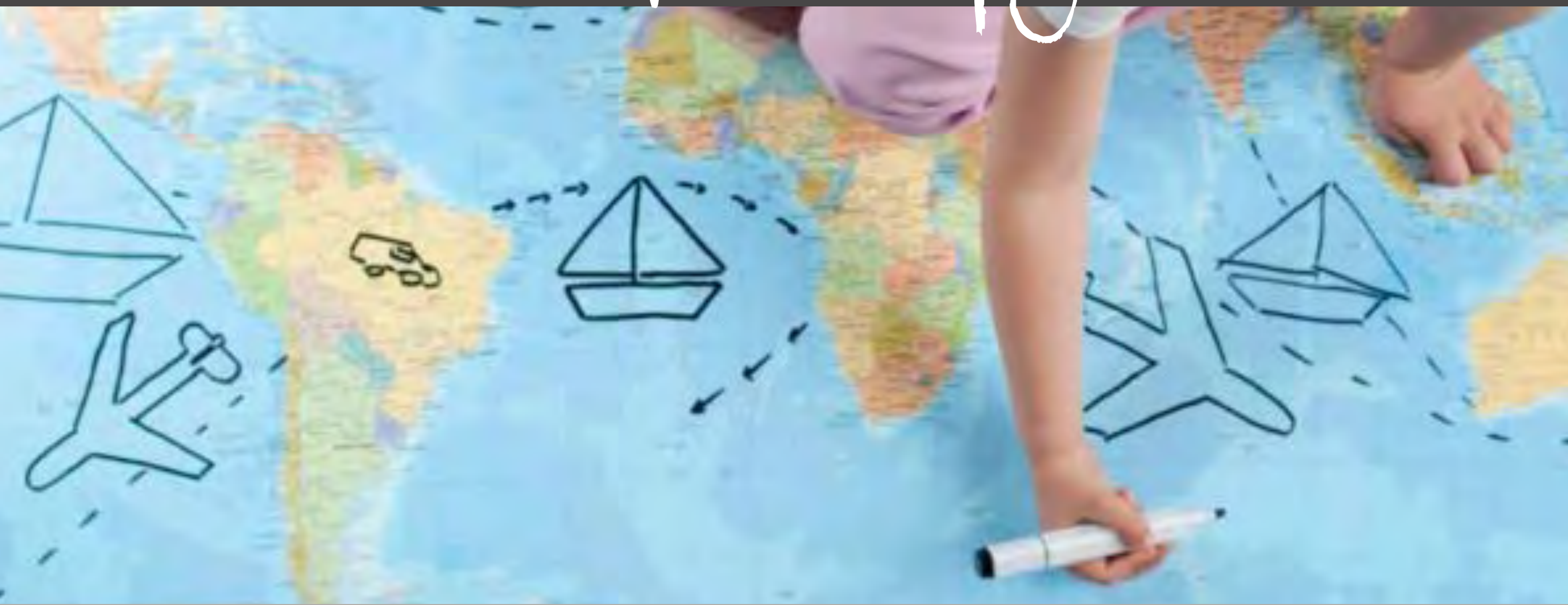
Cavotec. The power of good ideas



Annual Report 2010

CAVOTEC
Inspired Engineering

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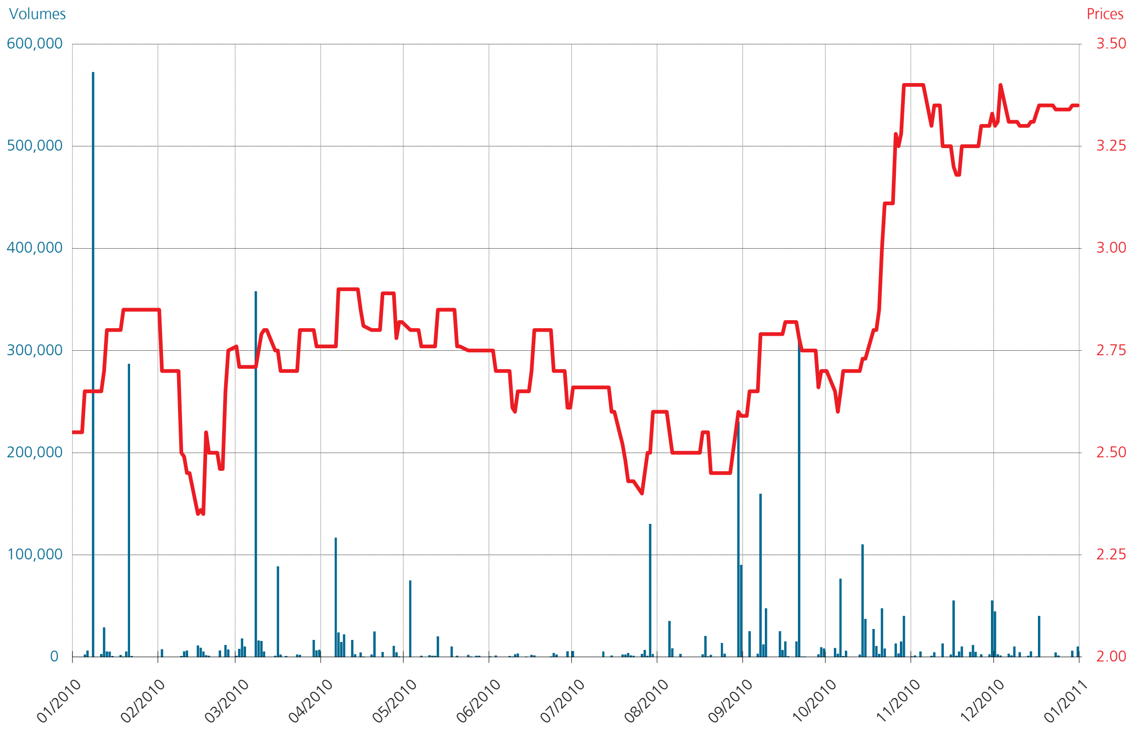
Stock performance - New Zealand



