INTERIM REPORT

SIX MONTHS ENDED
31 DECEMBER 2021

MHM AUTOMATION

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HIGHLIGHTS

OF THE SIX MONTH PERIOD TO 31 DECEMBER 2021:

FINANCIAL

MHM Automation Limited (MHM) increases revenue and profitability in half year to 31 December 2021.

Total operating revenue of

$29.5M

A 19% increase on the prior period.

Operating EBITDA of

$2.12M

A 45% increase on the prior period.

Net profit after tax from all operations

$1.4M

HIGHLIGHTS

STRATEGIC

+ The **successful completion** of a number of **large scale projects** across Australia and USA despite Covid disruptions.

+ **Continuation of sales** momentum and strength of sales pipeline.

+ **Strong performance** from our fabrication business showing the benefits of our **diversification strategy.**

+ **Payment of the $1m** Special Dividend.

+ **ERP implemented,** providing a single platform across the group to drive operational improvement, cost efficiencies and seamless integration of acquisitions.

+ **Completion of our head office refurbishment,** allowing a $2.6m uplift on book value.

FINANCIAL PERFORMANCE

IN THOUSANDS OF NEW ZEALAND DOLLARS	Six months to 31 December 2021	Six months to 31 December 2020	% Change
Sales revenue			
Automation	21,374	20,897	2%
Fabrication	8,149	3,832	113%
Sales Revenue	29,523	24,729	19%
EBITDA	2,121	1,459	45%
Net Profit after Tax	1,409	372	279%

Revenue for the half year increased 19% to $29.5m up from $24.7m in the previous period. A focus on cost and supply chain management contributed to a 45% increase in EBITDA to $2.1m (FY21 H1: $1.46m). Net profit after tax increased 279% to $1.41m.

Revenue was driven by the Milmeq Chilling and Freezing business, particularly in the Australian red meat sector. We also saw a far stronger performance from the fabrication business with the stainless business increasing and the addition of Southern Cross Engineering.

Operating EBITDA of $2.1m was an increase of 45% up from the same period in FY21. We continue to focus on margin improvement across our operations, but have been impacted by increased costs of project completion with the use of contract resource in market and other Covid related costs such as MIQ.

Despite this, our project delivery performed well given the impact of Covid on travel and logistics. As a result of the border restrictions we contracted a US based company to assist with the installation and commissioning of a number of key projects, including large cheese deboxing line. These contractors were supported by key automation and mechanical staff that travelled from New Zealand and Australia. We used this same model for the installation and commissioning of our first deboxing system into the red meat industry. This ability to continue to deliver projects was only possible thanks to dedicated staff who were prepared to travel in uncertain circumstances. We welcomed the news of the re-opening of New Zealand's borders from February as this reduces our project delivery risk significantly going forward.

The after-tax profit of $1.4m was 279% up on the prior period. This includes the balance of the ERP project expense of $300k.

The group remains undrawn on bank facilities, with closing cash of $3m. Total liquidity from cash and undrawn facilities was $9m at balance date.

STRATEGIC UPDATE – STEP 100

MHM has seen the benefit of our diversification strategy over the past period.

Some weakness out of our reverse packaging business in the USA was offset by the strength of the chilling and freezing business in Australia and an uptick in our fabrication business. It has been a clearly stated strategy over the past five years to build strength through diversification of the products we design and build, the markets we sell into and the geographies that we sell into. We are pleased that this has seen us continue our trend of increasing revenue and profitability, even with the Covid pandemic impacting our business significantly over the past two years.

We announced at our annual Shareholders Meeting in November our Step 100 plan. As a company we want to continue to evolve and grow based on the key strengths of our business:

STEP 100

1 | Automation is a macro 'mega trend'

2 | MHM designs and builds many products and solutions that are world class, many in the top three globally in their market

3 | MHM has a blue chip customer base

4 | We have a new ERP that provides a platform for growth and acquisitions

We are therefore targeting $100m revenue and $10m EBITDA by 2025.

We plan to achieve this through three key areas:

1 | Organic Growth

- Focus on our core IP products that are top three in their sector
- Key accounts managed proactively with cross selling of our in house IP
- Entering new markets and geographies leveraging our product reputations
- Expanding our service offering

2 | New Product Development

- Increasing investment in new product development and R&D
- Focus on products that align with the current portfolio and customer groups
- Target full solutions alongside our core products

3 | Acquisitions

- Proven track record of value adding acquisitions
- Focus on IP driven businesses that align with automation and technology led strategy
- Genuine roll-up opportunity of NZ based exporters that have great IP but not the scale to invest and take global

CASE STUDY

MIDFIELD GROUP

Midfield Group is a multi faceted meat processing company located at Warrnambool in Victoria, Australia.

The Midfield Group have had a long relationship with the Milmeq business.

MHM Automation currently has three major projects in progress automating the process from boning room to palletising. This includes:

- Four SSO plate freezers (completed November 2021)
- Chilling and freezing ASRS
- Palletising

This breadth of offering combined the expertise across the Milmeq, H&C and Mercer product lines, showing the true benefit of the consolidation of three great businesses.

