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 2021

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

1. The reporting period is to 31 December 2021 and the previous corresponding period is to 31 December 2020.

2. Results for announcement to the market:

		Current period US$'000	Change from prior period US$'000	Change from prior period %
2.1	Revenues from ordinary activities	23,204	4,988	27.4
2.2	Profit/(loss) from ordinary activities after tax attributable to members	500	2,100	131.3
2.3	Net profit/(loss) for the period attributable to members	500	2,100	131.3
2.4	Dividends (distributions)	Nil	Nil	Nil

3. Net tangible assets per security:

		31 Dec 2021 US$ cents	31 Dec 2020 US$ cents
3.1	Net tangible assets per ordinary security	8.0	7.2

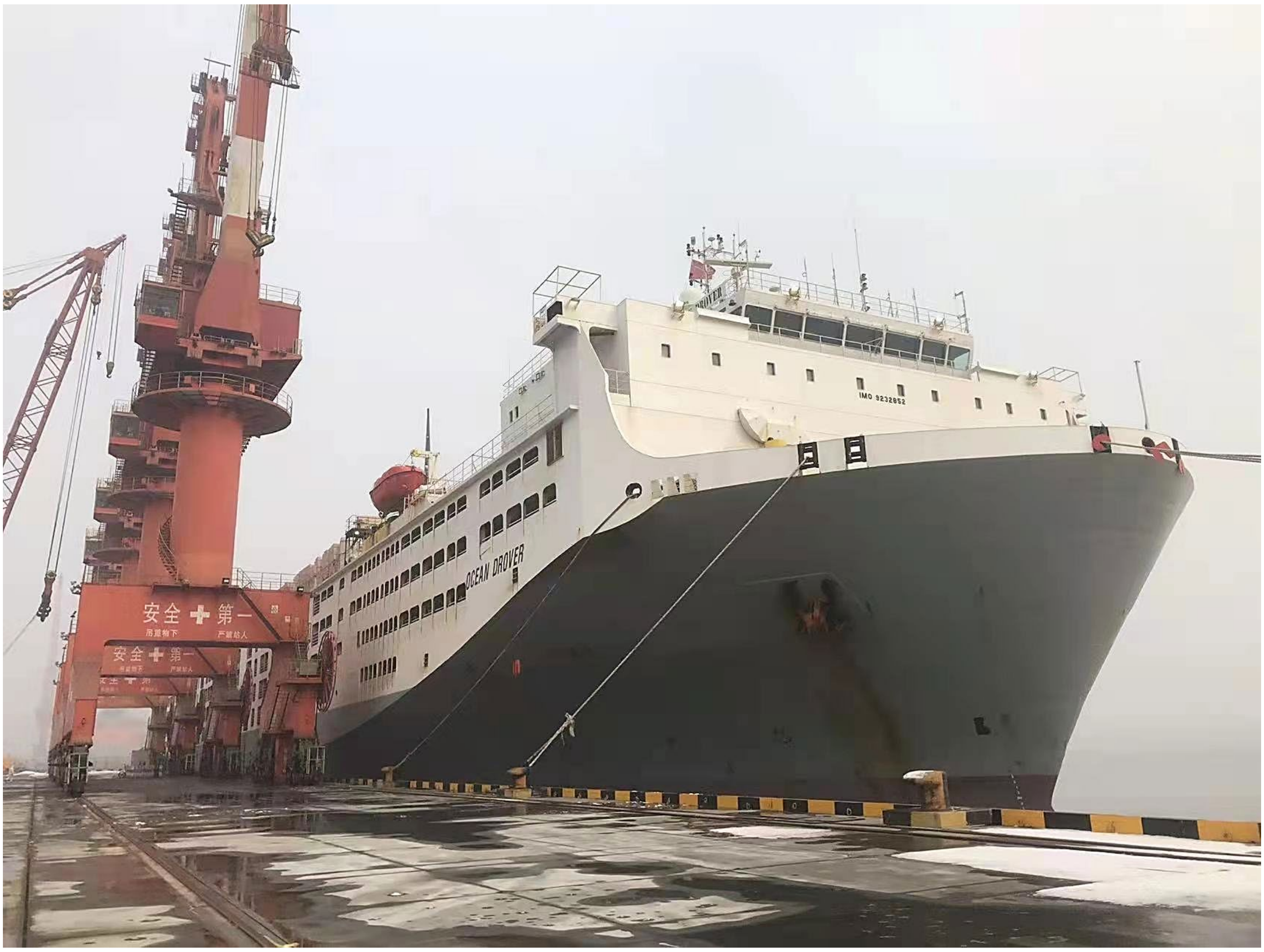
4. There were no entities over which control has been gained or lost during the period.