The global economic downturn of 2009 continued to impact our stock performance into 2010. Although there was a slight uptick noticeable at the beginning of 2010, ongoing concerns over economic growth, combined with a depressed trading environment on the NZX made the first nine months of the year disappointing from an overall stock performance point of view, with the Cavotec share price remaining at around NZD 2.75 per share on low trading volumes.

From October 2010 the price recovered, reaching NZD 3.35 (+31.4% at the end of the year versus the previous year's close) and remaining there well into February 2011.

		2010	2009	2008	2007
Number of shares outstanding		63,632,700	63,632,700	63,632,700	63,632,700
Closing price	NZD	3.35	2.55	2.94	4.60
Market cap (million)	NZD	213.2	162.3	187.1	292.7
Market cap (million)	EUR	123.9	81.9	77.3	153.9
High	NZD	3.40	3.50	4.70	5.45
Low	NZD	2.35	2.28	2.94	4.40
Dividend	NZD	0.04	0.03	-	0.03
EPS	NZD	0.22	0.16	0.35	0.22
Dividend	EUR	0.023	0.015	-	0.016
EPS	EUR	0.126	0.082	0.145	0.115

Financial information in summary

EUR	2010	2009	2008	2007	2006
RESULT AND CASH FLOW (000'S)					
Revenue from sales of goods	144,960	125,258	141,724	129,993	111,214
Gross Operating Result (EBITDA)	15,763	12,270	16,406	15,182	11,999
Operating Result (EBIT)	12,387	8,951	13,318	12,603	10,228
Net financial costs	(973)	(820)	(3,013)	(982)	(1,141)
Profit before income tax	11,414	8,132	13,013	11,661	9,174
Profit for the year	8,006	5,200	9,198	7,341	6,753
Cash flow from operating activities	10,951	8,594	4,648	8,820	6,889
Order intake	144,181	143,694	146,782	133,667	122,849
Total investment in tangible assets	34,965	26,821	23,931	20,523	14,874
BALANCE SHEET (000'S)					
Equity	77,504	67,613	61,092	55,681	23,736
Goodwill	44,784	44,089	43,640	31,636	12,846
Net financial position	19,675	21,855	27,291	17,549	16,545
Total assets	148,323	135,305	130,747	110,220	71,686
RATIOS					
Operating Result (EBIT) margin	8.55%	7.15%	9.40%	9.70%	9.20%
Profit before income tax (PBT) margin	7.87%	6.49%	9.18%	8.97%	8.25%
Operating Result (EBIT) / average capital invested	17.07%	13.91%	22.81%	31.74%	53.92%
Return on equity (ROE)	11.06%	8.20%	16.40%	18.70%	37.00%
Net debt/Equity ratio	35.7%	43.6%	38.5%	42.6%	90.2%
Levarage ratio (Net Financial Position/ EBITDA)	1.25	1.78	1.66	1.16	1.38
Interest cover (x times)	7.0x	4.7x	4.4x	5.9x	6.3x
NUMBER OF EMPLOYEES					
Number of employees at end of period	719	677	718	568	490
Average number of employees	702	681	640	529	460
Revenue from sales of goods per employee	206,410	183,865	221,413	245,734	241,769
Operating Result (EBIT) per employee	17,638	13,140	20,806	23,824	22,235
Average cost per employee	59,848	54,169	55,159	61,034	59,510

The Chairman's perspective

As Chairman and co-founder of Cavotec I am very happy to see that our Group has undeniably overcome the crisis of the past two years, and is now moving forward stronger and more confident than ever. As mentioned in my address to you last year, this achievement is in large part due to the strong support from all Cavotec friends and stakeholders; our shareholders, our customers and suppliers, our agile management and not least, all our devoted Cavotec employees. This commitment is something to be truly proud of, and which our Board of Directors has greatly appreciated. We feel most privileged and grateful for receiving such support.

PREPARING FOR THE FUTURE

I am pleased to report that the Group is back-on-track with both revenue and profit levels in line with 2008, our best year ever. Most importantly though are the positive developments not immediately visible to everyone behind all these figures. Indeed, our Group has used the global economic downturn in the best way possible and is now fully prepared for the period of substantial growth ahead of us.

