of this second arbitration.

In October 2017, the Company's Singaporean subsidiary, Wellard Ships Pte Ltd entered into a charter agreement with Alpha Commodities S.A ("Alpha") for the vessel M/V Ocean Shearer, and non-refundable deposits of US$2.0 million were received. Alpha subsequently defaulted on the remainder of its charter obligations, and the voyages the subject of the charter did not proceed. In January 2021, the Company has obtained judgment in the UK High Court proceedings against Alpha Commodities SA in the amount of US$10,380,722.93 plus interest and costs. Once the judgment is recognised by the Brazilian courts in the next 3-4 months, enforcement proceedings will be brought against Alpha, although recoveries will depend on finding and attaching their assets.

As reported on 30 June 2020, Wellard has lodged its defence in response to a class action launched against the Company (see ASX announcement 10 March 2020). The status of the class action has still not reached a stage where Wellard is able to reliably estimate the quantum of liability, if any, that Wellard may incur in respect of the class action. No contingency has been raised in these accounts in respect of the class action. Wellard has been asked by a number of shareholders whether it possesses Directors and officers (D&O) liability insurance. The specific arrangements Wellard has with its insurers are confidential, however, as would be expected of a listed public company, Wellard has various insurances in place to deal with a variety of risks and the Company would be expected to give ongoing consideration to its entitlements under any potentially relevant insurance.

11. Subsequent events

From the end of the reporting period to date of this report, no matter or circumstance has arisen which had significantly affected, or may significantly affect, the operations of the Group.

Directors' Declaration

In accordance with a resolution of the directors of Wellard Ltd, we state that:

In the opinion of the directors:

(a) The condensed consolidated interim financial information and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

John Klepec
Executive Chairman
Perth
Date: 25 February 2021

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WELLARD LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Wellard Limited (the Company) and its controlled entities (the consolidated entity or Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Material Uncertainty Regarding Going Concern

Without modification to our conclusion expressed above, we draw attention to Note 1(c) of the half year financial report, which states that the financial statements have been prepared on a going concern basis.

The ability of the Company to continue as a going concern for at least the next twelve months is dependent upon the outcome of a number of factors, disclosed in Note 1 (c) , in relation to which there exists a significant level of uncertainty. In the event that the Company is unable to operate as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the half year financial report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

MOORE

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF WELLARD LIMITED (CONTINUED)

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001.*

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of February 2021.