5. No dividends were paid during the period.

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 2021 are attached to this Appendix 4D.



M/V *Ocean Drover unloading in Tianjin port, China on 23rd January 2022.*

WELLARD LIMITED

ABN 53 607 708 190

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2021

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 2021.

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 Dollars unless stated otherwise.

Review and Results from Continuing Operations

FOR HALF-YEAR ENDED 31 DECEMBER (US$'000)		2021	2020	Movement
Revenue		23,204	18,216	27.4% ↑
Chartering[1]		23,116	17,998	28.4% ↑
Other revenue		88	218	(59.6%) ↓
Gross profit		**8,395**	**5,688**	**47.6% ↑**
General and Administrative expenses		(2,131)	(2,263)	(5.8%) ↓
Other losses from trading and chartering activities		-	(8)	(100.0%) ↓
EBITDA[2]		**6,264**	**3,417**	**83.3% ↑**
Other (losses)/gains from other activities		(226)	57	(496.5%) ↓
Depreciation and amortisation expenses		(5,078)	(4,484)	13.2% ↑
EBIT		**960**	**(1,010)**	**195.0% ↑**
Net finance costs		(457)	(588)	(22.3%) ↓
Income tax expense		(3)	(2)	50.0% ↑
Profit/(loss) from continuing operations after tax		**500**	**(1,600)**	**131.3% ↑**
Profitability analysis				
Gross Profit margin	%	36.2	31.2	16.0% ↑
Operating Profit margin	%	27.0	18.8	43.6% ↑
Interest coverage[3]	Times	13.7	5.8	136.2% ↑
Net operating cashflow	US$'000	2,069	1,906	8.6% ↑

AS AT		31 Dec 2021	30 June 2021	Movement
Balance Sheet analysis				
Current ratio	Times	0.9	0.8	12.5% ↑
Net tangible assets	US$'000	42,590	41,808	1.9% ↑
Net tangible assets per security (US$)	Cps	8.0	7.9	1.3% ↑
Net Debt[4]	US$'000	6,370	7,283	(12.5%) ↓
Debt to capital ratio[5]	%	19.7	24.4	(19.3%) ↓
Ship loan to asset book value ratio	%	19.9	25.5	(22.0%) ↓

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 amounts in this Interim Financial Report are presented in US$ whilst all comparisons are in relation to the previous corresponding period ("PCP").

Despite another challenging half-year, marked by a further decline in live cattle exports from northern Australia and the continuous increase in bunker fuel price, **Wellard is reporting a net profit after tax of US$0.5 million for the half-year ended 31 December 2021 ("H1 FY22")** (H1 FY21: net loss after tax of US$1.6 million), continuing last financial year's positive trend.

The result includes a non-cash depreciation and amortisation expense of US$5.1 million (H1 FY21: US$4.5 million), primarily relating to the depreciation of two of the Group's vessels (M/V Ocean Ute and M/V Ocean Drover) and including the depreciation of right-of-use assets (including the M/V Ocean Swagman) amounting to US$1.3 million (H1 FY21: US$1.4 million) arising from the application of AASB16 'Leases' from 1 July 2019.

Wellard recorded a 27.4% revenue increase to US$23.2 million (H1 FY21: US$18.2 million) as a result of effective commercial strategy and excellent fleet availability. The percentage of technical off-hire days in H1 FY22 (4.9% or 27 days) was noticeably lower than in H1 FY21 (21.4%) when the M/V Ocean Ute spent 81 days off-hire due to an extended dry dock. In absolute terms, Wellard's vessels recorded a cumulative 27 off-hire days out of 552 available days during H1 FY22, compared to a cumulative 118 off-hire days out of the 552 available days in H1 FY21. In H1 FY22, external chartering activities absorbed the total shipping capacity and represented 99.6% of the Group's revenue.