Having laid the foundations of a truly international network encompassing 25 wholly owned Cavotec sales companies, our eight outstanding "Centres of Excellence" can now expect a strong and steady development of our market penetration on a global level. Supported by this development, our Group is now moving from being a well-known but relatively small supplier in its field, to becoming a widely acknowledged systems integrator and a global player in our markets.

Although we have always been at the forefront of technological development and have been able to rely on our strong internal engineering, production and general administration capabilities, we also realise that the challenges ahead will require a substantial strengthening of these critical areas. To properly prepare ourselves for these developments, we have invested and allocated considerable resources in these areas over the past few years.

DEVELOPING OUR INNOVATIVE TECHNOLOGY AND THEIR MARKETS

Out in the field we have booked considerable successes introducing our innovative technologies, such as MoorMaster™ and AMP (Alternative Maritime Power) in the Ports & Maritime segment, and PCAir in the Airports segment. There has been a tangible evolution in the usage of these new technologies throughout the recent economic downturn, resulting in their general acceptance worldwide. The new technologies have made a solid contribution in our order volume, helping us to overcome the recession by effectively compensating the lower order volumes from our more traditional business areas.

For example, we are very pleased to see that we currently have MoorMaster™ units at work in twelve locations, performing over 8000 moorings per year. Since the start of our involvement with the MoorMaster™ technology in 2001, we have now reached a total of 40,000 successful automated moorings.

Our ongoing milestone project with Bahrain International Airport is another tangible acknowledgement of our efforts in developing an efficient air-cooling system for wide body aircraft in hot and humid countries. We expect the project to be completed within the current year, making it a best practices showcase on how an airport can provide modern aircraft with support systems that benefit airlines and passengers alike.

One last point I would like to bring to your attention is our success in obtaining additional acceptance of our AMP systems with orders in Finland, Germany, Italy, Sweden and USA. Today, AMP systems are installed on over 200 ships and in approximately 12 ports around the world.

REJUVENATION PROCESS

As the Group grows and strengthens it has been both natural and necessary to reinforce and rejuvenate our top management. Our Group is currently led by a team of approximately 50 executives, about a quarter of whom played an active role in founding and establishing the Group some 30 years ago.

In our efforts to rejuvenate the management, over the past two years we have empowered our younger management by moving them to key positions in the Group, while simultaneously appointing our already serving senior management to future business development and advisory roles. A good example of this process are the changes introduced by our CEO in early 2010 to our Executive Committee where seven out of 12 senior officers were replaced, with the effect of lowering the average age by 11.8 years, from 57.9 to 46.1 years.

This process has been well received throughout the Group, and is aimed at allowing younger management to take on full responsibility for operations, while preserving, and maximising the combined knowledge and experience of our senior management.

CAVOTEC ON THE NASDAQ OMX

With the recession behind us it is also the right moment to prepare a solid platform to underpin our strategy for future growth. These plans will, at some point in time, require significant equity increases to provide the foundations necessary to build our Group in a responsible and sustainable manner.

Despite having many shareholders and friends in New Zealand who fully support Cavotec, the development of the CCC-share value has been impacted by the downturn in capital markets worldwide combined with a generally illiquid trading environment on the NZX.

With the aim to create true shareholder value for all our shareholders our Board has evaluated a number of options over the past two years to resolve this issue. The results of these studies have brought us to propose a corporate reorganisation that will ultimately bring Cavotec to be listed on the NASDAQ OMX Stockholm, part of one of the world's largest stock exchanges (see our separate announcement of February 22nd, 2011). Our ultimate goal with this process is to create a strong platform for Cavotec from which we can easily attract new capital from both Swedish and international investors and institutions.

TRIBUTE TO MICHAEL CASHIN

In closing I would like to give a tribute to our good friend and fellow Board member, Michael Cashin, who passed away on November 19th, 2010.

Michael had previously been the Chairman of MSL before Cavotec acquired the company in 2007 through a reverse merger. It is safe to say that without Michael we would not have been able to undertake the intricate merger between MSL and Cavotec. His guidance and counsel has been invaluable while coaching me in chairing the company over the past four years. Michael has been a great support to all of us and he is missed immensely. Our thoughts are often with Michael and his family.

Michael James Cashin
19th September 1946
19th November 2010

Knowing him I think we all can honour his work and belief in Cavotec MSL by ensuring the continued successful development of the MoorMaster™ system and the Group as a whole. Important goals to which we are fully committed.

I sincerely wish that this report will meet your expectations.

Lugano, February 2011

Stefan Widegren
Executive Chairman

A report from the Chief Executive Officer

RESILIENCE IN A CHALLENGING YEAR

The year presented the Cavotec Group, and indeed the world economy as a whole, with a set of unprecedented challenges. I would like to take this opportunity to describe how Cavotec was able to manage the crisis and to outline our main achievements in the period.

BUDGETING

We prepared and approved our budgets for the year in November 2009, at a time when the world economic outlook was especially uncertain following the financial crisis. Cavotec's approach to setting budgets has always been to do it from the ground up because we believe our local managers are best placed to judge the state of their own markets. This entails local companies presenting their business plans and results to Management, which in turn approves budgets for the coming year. Our method for setting budgets for 2010 was no different.