AN EXAMPLE OF:

- **Trusted partnership relationship**
- **Repeat customer**
- **Industry leading solutions**
- **Cross selling**

CASE STUDY

ROCKIT APPLES | rockit

Rockit Apples exports snack-sized apples packed in tubes for on-the-go consumption to more than 30 countries.

MHM have been working with Rockit Apples on the development of a robotic solution to put the apples in the tubes.

Comments from Mark O'Donnell, Rockit Apples CEO:

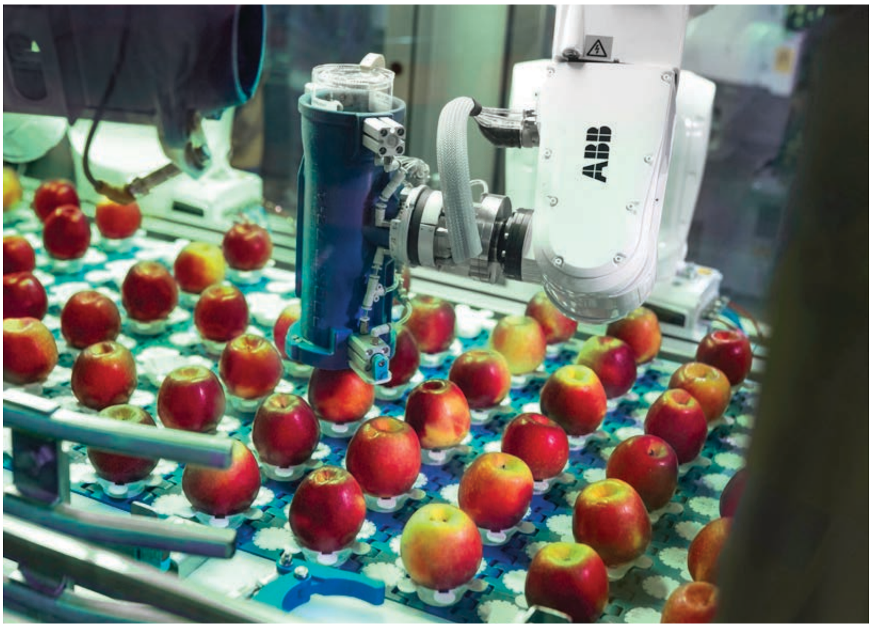
"MHM Automation was the natural choice as they are a global leader in their field."

"While packing apples into tubes sounds simple, in reality it is incredible technology. The robots are reading the size and shape of each apple as it goes past and working out which apples to put into their tube to maximise the fill of that tube; it's really clever stuff."

We are continuing to partner with Rockit Apples on further automation projects.

AN EXAMPLE OF:

- Partnership
- Innovation
- Vision systems
- Industry leading robotic technology
- Machine learning



S-CLAVE

We continue to make progress towards commercialisation, working closely with Atherton's and our other partners.

The technical difficulties that we were encountering with the lidding have now been resolved and we are now actively engaging with hospitals in Melbourne for final feedback before running hospital trials.

We are targeting those hospital trials before the end of the financial year.

OUTLOOK

As at 31 December 2021 our contracted forward revenue was $40m to be delivered in the 2022 and 2023 calendar years.

Our focus is on delivering this strong forward order book, which is requiring increased investment in people and resource while preserving and improving our margins in an inflationary environment. Our Australasian customers continue to dominate our current workload with a continuation of strong orders for the next twelve months in chilling and freezing.

Our sales pipeline remains strong. We are seeing the benefits of our diversification strategy, with strength across the board. We continue to see strong demand for our chilling and freezing systems in Australia. Having had a slower period through 2021 due to Covid disruptions, our reverse packaging business in the USA is seeing significant opportunities converting, particularly in the cheese industry. Our stainless fabrication business is also seeing good demand for its specialist skills in cheese equipment and has secured of a number of large projects with repeat customers. We have also secured our first grainstacker project which is specialist IP we acquired with Southern Cross Engineering – that acquisition has exceeded expectations and given us exposure to the grain, timber and associated industries.

Our Step 100 plan to grow MHM Automation to $100m revenue and $10m EBITDA by 2025 remains on track. We continue to assess a number of strategic acquisition opportunities and invest in the business to allow us to execute on the market opportunities that we see. Automation remains a strategic driver for our global customer base and the re-opening of the borders as we progress through 2022 will allow us to be closer to our customers and markets again.