The efficient utilisation of available shipping capacity contributed to a **continued gross profit margin improvement, which increased by 16.0% to 36.2%** (H1 FY21: 31.2%). The COVID-19 pandemic continued to negatively impact our operations with regulatory restrictions and logistics challenges, requiring our vessels to incur more expensive and time-consuming deviations to complete crew changes in ports outside our trading routes. This also has an opportunity cost as it reduces the number of voyages a vessel can complete in the six months.

The general and administrative expenses marked a slight reduction of 5.8%, or US$0.1 million, in the first six months of FY2022, settling at US$2.1 million.

EBITDA from continuing operations – defined as earnings from continuing operations before the impact of income tax, depreciation and amortisation expenses, finance costs and excluding other gains or losses from other activities and impairment expenses – **increased by US$2.8 million or 83.3% to US$6.3 million** (H1 FY21: US$3.4 million) with a consequent increase of 43.6% in operating profit margin to 27.0% (H1 FY21: 18.8%).

Net finance costs recorded a further reduction of 22.3% or US$0.1 million in the first six months, falling to US$0.5 million (H1 FY21: US$0.6 million), which, coupled with a robust EBITDA, drove a significant interest coverage improvement to 13.7 times (H1 FY21: 5.8 times).

On 31 December 2021, net debt reduced by US$0.9 million to US$6.4 million (30 June 2021: US$7.3 million), and now represents 19.7% (30 June 2021: 24.4%) of the Group's capital ratio while total ship debt represents 19.9% (30 June 2021: 25.5%) of the book value of the Group's shipping assets.

At the completion of the half-year, Wellard had cash and cash equivalents of US$4.4 million (30 June 2021: US$6.7 million) and maintained 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 2021 was utilised for US$1.6 million. The Group also retains with the same financial institution a US$5.0 million facility for commodity swaps to hedge against bunker price swings, which was not utilised as of 31 December 2021, nor was it at 30 June 2021.

In early January 2022, and therefore subsequent to the relevant accounting period, Wellard announced that it had successfully resolved its arbitration proceedings in London against the Croatian Bank for Reconstruction and Development (Hrvatska banka za obnovu i razvitak, or "HBOR"). On 17 January 2022, Wellard received from HBOR the payment of US$12.0 million as a refund of our advance payments made together with interest in respect of the terminated contract for the building of a planned livestock vessel with Uljanik dd shipyard.

Financial Review (continued)

Also, in late January 2022, Wellard agreed with Ruchira Ships Limited ("Ruchira") to defer the repurchase of the M/V Ocean Ute from the amended date of 25 January 2022 (the original date was 24 December 2021) to 30 June 2022. Additionally, Wellard has agreed with Ruchira to bring forward the repurchase of the M/V Ocean Drover to the same amended date as the M/V Ocean Ute, 30 June 2022 (original date was 16 December 2022). Documentation for these changes is being finalised.

The Group made all payments due under its working capital facility, ship financing facilities and lease agreements during the reporting period. The Group maintains a good working relationship with all financiers and remains in full compliance with all of its financial covenants.

Operational Review

During H1 FY22, Wellard loaded 11 external cattle voyages to the following destinations:

- 3 voyages from Australia to Southeast Asia;
- 4 voyages from New Zealand to North Asia;
- 2 voyages from Australia to North Asia; and
- 2 voyages from South America to North Asia.

Wellard had no reportable mortality incidents and recorded a total voyage success rate of 99.9%, delivering 82,249 animals. Its last reportable mortality incident was in December 2017.

All vessels were fully available during the half, however utilisation began to taper in December 2021 as cattle exports, and therefore demand for vessels, slowed further than the normal wet season decrease for the northern Australian feeder and slaughter cattle trade, and for breeder cattle orders from southern Australia and New Zealand.

There has been a significant fall in all Australian live cattle exports, from 1.01 million head in CY2020 to 771,000 in CY2021, a 24 per cent reduction.

Comparing H1 FY22 to H1 FY21, overall cattle exports (slaughter, breeder and feeder) from Australia fell even further, reducing by 27%, from 455,740 head to 334,417 head[6].