Despite ending 2009 with a slight drop in sales, our local managers, with unrivalled knowledge of their markets, forecast that conditions would improve in 2010. Their projections were accurate.

RESULTS IN BRIEF

Our Group's annual consolidated revenue from sales of goods increased 15.7% in 2010 to EUR 145.0 million, compared to 2009. Our operating profit (EBIT) increased by 38.4% to EUR 12.4 million while net profit reached EUR 8.0 million an increase of 54% from 2009.

Despite significant CAPEX during 2010 and a subsequent increase in working capital, up from EUR 34.0 million to EUR 36.0 million, we managed to reduce our Net Financial Position (NFP) from EUR 21.8 million to EUR 19.7 million thanks to our strict cash management policy. Over the past year, we substantially strengthened our Balance Sheet with the Group's leverage decreasing from 1.78x to 1.25x, laying the ground for the future expansion.

Our order intake figures for the year were impacted to a certain extent due to the registering of one of our largest orders ever in 2009 (a EUR 30 million project for Bahrain International Airport). We did however win a substantial number of smaller projects, which is a very positive development for our customer diversification and risk management.

GEOGRAPHICAL MARKET DIVERSIFICATION

For the first time in Cavotec's history, Europe accounted for less than 48.0% of revenue. At the same time, we saw a substantial increase in other markets such as the Far East and Australasia, which was up 11.1%; and the Middle East, up 19.2%; and the Americas, up 11.0%.

The Bahrain International Airport project accounted for EUR 14.8 million in revenue for the Middle East, with a further EUR 18.2 million due to be recorded in 2011. It is worth noting that 2H10 revenue grew 153.0% on 1H10 in the Middle East, 43.0% in the Far East, 36.0%, North America and Europe 18.0%. Furthermore, for the first time, the largest Cavotec companies by consolidated figures were located in China, the Middle East and Australia.

In another first, the Airports unit recorded 26% of total revenues, while we also saw an encouraging increase in the mining market on the back of a strong recovery experienced by key customers such as Atlas Copco and Sandvik, while the Ports & Maritime sector accounted for 21.3% of total revenue.

NEW INVESTMENTS AND CONTINGENCY PLANS

During the first four months of the year, we continued to implement a voluntary 10 per cent reduction in salaries introduced in May 2009. As our markets continued to brighten, we returned remuneration to normal levels retroactively from the beginning of the year. We continue however to monitor salary levels closely.

Total operating expenses increased in 2010 by 19.5%, while revenue was 15.7% higher. While continually exercising extreme care over costs, we chose to increase investments in R&D, engineering capacity, and technical sales due to market recoveries. This trend is set to continue its development and stands to play a key role in further advancing our technology which enhances our customers' efficiency, productivity and sustainability.

At the end of 2010, Cavotec employed 719 people, a 6% increase on 2009 end of the year. The additional manpower was requested primarily for our Centres of Excellence and specific markets, namely: China, the Middle East, and the US.

Meanwhile, we continued to invest in the modernisation of our Centres of Excellence. For example: by building a 3,000 sqm factory for our radio remote controls unit, Cavotec Micro-control, in Hell, Norway; a 3,000 sqm manufacturing facility in Mooresville, North Carolina; and a new 2,000 sqm factory for Cavotec Connectors in Staffanstorp, southern Sweden.

STRATEGIC INVESTMENTS

Since the opening of our sales and local service company in Pune, India, in 2005, we have come closer to our customers in a market that offers vast potential. In 2010 we also decided to launch Cavotec Engineering Services India to support our Centres of Excellence, where we will employ more than 20 engineers by end of 2011.

In China, one of our fastest growing markets, we expanded our assembly centre in Shanghai to 3,500 sqm, and introduced highly skilled personnel from Europe to support local manufacturing.

Driven by growing demand from several of our existing multinational customers, we also increased investment in Brazil, a market with significant further potential. Cavotec Brazil will be incorporated in Sao Paulo in Q1 2011, where we intend to have more than 10 employees by end of the year. We plan to expand our local manufacturing facilities here in due course.

Despite fears over economic stability in Spain and Portugal, 2010 saw the opening our first branch office in Spain. Following excellent results, we established Cavotec Iberica in Alicante in January 2011, where a staff of three performs sales and customer service roles.

The year also saw continued development of new products. After five years of cooperation with end users and aircraft manufacturers including Airbus, we completed development of our PCAir system in 2009. In 2010, the first serial production PCAir units were commissioned following Factory Acceptance Tests by customers.

None of these achievements would have been possible without the efforts and professionalism of our Management and every member of the Cavotec team. On behalf of the Board, I would like to thank all of them for their commitment and call on them to relish the challenges that lie ahead.

2011: AN HISTORIC YEAR IN CAVOTEC'S DEVELOPMENT

We started 2011 with a strong order intake, with EUR 18.0 million recorded in January alone, and we foresee a positive development for all our four markets going forward. Our focus on system integration started some years ago, and will be expanded to applications in the ports sector where we plan to present global offers for the electrification of the cranes and for Alternative Maritime Power supply for cruise vessels.