Richard Rookes, CEO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		UNAUDITED		AUDITED
IN THOUSANDS OF NEW ZEALAND DOLLARS	NOTE	**Six months to December 2021**	**Six months to December 2020**	**Twelve months to June 2021**
Revenue				
Sale of goods and contract revenue	5	29,523	24,729	50,989
Other income		83	360	415
Total income		**29,606**	**25,089**	**51,404**
Expenses				
Changes in inventories of finished goods and work in progress		363	(617)	(436)
Raw materials and consumables used		(17,201)	(15,550)	(30,268)
Salaries and wages		(7,648)	(5,548)	(11,992)
Other expenses		(2,999)	(2,160)	(4,982)
Depreciation		(523)	(430)	(860)
Amortisation		(219)	(58)	(225)
Income from operations before finance costs and taxation		**1,379**	**726**	**2,641**
Interest on financial liabilities at amortised cost		(12)	(125)	(162)
Lease interest		(26)	(36)	(67)
Total finance costs		**(38)**	**(161)**	**(229)**
Income from operations after finance costs and before taxation		**1,341**	**565**	**2,412**
Income tax credit (expense)		68	(96)	37
Profit/(loss) from continuing operations after finance costs and taxation		**1,409**	**469**	**2,449**
Profit/(loss) from discontinued operation, net of tax	11	**–**	**(97)**	**1,651**
Profit/(loss) for the year attributable to owners		**1,409**	**372**	**4,100**
Other comprehensive income (loss)				
Items that may be subsequently charged or credited to profit or loss				
Currency translation differences on overseas subsidiaries		–	(4)	1
Items that will not be reclassified to profit or loss				
Gain on property revaluation, net of tax		–	–	1,919
Other comprehensive income (loss) for the period, net of tax attributable to owners		**–**	**(4)**	**1,920**
Total comprehensive income (loss) for the period attributable to owners		**1,409**	**368**	**6,020**
Basic earnings per share:				
Earnings (loss) per share attributable to shareholders of the company (cents)	8	2.15	0.57	6.25
Fully diluted earnings per share:				
Earnings (loss) per share attributable to shareholders of the company (cents)	8	2.15	0.57	6.25

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes and the independent auditors report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

IN THOUSANDS OF NEW ZEALAND DOLLARS		UNAUDITED		AUDITED
ASSETS	NOTE	Six months to December 2021	Six months to December 2020	Twelve months to June 2021
Current assets				
Cash and cash equivalents		3,047	2,296	6,992
Accounts receivable		9,165	5,971	5,985
Other debtors and prepayments		1,838	421	1,328
Contract assets		504	1,381	1,838
Derivative financial instruments		21	99	8
Finance lease receivable		11	11	11
Inventories		2,109	1,776	1,695
		16,695	**11,955**	**17,857**
Assets held for sale	11	—	2,072	—
Total current assets		**16,695**	**14,027**	**17,857**
Non current assets				
Property, plant and equipment		8,721	3,992	7,472
Right-of-use assets		1,468	1,046	890
Intangible assets		5,690	5,273	5,865
Finance lease receivable		255	272	264
Deferred tax asset		433	778	353
Total non current assets		**16,567**	**11,361**	**14,844**
Total assets		**33,262**	**25,388**	**32,701**
LIABILITIES				
Current liabilities				
Contract liabilities		14,810	10,268	14,501
Trade and other payables		3,731	3,880	4,414
Warranty provision		522	680	522
Employee entitlements		1,715	1,020	1,776
Loans and borrowings		—	360	—
Lease liabilities		716	487	503
Total current liabilities		**21,494**	**16,695**	**21,716**
Non current liabilities				
Loans and borrowings		—	3,177	—
Lease liabilities		822	647	464
Total liabilities		**22,316**	**20,519**	**22,180**
Net assets		**10,946**	**4,869**	**10,521**
EQUITY				
Share capital	6	44,634	44,634	44,634
Asset revaluation reserve	6	4,020	2,871	4,020
Foreign currency translation reserve	6	(144)	(149)	(144)
Share based payments reserve	6	—	211	—
Accumulated losses		(37,564)	(42,698)	(37,989)
Total equity		**10,946**	**4,869**	**10,521**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

IN THOUSANDS OF NEW ZEALAND DOLLARS	NOTE	Share capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Asset revaluation reserve	Total equity
		ATTRIBUTABLE TO THE OWNERS OF THE GROUP					
Audited balance at 1 July 2020		**44,634**	**(43,070)**	**211**	**(145)**	**2,871**	**4,501**
Profit or loss for the half year		–	372	–	–	–	372
Other comprehensive income		–	–	–	(4)	–	(4)
Total comprehensive income (loss) for the half year		–	**372**	–	**(4)**	–	**368**
Unaudited balance at 31 December 2020		**44,634**	**(42,698)**	**211**	**(149)**	**2,871**	**4,869**
Audited balance at 1 July 2021		**44,634**	**(37,989)**	**–**	**(144)**	**4,020**	**10,521**
Profit or loss for the half year		–	1,409	–	–	–	1,409
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income (loss) for the half year		**–**	**1,409**	**–**	**–**	**–**	**1,409**
Transactions with owners in their capacity as owners							
Dividends	7	–	(984)	–	–	–	(984)
Unaudited balance at 31 December 2021		**44,634**	**(37,564)**	**–**	**(144)**	**4,020**	**10,946**