In light of this challenging trading environment, Wellard was pleased that it was still able to record a US$0.5 million profit for the half. This was assisted by good vessel availability and Wellard's decision in the latter half of H2 FY21 to lock in forward-dated charters early in H1 FY22.

Breeder cattle exports from Australia to North Asia dropped by 38% Year on Year ("YoY"), from 62,051 head in H1 FY21 to 38,487 cattle in H1 FY22. This was in part driven by reduced supply of breeding heifers in Australia and better availability in New Zealand.

The restricted availability of cattle in northern Australia, combined with purchase prices which rendered the cattle largely uneconomic for Indonesia importers, prompted export numbers in that market in H1 FY22 to drop to 170,900 head. This was a relatively mild fall of 14% compared to other markets, as export numbers to Indonesia in the period were aided by the annual change in the date of the Islamic festival of Ramadan, a high consumption period, which prompted an increase in shipments in December so the cattle could be fed for 100 days prior to sale on or around April 2nd. Last year's Ramadan date required shipments in January 2021.

[6] *All Australian industry statistics provided by the Federal Department of Agriculture, Water & Environment. Refer specifically to* https://www.awe.gov.au/sites/default/files/documents/all-livestock-exports-2016-2021_0.xlsx

Operational Review (continued)

Exports of Australian cattle to Vietnam fell by a much larger 46% from 131,177 head in H1 FY21 to 70,455 head in H1 FY22 due to high prices in Australia, excess cattle in Vietnam, and the impacts of COVID-19 which included decreased purchasing power, and ongoing local Vietnamese restrictions which have reduced dining out. The high Australian prices led to the first livestock shipment from Brazil to Vietnam taking place in the half.

When compared to two years prior (H1 FY20 vs H1 FY22), the falls are even greater, with breeder cattle exports from Australia to North Asia in that two-year period falling by 55%; feeder cattle exports to Indonesia down by 51%; and cattle exports to Vietnam more than halved, by 55%.

Sheep exports from Australia fell to just 189,603 head in H1 FY22, an 11% fall on the 212,433 sheep exported in H1 FY21, and a 51% reduction on the 390,535 head shipped in H1 FY20. This fall prompted a number of larger livestock carriers that would normally travel between Australia and the Middle East to be deployed on other South East Asian livestock charter routes, increasing competition with Wellard's fleet. These vessels are operated by vertically integrated livestock shipping companies in the Middle East whose normal focus is predominately sheep.

Whilst international livestock export and import figures are difficult to source, and there is no aggregated, official international reporting of these statistics, Wellard's own livestock fleet monitoring indicates that during the latter part of H1 FY22 there has been increased activity in the export of cattle from South America to the Middle East and North Africa.

Wellard is watching this closely to assess whether it is a sporadic increase, or a return of long-term demand for livestock vessels to operate on those routes.

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

There has been limited change to Wellard's previous advice on the impact that COVID-19 has had on the Company's operations. Government policies have increased operating costs for Wellard, primarily through the restricted ability to undertake crew changes, and indirectly, continued COVID-19 circumstances in various import markets continue to affect consumers.

Ongoing international travel and quarantine restrictions have necessitated rerouting some ballast voyages via Manila and Singapore to complete crew changes, where previously joining and leaving crew flew to load or discharge ports to meet the vessel or return home. This increases ballast voyage times, which has both a direct and an opportunity cost to the Company. There are also longer berth times at each port of call to comply with COVID-19 procedures. There are increased regulatory compliance requirements, and a constant need to remain current on rapidly changing port protocols and similar regulations in all jurisdictions.

Wellard crew undertake two weeks quarantine and testing before they commence work on a vessel and the Company has been facilitating vaccine access for its crews.

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.

As noted in the Company's FY2021 annual report, Wellard continues to campaign for higher regulatory shipping standards to minimise the chances of adverse events from occurring in the industry, and therefore improving the long-term sustainability of the live export trade in countries that produce livestock which are surplus to their domestic consumption requirements.

Outlook

The outlook for H2 FY22 is mixed with Wellard's larger ship, the M/V Ocean Drover, expected to be fully utilised, whereas the smaller ships, the M/V Ocean Swagman and M/V Ocean Ute, are currently at anchor and not expected to be fully utilised again until early April when volumes of Australia export cattle improve.