In light of the above, we foresee the continuation of a positive market environment and a two digit organic growth.

In October, we announced plans to consider a secondary share listing to our existing one on the New Zealand Stock Exchange. We appointed Sweden's Handelsbanken to conduct this process. After careful evaluation, in February 2011 we were pleased to announce that the Cavotec Group Board of Directors has reviewed an extensive corporate reorganisation proposal, which would see the incorporation of a new holding company and a subsequent offer for a Scheme of Arrangement. Under the proposed Scheme of Arrangement, the newly incorporated Swiss company, Cavotec SA, will apply for a sole listing at Stockholm's Nasdaq OMX.

The proposed plans for corporate reorganisation will allow Cavotec to continue its steady growth pattern, and further develop sustained shareholder value. We believe that by following this strategy, Cavotec will remain an attractive proposition for shareholders in New Zealand and around the world with a common goal: to develop the Company and increase shareholder value.

Given our performance in 2010, we look forward to continued growth in 2011 and beyond.

Ottonel Popesco
Chief Executive Officer

Board of Directors

The Cavotec Board consists of eleven members. All Board members have extensive experience in global business and between them, represent a broad variety of skill sets and backgrounds.

We believe that strong leadership takes empathy, insight and a willingness to listen. All three of these characteristics personify our Board and Corporate Management's approach to ensuring the Cavotec Group continues to flourish.

FABIO CANNAVALE MSc (Politechnic University, Milan, Italy), MBA (INSEAD)

Fabio has launched several successful start-ups, as well as supported various firms as an active member of their respective Boards. He is Chairman and founder of Bravofly Group, a leading European online budget airfares company. A Cavotec shareholder since 1992. He is also an Advisor and Board Member of three European private equity funds. Fabio honed his analytical and business skills as a strategy consultant at McKinsey & Co. and AT Kearney. Fabio, who was previously an Associate Member of the Board, was appointed a Director of the Company on April 27, 2010.

Number of shares held: 6,281,046 (through Nomina SA)

LEENA ESSÉN MSc (Stockholm School of Economics)

Leena studied at the Stockholm School of Economics, graduating with an MSc. in Economics and Business. Following her studies, Leena worked as CFO for several Swedish companies, most notably Gylling AB and PA Consulting Group, prior to joining Cavotec in 1990. She has been Cavotec's Group Financial Controller for nearly 20 years, overseeing the implementation of new financial reporting systems and creating a transparent and accurate financial structure for the Group. Leena was appointed a Director of the Company on October 18, 2010.

Number of shares held: 965,821 (partly held through Anelea Holdings Ltd)

NICOLA GERBER BA Hons (University of Westminster)

Nicola is a successful sales and business developer, as well as a marketing and product manager in the IT sector, and she currently works for Cisco Systems Ltd. Nicola's has specialised in business development across European markets, and since 2008 across Asia Pacific markets based in New Zealand. She was appointed an independent Director of the Company on December 6, 2010.

Independent in relation to the Company, corporate management and major shareholders.
Number of shares held: 0

CHRISTER GRANSKOG MSc (Helsinki University of Technology)

Christer is former President and CEO of Kalmar Industries. He has also worked as Deputy to the President and CEO at Partek Oy Ab and President and CEO of Partek Cargotek AB (1997-98), President and CEO of Sisu Group (1994-97) and CEO of Valmet Automation Oy (1990-94). He currently serves as Chairman of Patria Holding Oyj and Lannen Tractors MCE while also serving as Deputy Chairman of VR Group Oy. He is also a Member of the Board of Directors of Actiw Oy and Sarlin Oy and also a Senior Industrial Adviser for EQT Partners. He was appointed a Director of the Company on October 12, 2008.

Independent in relation to the Company, corporate management and major shareholders.
Number of shares held: 2,565 (through Oy Piceum Ab)

JACK GROESBEEK LLB (University of Amsterdam)

Jack has worked as legal counsel and director for several management companies and has run his own legal practice with offices in Amsterdam and Luxembourg for many years. He has also served on the boards of a large number of Dutch and Luxembourg holding and finance companies, including United Business Media Limited., ICAP Plc., Eon AG, Viterra, Inc. and Cavotec Group Holdings NV. Jack was appointed a Director of the Company on January 5, 2007 at the time of the settlement of the merger between the Company and Cavotec Group Holdings N.V.

Independent in relation to the Company, corporate management and major shareholders.
Number of shares held: 689,688

LARS HELLMAN (University of Stockholm)

Lars studied at the University of Stockholm (1972-1974) and co-founded Cavotec AB in Sweden in 1974, where he assumed the role of Sales Manager. In 1990, Lars was appointed Vice President and Marketing Manager of Cavotec Group Holdings NV. Lars was appointed a Associate Board Member of the Company on January 5, 2007 at the time of the settlement of the merger between the Company and Cavotec Group Holdings N.V. In September 2010, Lars assumed the role of VP – Corporate Projects. Lars, who was previously an associate Member of the Board and a VP, was appointed a Director of the Company on April 27, 2010.