The above Condensed Group Statement of Movements in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

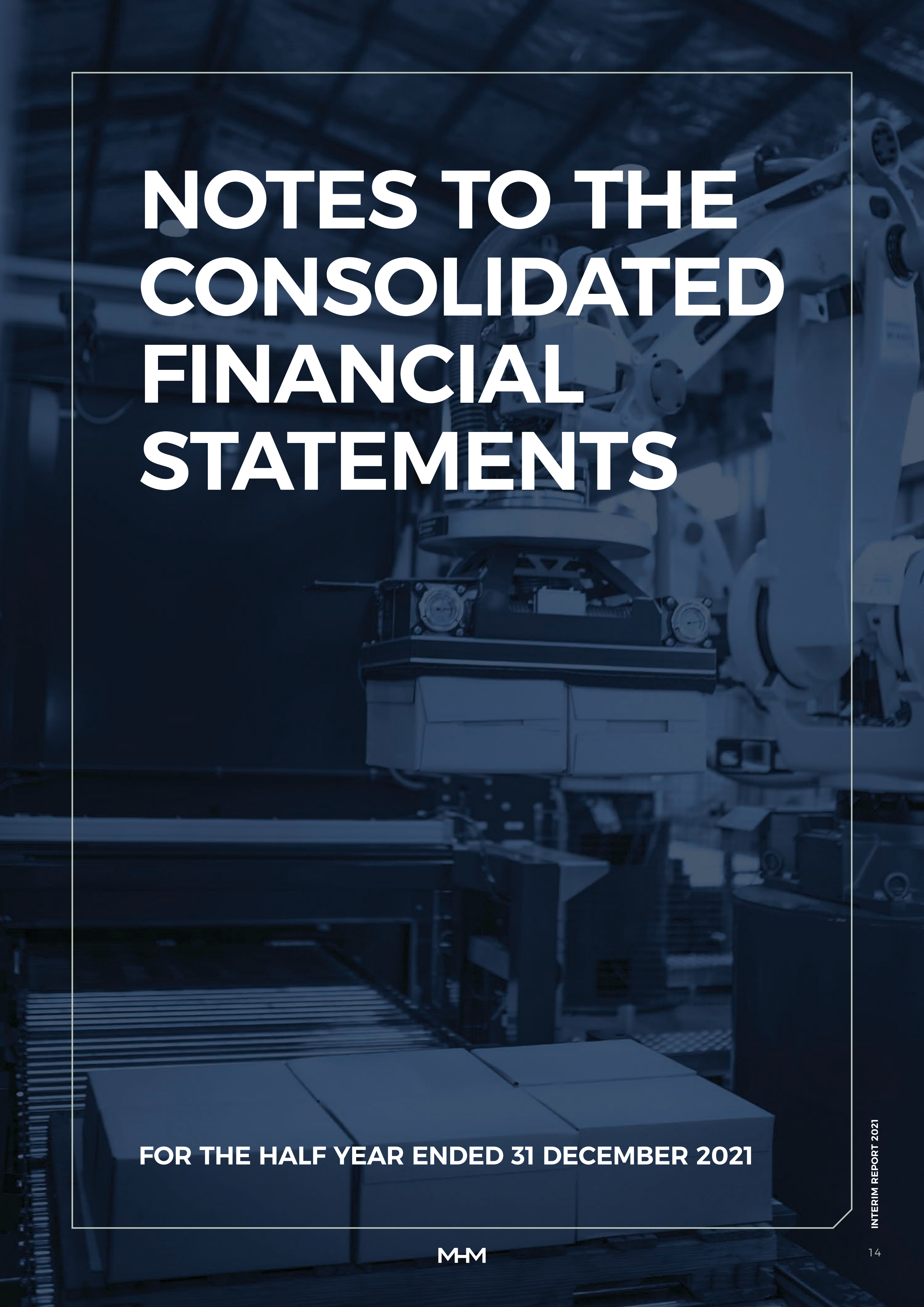
IN THOUSANDS OF NEW ZEALAND DOLLARS		UNAUDITED		AUDITED
OPERATING ACTIVITIES	NOTE	Six months to December 2021	Six months to December 2020	Twelve months to June 2021
Profit after tax from continuing operations		1,409	469	2,449
Profit/(loss) after tax from discontinued operations	11	—	(97)	1,651
Profit after tax		1,409	372	4,100
Income tax recognised in Profit or Loss		(68)	96	(144)
Tax paid		(12)	—	(12)
Finance costs		38	161	229
Depreciation and amortisation		441	233	574
Amortisation of right-to-use assets		301	259	524
Change in inventory provision		(48)	43	241
Change in expected credit loss		—	(54)	(81)
Change in warranty provision		—	347	189
(Gain) loss on sale of plant and equipment		(5)	(17)	(84)
Profit on sale of discontinued operation, net of tax	11	—	—	(1,897)
Derivative financial instruments		(13)	(134)	(43)
Changes in working capital		(3,157)	(575)	2,501
Interest paid		(12)	(125)	(162)
Net cash in flow from operating activities		**(1,126)**	**606**	**5,935**