Outlook (continued)

Importers in traditional Australian live cattle markets (breeder and slaughter in particular) are increasingly looking to South America to supply cattle at considerably cheaper prices when compared to high priced Australian cattle, and for reliability of supply. Wellard completed two highly successful voyages from South America to Asia in H1 FY22 and the inquiries the Company is receiving indicates that this may improve.

As these are ultra-long-haul voyages of up to 70 days return from South America to China, they also have the added advantage of removing a vessel out of the Australian market for an extended period thereby improving the supply/demand dynamics of this market. Large vessels are generally chartered to service this market, as they provide the economies of scale required to make the landed price of South American cattle into Asia at a comparative or cheaper price than Australian cattle.

With ex-Australia live export cattle prices now above A$5.00 a kilogram live weight due to scarcity of any cattle, Australian exporters are finding it very difficult to keep major Indonesian importers supplied.

As a result, freight rates ex-Australia for Indonesian feeder shipments remain depressed and are under further pressure from supply chain participants using market dynamics to force down charter rates.

Wellard has decided that unless there is a strategic rationale to do otherwise, it will not undertake the very limited number of Indonesian charters on offer during the Northern Australia wet season if they are at non-profitable rates.

At an industry level, Meat and Livestock Australia's February 2022 cattle projections forecast continued tapering in the recent two-year decline in total cattle exports from Australia, predicting they will fall 3% in CY2022 (with most of that reduction occurring in H1 CY2022), before rising by 11% YoY in CY2023.

Wellard concurs with the CY2022 MLA outlook, however, expects the rebound will be higher than MLA is forecasting in CY2023 as it is likely Australian cattle prices will have retreated towards those paid throughout the rest of the world and supply will increase as the Australian cattle industry moves through its herd rebuilding phase. The weather throughout CY2022 and CY2023 will have a significant bearing on the final cattle export numbers.

The breeder cattle market to Northern Asia for CY2022 is expected to remain robust at similar levels to the previous two years of CY2020 and CY2021, albeit with a change in the mix of sourcing and remain a very high proportion of Wellard's ship chartering activities in CY2022.

Wellard expects little activity in the live sheep sector in the short-term and therefore the continued absence of demand for its vessels from this trade. While the Company has not been active in this market for a number of years, the decline in trade has caused some large vessels traditionally allocated to this trade by vertically integrated Middle Eastern importers/vessel owners/exporters, to be repositioned to cattle for an extended period, competing with Wellard.

As noted in the Operations Review, Wellard's vessel monitoring indicates a significant increase in livestock trading activity between South America and Middle East / North Africa. Whilst we have no immediate intentions of relocating any Wellard ships to those routes, a sustained return of demand in these markets is potentially very beneficial as it could remove the oversupply of livestock shipping capacity that existed in CY2021.

Wellard has progressed its feasibility study for the building of a new vessel. Preliminary design emphasis is on determining optimum vessel size, highest possible animal welfare standards, and strong environmental and sustainability credentials throughout the vessel, including fuel and propulsion systems which can transition to lower greenhouse gas emissions in line with the extremely rigorous demands being adapted generally by participants in the global shipping industry.

As noted previously, it is important to note that the Wellard Board will not progress a new ship build based on a high-debt-funded model, instead looking to alternative funding models based on contribution by those industry participants who directly benefit from the Northern Australia live export trade.

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: 21 February 2022

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 2021, 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 21st day of February 2022.

Condensed Consolidated Statement of Comprehensive Income

For half-year ended	Note	31 Dec 2021 US$'000	31 Dec 2020 US$'000
Continuing operations			
Revenue	2	23,204	18,216
Cost of sales	3(a)	(14,809)	(12,528)
Gross profit		**8,395**	**5,688**
Other (losses)/gains	3(b)	(226)	49
Net finance costs	3(c)	(457)	(588)
Depreciation and amortisation expenses		(5,078)	(4,484)
General and administrative expenses	3(d)	(2,131)	(2,263)
Profit/(loss) from continuing operations before income tax		**503**	**(1,598)**
Income tax expenses		(3)	(2)
Profit/(loss) for the period after tax		**500**	**(1,600)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Gain from foreign currency translation		77	113
Other comprehensive income for the period, net of tax		**77**	**113**
Total comprehensive income/(loss) for the period		**577**	**(1,487)**