Number of shares held: 7,668,122 (through Nordea Life & Pension)

LAKSHMI C. KHANNA BA Mathematics (Punjab University, India), FCA (England & Wales), CA (India)

Lakshmi has had a distinguished career with PriceWaterhouseCoopers in Italy, stretching from 1966 to his retirement as a Partner in 2001. He has been responsible for client services for the Italian operations of multinational entities including United Technologies, General Foods, Trust House Forte and IBM amongst others. Lakshmi has also been President of the Rotary Club of Milan, President of the World Community Service Commission of Rotary (Lombardy), and Advisor to the Joint Task Force Confederation of Italian Industry and the Confederation of Indian Industry. He is an Independent Director of Cavotec Group Holdings N.V. and a number of privately owned companies. Lakshmi was appointed a Director of the Company on January 5, 2007 at the time of the settlement of the merger between the Company and Cavotec Group Holdings N.V.

Independent in relation to the Company, corporate management and major shareholders.
Number of shares held: 263,406

ERIK LAUTMANN BSc (Stockholm School of Economics)

Erik's professional career has included serving as Managing Director of Catella AB, DHL International AB (Nordic Countries), Alfaskop AB and Jetpak Group (Nordic Countries) and Board member of Paxxo, Lithells, SAS Cargo Group and Multicon Security. Erik is also an Independent Director of Cavotec Group Holdings N.V. and was appointed a Director of the Company on January 5, 2007 at the time of the settlement of the merger between the Company and Cavotec Group Holdings N.V.

Independent in relation to the Company, corporate management and major shareholders.
Number of shares held: 87,802

JOE POPE BComm Economics (VUW)

Joe has enjoyed considerable success as a Chief Executive and Director of several major organisations, including 12 years as CEO of ENZA and ten years on the Board at TradeNZ, culminating in his appointment as Chairman. Currently, he is Chairman of Maxi Buoys Ltd, Revera Ltd and Team Talk Ltd as well as a Trustee of Jayar Trust. He is also an Accredited Fellow of the Institute of Directors. Joe's outstanding contribution to business creation in New Zealand was recognised by the Governor General in the Queen's Birthday Honours list of 2006, when he was appointed an Officer of the New Zealand of Merit.

Independent in relation to the Company, corporate management and major shareholders.
Number of shares held: 10,000

OTTONEL POPESCO MBA (Sorbonne University), MSc (Bucharest University)

Ottonel joined the Cavotec Group in 1988 and presently holds the position of CEO. Prior to his appointment as CEO, Ottonel spent five years as Sales & Marketing Director with ABB France (CKB Manufacturing Division). In addition to his tertiary qualifications, Ottonel is a registered professional engineer (France), President of the Port Equipment Manufacturers Association (PEMA), and an Associate Member of the Engineering Committee of the American Association of Port Authorities. Ottonel is CEO of the Company and was appointed a Director of the Company on January 5, 2007 at the time of the settlement of the merger between the Company and Cavotec Group Holdings N.V.

Number of shares held: 2,630,720

STEFAN WIDEGREN (Royal Institute of Technology, Stockholm)

Stefan studied mechanical engineering, specialising in hydraulics and pneumatics, at the Royal Institute of Technology in Stockholm from 1970 to 1975. He joined Specimas Srl (Italy) in 1972, and co-founded Cavotec AB two years later, where he assumed the role of Managing Director. Cavotec acquired Specimas in 1984 and Stefan was appointed Chairman and CEO of the Cavotec Group in 1990. He was appointed Executive Chairman of the Company on January 5, 2007 at the time of the settlement of the merger between the Company and Cavotec Group Holdings N.V. Stefan has also served as Chairman of the Union of International Chambers of Commerce in Italy, Chairman of the Swedish Chamber of Commerce in Milan and President of the Rotary Club of Milano Sud Est. He is currently Sweden's Honorary Consul in Ticino, Switzerland.

Number of shares held: 6,711,087

Executive Management Committee

The Cavotec Executive Management Committee consists of twelve senior executive officers nominated by the CEO. The primary role of the EXCO is to advise, support and assist the execution of the Board's strategic management decisions.

GEIR LERET ANDERSEN
Group Manager, IT

CHRISTIAN BERNADOTTE
Regional Manager, America's

LUCIANO CORBETTA
Group Market Unit Manager, Ports & Maritime

LEENA ESSÉN
Administrative Director

DIEGO FIORENTINI
Group CFO

GIORGIO LINGIARDI
Group VP, ERP & Logistics
Regional Manager, Southern Europe

GARY MATTHEWS
Managing Director, Cavotec UK
Group Market Unit Manager, Airports

GUSTAVO MILLER
Managing Director, Cavotec China
Regional Manager, Asia - Far East

PATRICK ROSENWALD
Managing Director, Cavotec Specimas

MICHAEL SCHEEPERS
Group Manager, Investor Relations & PR

JUERGEN STROMMER
Managing Director, Cavotec Middle East
Regional Manager, Middle East & India

MICHAEL WIDEGREN
Group VP, Patents & Trademarks
Regional Manager, Central Europe

Corporate governance (summary)

The Directors are responsible to the shareholders for the performance of Cavotec MSL in both the short and the longer term and seek to balance these sometimes competing objectives with the best interests of the Group as a whole. Their focus is to further the interests of shareholders and other key stakeholders and to ensure Cavotec MSL is properly managed. The Board draws on relevant corporate governance best practice principles to assist and contribute to the performance of the Group. The corporate governance principles adopted by the Group under its Corporate Governance Code do not materially differ from the Corporate Governance Best Practice Code set out in the NZSX Listing Rules.