INVESTING ACTIVITIES				
Cash was provided (to) from:				
Purchase of property, plant and equipment		(1,477)	(183)	(941)
Purchase of patents and development activities		(41)	(151)	(227)
Acquisition of new business		—	—	(8)
Finance lease		9	7	15
Proceeds from disposal of property, plant and equipment		12	52	79
Disposal of discontinued operation		—	—	4,012
Net cash to investing activities		**(1,497)**	**(275)**	**2,930**

FINANCING ACTIVITIES				
Cash was provided from (to):				
Lease payments		(338)	(296)	(598)
Dividends paid to shareholders	7	(984)	—	—
Repayment of borrowings		—	(58)	(3,599)
Net cash inflow from (to) financing activities		**(1,322)**	**(354)**	**(4,197)**

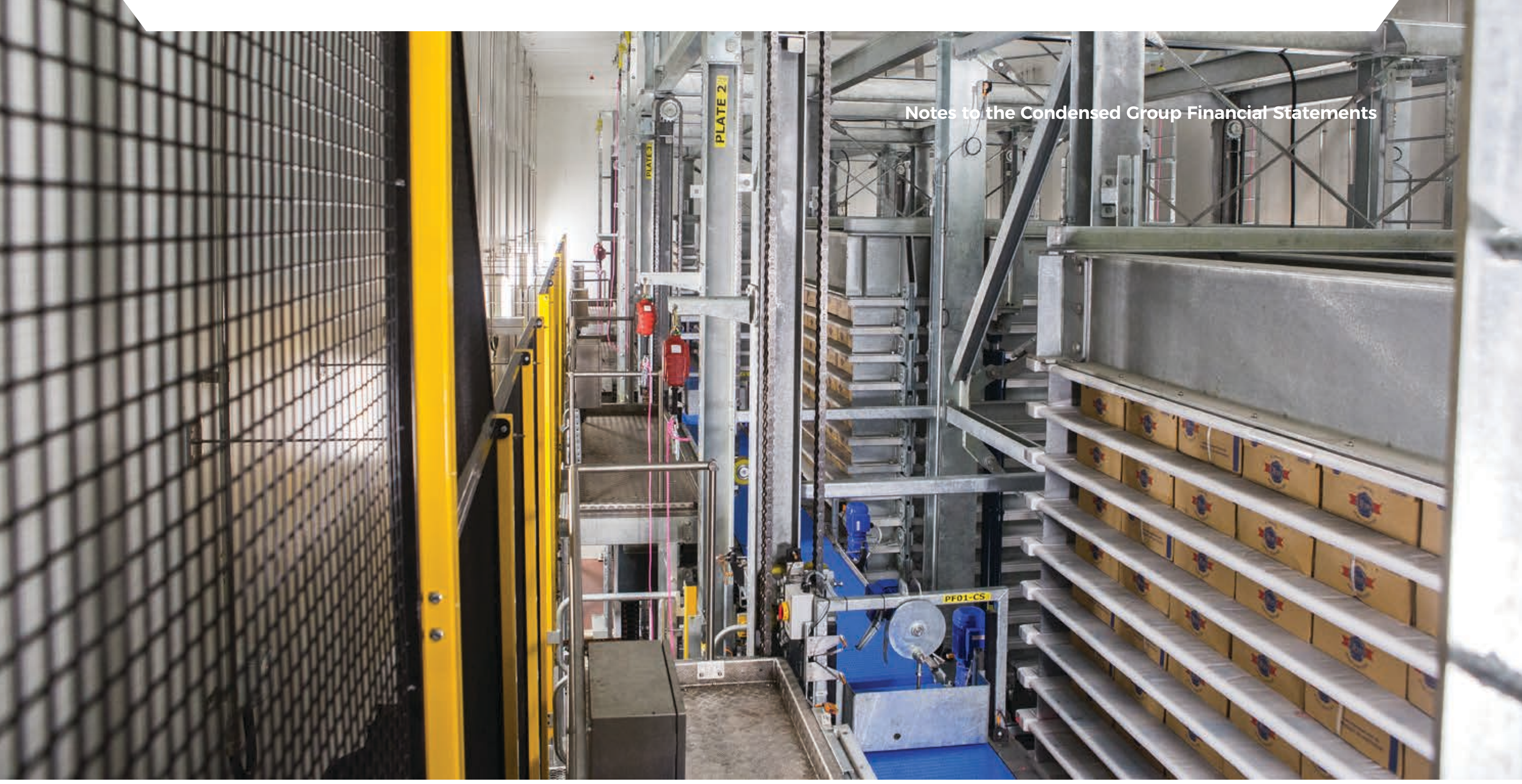
Net increase (decrease) in cash held		**(3,945)**	**(23)**	**4,668**
Cash (Overdraft) at beginning of the period		6,992	2,323	2,323
Effect of exchange rate changes		—	(4)	1
Cash at the end of the period		**3,047**	**2,296**	**6,992**

The Statement of Cash Flow is exclusive of GST.
The above Statement of Cash Flow should be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021



1 GENERAL INFORMATION

MHM AUTOMATION LIMITED (FORMERLY KNOWN AS MERCER GROUP LIMITED) IS A LIMITED LIABILITY COMPANY WHICH IS INCORPORATED AND DOMICILED IN NEW ZEALAND.