	Cents	Cents
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic earnings/(loss) per share	0.09	(0.30)
Diluted earnings/(loss) per share	0.09	(0.30)

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

Condensed Consolidated Statement of Financial Position

	Note	31 Dec 2021 US$'000	30 Jun 2021 US$'000
Current assets			
Cash and cash equivalents		4,446	6,736
Trade and other receivables		2,607	712
Inventories		2,418	1,825
Contract assets		438	-
Other assets		1,129	473
Total current assets		**11,038**	**9,746**
Non-current assets			
Property, plant and equipment	7	44,681	49,297
Intangible assets	8	1,369	1,574
Other assets		565	590
Total non-current assets		**46,615**	**51,461**
Total assets		**57,653**	**61,207**
Current liabilities			
Trade and other payables		2,163	2,193
Loans and borrowings	6	9,284	9,191
Provisions		121	94
Contract liabilities		575	1,507
Total current liabilities		**12,143**	**12,985**
Non-current liabilities			
Loans and borrowings	6	1,532	4,828
Provisions		19	12
Total non-current liabilities		**1,551**	**4,840**
Total liabilities		**13,694**	**17,825**
Net assets		**43,959**	**43,382**
Equity			
Issued capital	5	412,259	412,259
Reserves		(277,078)	(277,155)
Accumulated losses		(91,222)	(91,722)
Total equity		**43,959**	**43,382**

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 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 (loss)/income 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**
Balance at 1 July 2021	**412,259**	**(91,722)**	**12,963**	**5,650**	**(295,768)**	**43,382**
Profit for the period	-	500	-	-	-	500
Other comprehensive income	-	-	-	77	-	77
Total comprehensive income for the period	**-**	**500**	**-**	**77**	**-**	**577**
Balance at 31 December 2021	**412,259**	**(91,222)**	**12,963**	**5,727**	**(295,768)**	**43,959**

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 2021 US$'000**	**31 Dec 2020 US$'000**
Cash flows from operating activities		
Receipts from customers	20,754	17,068
Payments to suppliers and employees	(18,688)	(15,160)
Interest received	6	-
Net income tax paid	(3)	(2)
Net cash inflow from operating activities	**2,069**	**1,906**
Cash flows from investing activities		
Purchase of property, plant & equipment	(549)	(3,761)
Purchase of intangible assets	-	(11)
Net cash (outflow)/inflow from investing activities	**(549)**	**(3,772)**
Cash flows from financing activities		
Principal repayment of lease liabilities	(1,273)	(1,301)
Net repayments of borrowings	(2,063)	(2,790)
Interest paid	(451)	(588)
Net outflow from financing activities	**(3,787)**	**(4,679)**
Net decrease in cash held	(2,267)	(6,545)
Cash at the beginning of the financial period	6,736	11,542
Effects of exchange rate changes on cash and cash equivalents	(23)	67
Cash at the end of the financial period	**4,446**	**5,064**

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

Condensed Consolidated Statement of Cash Flows (continued)

Reconciliation of net profit/(loss) after tax to net cash flows from operating activities	**31 Dec 2021 US$'000**	**31 Dec 2020 US$'000**
Profit/(loss) after tax	500	(1,600)
Adjustments for:		
Depreciation and amortisation	5,078	4,484
Net loss from changes in fair value of fuel hedge	-	8
Reversal for impairment loss	(3)	(4)
Interest income	(6)	-
Income tax expense	3	2
Interest expense	463	588
Unrealised foreign exchange losses/(gains)	161	(174)
Changes in assets and liabilities, net of the effects of purchase and of subsidiaries		
Change in trade and other receivables, contract assets and other current assets	(2,977)	(1,169)
Change in inventories	(593)	(178)
Change in trade and other payables	338	844
Change in contract liabilities	(932)	(905)
Change in provisions	34	12
	2,066	**1,908**
Interest received	6	-
Income tax paid	(3)	(2)
Net cash flows from operating activities	**2,069**	**1,906**

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 2021 were authorised for issue by the board of directors on 21 February 2022.