The functions of the Board include:

- Reviewing and approving of corporate strategies, the annual budget and financial plans.
- Overseeing and monitoring organizational performance and the achievement of Cavotec MSL's strategic goals and objectives.
- Monitoring financial performance, including approval of the annual and interim financial reports and liaising with Cavotec MSL's auditors.
- Appointing the Executive Chairman, the CEO and the members of the senior management team and assessing their performance.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of Cavotec MSL.
- Ensuring the significant risks facing Cavotec MSL and its controlled entities have been identified and that appropriate and adequate control, monitoring and reporting mechanisms are in place.
- Reporting to shareholders.

A description of Cavotec MSL's main corporate governance practices is outlined below. All these practices, unless otherwise stated, were in place for the entire year.

THE BOARD OF DIRECTORS

The Board operates in accordance with the broad principles set out in its charter, including that:

- The Board should comprise both executive and non-executive directors with a majority of independent directors. At the date of signing the Annual Report, the Board consisted of seven independent and four executive directors.

- The Chairman of the Board is elected by the full Board and should meet regularly with the CEO.

- There is sufficient benefit to Cavotec MSL in maintaining a mix of directors on the Board from different backgrounds with complementary skills and experience.

- The Board should undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to Cavotec MSL. The Board's current practice is that the review discussion is facilitated by the Chairman outside the normal programme of Board meetings. Outcomes of the review are documented together with the goals which are established for the coming year.

  The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the audit, the remuneration, and the nomination committees and are comprised entirely of Independent Directors. The committee structure and membership is reviewed on an annual basis. Each of these committees has its own written charter that details its role and responsibilities and the manner in which the committee is to operate. All matters determined by committees are submitted to the full Board as recommendations for Board decision.

Cavotec MSL's constitution specifies that all directors must retire from office no later than the third annual meeting following their last election. In addition, the Board seeks to ensure that the membership at any point in time represents an appropriate balance between directors with experience and knowledge of Cavotec MSL and directors with an external or fresh perspective.

COMMITMENT

During the year, the Board meets about six times and in addition, corporate strategy workshops are held. At least one of those meetings is held at an operational site of the Group and a full tour of the facilities is included as part of the visit. Independent Directors are expected to spend at least ten to twenty days a year preparing for and attending Board and committee meetings and associated activities.

INDEPENDENT PROFESSIONAL ADVICE

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at Cavotec MSL's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

REMUNERATION COMMITTEE

The remuneration committee is focused on establishing transparent and fair compensation plans for senior managers. The compensation plans should reflect market conditions in the various countries where Cavotec MSL is operating. The remuneration committee is also entrusted with evaluating the result of salary reviews for senior managers and determining compensation plans for the Executive Chairman and CEO. During 2010, the remuneration committee has carried out, with the support of MERCER, a complete position analysis of senior managers and linked the outcome to compensation database statistics for all markets.

NOMINATIONS COMMITTEE

The nominations committee is instrumental in drafting an Annual Governance Review that engages all members of the Board in seeking their individual and collective views on all matters of corporate governance. The findings are then circulated to all members and discussed at a special board session. The outcomes are intended to help improve the efficiency in management reporting and communication, succession planning and a key focus on strategic planning processes. In addition, the Committee acts as a conduit for receiving, processing and providing advice on nominations received for the role of a Director to be considered by shareholders at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee consists of three Independent Directors. All of the members are financially experienced and have relevant finance and/or auditing experience. One of them, namely Lakshmi C. Khanna, is a Chartered Accountant while Joe Pope is an accredited Fellow of the Institute of Directors. The charter for the Audit Committee, which also summarizes its responsibilities, is contained in the Corporate Governance Code adopted by the Group.

The Audit Committee met five times in 2010 and it received regular reports from the management. The Committee reviewed and reported to the Board on the Annual Report and the Interim Report and all other financial information published or released to the market. It met periodically with the external auditors, reviewed the terms of their engagement and the scope of their audit work and the conclusions of their work. The external auditors and the Internal Audit Manager both have a direct line of communication at any time to the Chairman of the Audit Committee and to the Chairman of the Board of Directors.