The address of its registered office is 53 Lunns Rd, Sockburn, Christchurch. It is registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013.

MHM Automation Limited is a public company listed with the New Zealand Stock Exchange (NZX).

The Group comprises MHM Automation Limited and its wholly owned subsidiaries. The core activities of MHM Automation Group are:

Automation: This division houses the Group's Automation brands. It designs, manufactures, delivers and services automated solutions to a range of industries, predominantly in the food sectors.

H&C markets and sells its core cheese systems brand as well as providing automated solutions to other sectors. It also operates the Group's other brands which include Aico and Beta. Milmeq is an established and respected brand in designing, manufacturing and installing chilling and freezing tunnels and plate freezing systems. Milmeq also has an asset management business that provides service, spare parts and support to its customers which complements H&C's already existing service and spares business. There is significant customer crossover between H&C and Milmeq, as we continue to integrate and improve our Automation offering.

Fabrication: This division includes the Mercer Stainless and SCE workshops in Christchurch that sell, design and manufacture proprietary equipment for primary industries across New Zealand and Australia.

Mercer Technologies: This division manages the Group's research and development that sits outside of the Automation business. Currently the focus is on commercialising the S-Clave medical sterilisation technology in partnership with Atherton who are a world leader in sterilisation equipment and infection control products for the hospital, medical and scientific industries.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a Tier 1 for-profit entity.

The financial statements have been approved for issue by the Board of Directors on 17 February 2022, and have not been audited.

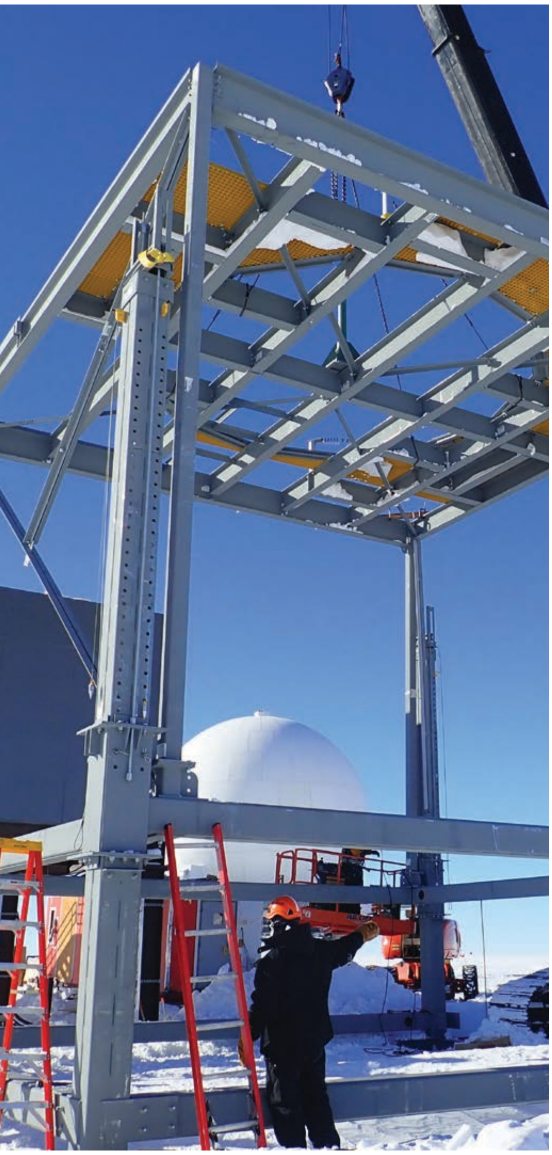
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These condensed consolidated interim financial statements comply with NZ IAS34 but do not include all the notes of the type normally included in the annual financial statements. Accordingly the condensed consolidated interim financial information should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2021, which were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They also comply with International Financial Reporting Standards, as appropriate for profit-oriented entities.

No new accounting policies have been applied for the current accounting period.



3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates and judgements concerning the future. The resulting estimates may not equal related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Intangible assets

Judgements have been made in relation to capitalisation of development assets and related patents. These judgements include an assessment of the technical feasibility of the projects, the intention to complete, use or sell the assets, the existence of a market for the assets and the availability of resources to complete the developments. If any of these criteria ceased to be met then the carrying value of development assets may be impaired.