(b) Basis of preparation

This interim financial report for the half-year ended 31 December 2021 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 2021 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.

(c) 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 2021.

2. Revenue

	31 Dec 2021 US$'000	31 Dec 2020 US$'000
Revenues		
Chartering	23,116	17,998
Other revenue	88	218
	23,204	**18,216**

3. Expenses

	31 Dec 2021 US$'000	31 Dec 2020 US$'000
(a) Cost of sales		
Chartering	14,830	12,528
Others	(21)	-
	14,809	**12,528**

3. Expenses (continued)

	31 Dec 2021 US$'000	31 Dec 2020 US$'000
(b) Other losses/(gains)		
Losses arising from chartering and trading activities		
Net loss from changes in fair value of fuel hedge	-	8
	-	8
Losses/(gains) arising from other activities		
Net foreign exchange losses/(gains)	203	(108)
Impairment expenses	-	(4)
Restructuring and integration costs	23	55
	226	**(49)**
(c) Net finance costs		
Interest income	(6)	-
Interest expense	463	588
	457	**588**
(d) General and Administrative expenses		
Consulting expenses	385	452
Occupancy costs	39	106
General and administrative costs	242	208
Travel expenses	11	3
Bad and doubtful debts recovered	(3)	(4)
Labour expenses	1,421	1,479
Motor vehicle expenses	36	18
Repair and maintenance	-	1
	2,131	**2,263**

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. Corporate services are not considered to be reportable operating segments and have been presented in the 'other segments' column.

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.

4. Segment information (continued)

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 2021				
Revenue	23,116	-	88	23,204
Depreciation and amortisation expenses	(4,897)	-	(181)	(5,078)
Net finance costs	(456)	-	(1)	(457)
Profit/(loss) from continuing operations before income tax	2,069	-	(1,566)	503
Total segment assets	**54,685**	**-**	**2,968**	**57,653**
Total segment liabilities	**13,176**	**-**	**518**	**13,694**
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**

5. Issued capital

As at 31 December 2021, the share capital of Wellard amounting to 531,250,312 (30 June 2021: 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 2021 US$'000	30 Jun 2021 US$'000
Issued Capital		
At the beginning and end of reporting period	412,259	412,259

6. Loans and borrowings

	31 Dec 2021 US$'000	30 Jun 2021 US$'000
Current		
Secured borrowings	4,916	5,521
Unsecured lease liabilities	2,719	2,554
Other loan	1,649	1,116
Total current	**9,284**	**9,191**
Non-current		
Secured borrowings	-	1,991
Unsecured lease liabilities	1,532	2,837
Total non-current	**1,532**	**4,828**
Total loans and borrowings	**10,816**	**14,019**

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 2021 US$'000	30 Jun 2021 US$'000
Secured borrowings	USD	2022	878	1,222
Secured borrowings	USD	2023	4,038	6,290
Unsecured lease liabilities	USD	2023	3,874	4,894
Unsecured lease liabilities	SGD	2024	336	448
Unsecured lease liabilities	AUD	2023	41	49
Other loan	USD	2022	1,649	1,116
			10,816	**14,019**

During the period and in late January 2022, Wellard agreed with Ruchira Ships Limited (“Ruchira”) to defer the repurchase of the M/V Ocean Ute from the amended date of 25 January 2022 (the original date was 24 December 2021) to 30 June 2022. Additionally, Wellard has agreed with Ruchira to bring forward the repurchase of the M/V Ocean Drover to the same amended date as the M/V Ocean Ute, 30 June 2022 (original date was 16 December 2022). Documentation for these changes is being finalised.