Contracting services

The Group considered the detailed criteria for the recognition of revenue set out in NZ IFRS 15 and, in particular, whether the Group has an enforceable right to payment for performance completed to date for its contracting services. Under the terms of the verbal or written contracts, the Group is contractually restricted from redirecting proprietary equipment or automated robotic handling system equipment to another customer and has an enforceable right to payment for work done. Revenue from construction of contracting services is therefore recognised over time on a cost-to-complete method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. This involves both judgement and estimation by management of total contract revenues including any variations as compared to costs to date and remaining costs to completion. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15.

Deferred tax asset

The Group has recognised a deferred tax asset, a component of which relates to New Zealand tax losses available for offset against future taxable profits. Management has applied consideration around the shareholder continuity rule and the probability of generating future taxable profits in determining whether a deferred tax asset should continue to be recognised and the quantum of this asset.

Impairment testing

Goodwill was tested for impairment using a value in use model in June 2021. Determining value in use includes a number of assumptions including future growth and the discount rate applicable to the cash-generating units to which goodwill is allocated.

S-Clave technology is being developed and the on-going costs are capitalised to intangible assets. The asset was tested for impairment using a value in use model in June 2021. A number of assumptions including sales volumes, future growth and discount rates were made to determine the value in use.

Fair value measurement and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Group uses market observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the Annual Financial Statements for the year ended 30 June 2021.

The fair values of the customer relationships acquired from the business combination in January 2021 were determined by discounting the sales pipeline in the Sale and Purchase Agreement by the probability of conversion, based on historic sales conversion data.

Warranty Provisions

The Group provides warranties for repairs of defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognised when the product is sold. Initial recognition is based on past experience of the level of repairs and is reviewed annually. The provision is between 1% and 1.5% of the contract revenue and it is expected that these costs would be incurred within two years of practical completion.

Cash flow forecasts and capital adequacy considerations

The financial statements have been prepared using the going concern assumption. For the half year ended 31 December 2021 the Group recorded net income after finance costs and taxation of $1,409,000.

The Company has renegotiated its banking facilities, which include covenants which are applicable as at 31 December 2021. As at 31 December 2021 the Group maintained a facility with a limit of $5,000,000. This facility matures on

30 September 2022. The Company also had a total of $1,000,000 overdraft facility, which was undrawn at balance date. The Group also had cash balances of $3,047,000 on hand as at 31 December 2021.

As at 31 December 2021 the Group's liquidity as measured by available facility limits and cash balances was $9,047,000.

The Directors remain confident that with the re-opening of New Zealand's borders, the strong forward sales pipeline and the ongoing diversification strategy, the businesses are well positioned for the future. Therefore the Directors believe that it continues to be appropriate to prepare financial statements on a going concern basis.

While the Directors remain confident as to the Group's future, if the Group was unable to continue as a going concern, to operate and pay debts as and when they become due, adjustments would have to be made to reflect the situation that assets may need to be realised and liabilities extinguished other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group may use derivative financial instruments such as forward foreign exchange contracts to economically hedge certain foreign currency risk exposures. Derivatives are exclusively used for hedging purposes (while hedge accounting is not applied as the Group does not meet the hedge accounting criteria), i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange to determine market risk and aging analysis for credit risk.

The Board provides a framework for overall risk management which identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management covering specific areas such as exchange rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

5 SEGMENT INFORMATION

The Group is organised into the following reportable segments by product and services type:

Automation: This division houses the Group's Automation brands. It designs, manufactures, delivers and services automated solutions to a range of industries, predominantly in the food sectors.

H&C markets and sells its core cheese systems brand as well as providing automated solutions to other sectors. It also operates the Group's other brands which include Aico and Beta. Milmeq is an established and respected brand in designing, manufacturing and installing chilling and freezing tunnels and plate freezing systems. Milmeq also has an asset management business that provides service, spare parts and support to its customers which complements H&C's already existing service and spares business. There is significant customer crossover between H&C and Milmeq, as we continue to integrate and improve our Automation offering.

Fabrication: This division includes the Mercer Stainless and SCE workshops in Christchurch that sell, design and manufacture proprietary equipment for primary industries across New Zealand and Australia.

Mercer Technologies: This division manages the Group's research and development that sits outside of the Automation business.

Corporate: This division incorporates the head office activities of the Group and includes rental received from the other segments in respect of properties they occupy.

The table below shows the sales revenue, earnings before interest, tax, depreciation, amortisation and impairments (Operating EBITDA) by segment.