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 2021				
Opening net book amount	75	43,973	5,249	49,297
Additions	64	116	135	315
Foreign exchange revaluation	(1)	(2)	(2)	(5)
Depreciation expense	(33)	(3,581)	(1,312)	(4,926)
Closing net book amount	**105**	**40,506**	**4,070**	**44,681**
Cost	535	110,107	9,892	120,534
Accumulated depreciation and impairment	(430)	(69,601)	(5,822)	(75,853)
Net book amount	**105**	**40,506**	**4,070**	**44,681**
Year ended 30 June 2021				
Opening net book amount	89	41,931	4,535	46,555
Additions	45	7,693	3,407	11,145
Foreign exchange revaluation	3	6	(3)	6
Depreciation expense	(62)	(5,657)	(2,690)	(8,409)
Closing net book amount	**75**	**43,973**	**5,249**	**49,297**
Cost	473	113,400	9,760	123,633
Accumulated depreciation and impairment	(398)	(69,427)	(4,511)	(74,336)
Net book amount	**75**	**43,973**	**5,249**	**49,297**

Property, plant and equipment with a carrying amount of US$39,747,413 (30 June 2021: US$42,908,688) are pledged as security for the liabilities as disclosed in note 6.

8. Intangible assets

	Half year ended 31 Dec 2021 US$'000	Year ended 30 Jun 2021 US$'000
Software		
Opening net book amount	1,574	1,692
Additions	-	31
Foreign exchange revaluation	(53)	157
Amortisation expense	(152)	(306)
Closing net book amount	**1,369**	**1,574**
Cost	2,936	3,042
Accumulated amortisation	(1,567)	(1,468)
Net book amount	**1,369**	**1,574**

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 to 30 September 2021. During the six months ended 31 December 2021, the technical service fee rendered and paid to this related party by the Group was US$11,124 (31 December 2020: US$22,083).

10. Contingent assets and liabilities

The Company's Singaporean subsidiary, Wellard Ships Pte Ltd ("Wellard Ships") initially succeeded in October 2020 in its arbitration proceedings in the U.K. against Uljanik dd shipyard ("Uljanik") in respect of its claims for refunds of advance payments of US$8,000,000 and EUR1,637,648 plus interest and costs made in respect of the terminated contract for the building of the planned livestock vessel to have been known as the M/V Ocean Kelpie. As announced on 5 January 2022, Wellard Ships has subsequently successfully resolved its arbitration proceedings in London, against the Croatian Bank for Reconstruction and Development (Hrvatska banka za obnovu i razvitak, or "HBOR"). HBOR issued Wellard Ships, refund guarantees supporting Wellard's terminated 2015 contract with the Uljanik. On 17 January 2022, Wellard Ships received payments plus interest amounting to US$ 12.0 million as described in the Subsequent Event section of this report.

In October 2017, Wellard Ships 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 obtained a judgment in the U.K. High Court proceedings against Alpha Commodities S.A. in the amount of US$10,380,722.93 plus interest and costs. Investigations into Alpha's assets in Brazil are still continuing with a view to collecting directly or via a collection agency without the further legal expense of enforcement in Brazil. This process should be completed by December 2022. The likelihood of recoverability of funds from Alpha is substantially uncertain, and the Group will not include any estimate as to quantum or timing in either case.

10. Contingent assets and liabilities (continued)

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). Under the auspices of the Federal Court in Melbourne, there continues to be significant preparatory work done on the class action, principally involving compliance with discovery orders. We expect a further case management hearing during August 2022; however, this date is subject to change. The Claimant has not made any indication of the quantum of the claim. 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.

Wellard remains active in preparing a legal claim relating to losses incurred due to the 2011 ban on Australian livestock exports to the Republic of Indonesia. On 2 June 2020, the Federal Court of Australia found in favour of the lead applicant, Brett Cattle Company Pty Limited in representative proceedings (also known as a 'class action') before the Federal Court brought against the former Minister for Agriculture, Forestry and Fisheries Senator Joe Ludwig and the Commonwealth of Australia as the Respondents. Wellard's claim is being made following this successful litigation by the Brett Cattle Company. It is too early to make any estimate of the amount which will be claimed, or the amount which may be recovered. No contingency has been raised in these accounts in respect of this class action.

11. Subsequent events

On 17 January 2022, the Company's Singaporean subsidiary, Wellard Ships Pte Ltd, has received the sum of US$12.0 million in payment of the arbitration award obtained in London against the Croatian Bank for Reconstruction and Development (Hrvatska banka za obnovu i razvitak, or "HBOR") for the terminated 2015 contract with Uljanik shipyard.

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 2021 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: 21 February 2022

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 2021, 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 2021 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.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (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.

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of the Company's financial position as at 31 December 2021 and 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*.

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.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 21st day of February 2022.