IN THOUSANDS OF NEW ZEALAND DOLLARS	31 DECEMBER 2021 - UNAUDITED			31 DECEMBER 2020 - UNAUDITED			30 JUNE 2021 - AUDITED		
	Total sales of goods and contract revenue	Segment result (Operating EBITDA)	Segment assets	Total sales of goods and contract revenue	Segment result (Operating EBITDA)	Segment assets	Total sales of goods and contract revenue	Segment result (Operating EBITDA)	Segment assets
Stainless Fabrication	10,874	821	6,391	4,725	308	910	12,847	597	1,574
Automation	21,374	2,248	11,065	29,038	1,538	8,480	53,362	4,835	9,499
Mercer Technologies	—	(18)	4,460	—	(21)	5,377	—	(49)	5,732
Corporate	—	(930)	11,346	—	(366)	7,000	—	(1,657)	15,896
Intersegment eliminations	(2,725)	—	—	(9,034)	—	—	(15,220)	—	—
Sales, Operating EBITDA, Assets	**29,523**	**2,121**	**33,262**	**24,729**	**1,459**	**21,767**	**50,989**	**3,726**	**32,701**
Non-recurring items	—	—	—	—	(245)	—	—	—	—
Depreciation and amortisation	—	(742)	—	—	(488)	—	—	(1,085)	—
Finance costs	—	(38)	—	—	(161)	—	—	(229)	—
Income tax credit (charge)	—	68	—	—	(96)	—	—	37	—
Discontinued operation, net of tax	—	—	—	—	(97)	2,141	—	1,651	—
Total sales, income (deficit) after tax, assets	**29,523**	**1,409**	**33,262**	**24,729**	**372**	**23,908**	**50,989**	**4,100**	**32,701**

Properties, deferred tax balances and certain development assets in progress have been included in the Corporate segment.

Reconciliation of income (loss) from continuing operations to operating EBITDA

IN THOUSANDS OF NEW ZEALAND DOLLARS	UNAUDITED 31 December 2021	UNAUDITED 31 December 2020	AUDITED 30 June 2021
Income (loss) from continuing operations before finance costs and taxation	1,379	726	2,641
Add back depreciation and amortisation	742	488	1,085
Add back non-recurring items	—	245	—
Operating EBITDA	**2,121**	**1,459**	**3,726**

6 SHARE CAPITAL AND RESERVES

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. Shares have no par value.

There are no restrictions on distribution of reserves. The foreign currency translation reserve is used to record foreign exchange differences arising on the translation of overseas subsidiaries. The asset revaluation reserve records revaluation movements on land and buildings. The share based payments reserve is used to record the value of employee services payable through equity and the resulting transfer to equity on issue of the shares.

	UNAUDITED		AUDITED
NUMBER OF SHARES	31 December 2021	31 December 2020	30 June 2021
Issued and fully paid up capital	65,619,067	65,619,067	65,619,067
Balance at beginning of the period	65,619,067	65,619,067	65,619,067
Shares issued during the period	—	—	—
Balance at the end of the period	**65,619,067**	**65,619,067**	**65,619,067**

7 DIVIDENDS

On 8 September 2021, the Board announced that payment of a special dividend of 1.5 cents per share would be made on 22 September 2021.

8 EARNINGS PER SHARE

Basic and diluted

Basic earnings per share are calculated by dividing the profit/(loss) attributed to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period adjusted to assume conversion of the dilutive potential of ordinary shares as a result of warrants on issue, and the exercise of share options where the weighted average market price of ordinary shares during the period exceeds the exercise price of the option/warrant. There are no dilutive instruments.

	UNAUDITED		AUDITED
NUMBER OF SHARES	31 December 2021	31 December 2020	30 June 2021
Weighted average number of ordinary shares in issue:			
Basic	65,619,067	65,619,067	65,619,067
Equity based remuneration	—	—	—
Total	**65,619,067**	**65,619,067**	**65,619,067**
Income attributable to the shareholders of the Company ($000)	1,409	372	4,100
Basic earnings per share	2.15 cents	0.57 cents	6.25 cents
Diluted earnings per share	2.15 cents	0.57 cents	6.25 cents

9 CONTINGENT LIABILITIES

IN THOUSANDS OF NEW ZEALAND DOLLARS	UNAUDITED 31 December 2021	UNAUDITED 31 December 2020	AUDITED 30 June 2021
Guarantee to bankers for credit card facilities up to a limit of $221,000	221	221	221
Guarantees to bankers for bank guarantees issued to third parties for work completed from which it is anticipated that no material liabilities will arise	10,976	6,972	9,732
	11,197	**7,193**	**9,953**

10 RELATED PARTY TRANSACTIONS

(A) DIRECTORS

The names of persons who were directors of the company at any time during the financial period are as follows: T Burt, C Neal, G Rolleston, R Rookes and P Smart.

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation for the half years ended 31 December 2020 and 2021 and the year ended 30 June 2021 is set out below. The key management personnel are all the directors of the company and the executives with the greatest authority for the strategic direction and management of the company.

IN THOUSANDS OF NEW ZEALAND DOLLARS	UNAUDITED 31 December 2021	UNAUDITED 31 December 2020	AUDITED 30 June 2021
Short term benefits	998	627	1,482
Long term benefits	37	21	48
Directors' fees	110	105	216
Total	**1,145**	**753**	**1,746**

11 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

In August 2020, it was announced that the Stainless Fabrication operation in New Plymouth would close. Progressively the Group sold land, buildings and some plant. The New Plymouth operations were not included in the segment Note 5 from December 2020.

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