BOARD AND COMMITTEE ATTENDANCE 2010

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Fabio Cannavale*	6	6	-	-	-	-	-	-
Michael Cashin	6	5	5	4	3	2	3	2
Leena Essén**	6	2	-	-	-	-	-	-
Nicola Gerber***	6	1	-	-	-	-	-	-
Jack Groesbeek	6	5	-	-	-	-	3	2
Lars Hellman*	6	5	-	-	-	-	-	-
Lakshmi Khanna	6	6	5	5	-	-	3	3
Erik Lautmann	6	6	-	-	3	3	-	-
Christer Granskog****	6	6	1	1	3	3	-	-
Joe Pope****	6	6	5	5	3	3	3	1
Ottonel Popesco	6	6	-	-	-	-	-	-
Stefan Widegren	6	6	-	-	-	-	-	-

** Elected to the Board of Directors on April 27, 2010; ** Elected to the Board of Directors on October 18, 2010;*
**** Elected to the Board of Directors on December 4, 2010; **** Elected respectively to the Audit/Nominations Committees on December 4, 2010.*

INTERNAL AUDIT

The internal audit function was introduced in 2007 in conjunction with the risk management programme, and focuses on the operation, effectiveness and efficiency of the internal control environment. A specific Internal Audit Manager was appointed with the intention to reinforce the internal audit procedures of the Group. In 2010, 10 Cavotec companies underwent an internal audit, and no significant weaknesses or non-compliance issues were detected.

DIVIDEND POLICY

The Board of Directors aims to distribute a return to shareholders between 15% and 20% of the annual recurring net profit.

INFORMATION POLICY

The Company complies with the guidelines set forth in the Cavotec MSL Information Policy, which has been approved by the Board of Directors and is available for download from www.cavotec.com

INFORMATION USED BY DIRECTORS

No member of the Board of Cavotec MSL Holdings Ltd, or any subsidiary, issued a notice requesting to use Group information received in their capacity as directors which would not otherwise have been available to them.

RISK MANAGEMENT

Risk management is a key part of the Company's control system. The purpose of risk management is to ensure that risks related to business operations of the Company are identified and managed adequately and appropriately. All Managing Directors in the company assist the CEO with active risk management on a daily basis. The Risk Management Policy has been approved by the Board of Directors.

INTERESTS REGISTER

The Group is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests registers for the Parent is available for inspection by shareholders at the registered office of the Parent. Details of the most significant matters that have been entered in the interests register by individual directors are outlined in their respective director profiles. Where a director has declared an interest in a particular entity, as a shareholder and/or director, the declaration serves as notice that the director may benefit from any transactions between the Parent or Group and the identified entities.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

The Parent indemnifies all directors named in this report, and current and former executive officers of Cavotec MSL's against all liabilities (other than to the Parent or member of the Group), relating to the performance of their normal duties as Director or Executive Officer, unless the liability relates to conduct involving lack of good faith. This includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity. To manage this risk, Cavotec MSL has a D&O indemnity insurance with Dual Corporate Risks.

DIRECTORS' REMUNERATION 2010

Board of Directors	Director fees	Other remuneration*	Bonus
Executive Directors			
Leena Essén	-	259,620	52,426
Lars Hellman	-	275,659	38,889
Ottonel Popesco	-	424,161	108,747
Stefan Widegren	-	521,998	163,120
Subtotal remuneration to Executive Directors	-	1,481,438	363,182
Independent Directors			
Fabio Cannavale	25,883	-	-
Michael Cashin	43,383	-	-
Christer Granskog	30,883	-	-
Jack Groesbeek	30,883	47,270	-
Lakshmi Khanna	38,383	65,000	-
Erik Lautmann	33,383	-	-
Joe Pope	35,883	-	-
Subtotal remuneration to Independent Directors	238,681	112,270	-
Total to Cavotec MSL Board members in EUR	238,681	1,603,708	363,182

* *Other remunerations include base salary, pensions, social costs and other benefits for the executive Directors, and fees for other services for Independent Directors.*

** *Paid out in subsequent year.*

DIRECTORS' SHARE DEALINGS 2010

Directors	Shares acquired	Shares disposed	Consideration EUR
Fabio Cannavale	116,403	-	188,588
Christer Granskog	2,565	-	4,520
Jack Groesbeek	-	100,000	161,473
Leena Essén	100,000	-	161,473
Total in EUR	**218,968**	**100,000**	**516,054**

DIRECTORS' RELEVANT INTEREST IN CAVOTEC MSL (CCC) SECURITIES

Interests per December 31st, 2010	Number of shares held
Fabio Cannavale (through Nomina SA)	6,281,046
Animato Enterprises Ltd (Estate of Michael Cashin)	305,000
Leena Essén (through Anelea Holdings Ltd)	965,821
Christer Granskog (through Oy Piceum Ab)	2,565
Jack Groesbeek	689,688
Lars Hellman (through Nordea Life & Pension)	7,668,122
Lakshmi Khanna	263,406
Erik Lautmann	87,802
Joe Pope	10,000
Ottonel Popesco	2,630,720
Stefan Widegren	6,711,087
Total shares held by Directors in Cavotec MSL Holdings Ltd	**25,615,257**

DIRECTORS OF SUBSIDIARIES

In most cases, the Boards of the Group's subsidiaries are comprised of members of the Group's management. These directors do not receive any additional director's fees of remuneration.

THE EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee (EXCO) consists of Group senior managers and officers who assist the CEO with managing and implementing Group decisions and strategies. In addition to its members' daily management role, EXCO has the task of assisting the CEO and the Board of Directors with formulating future strategies, preparing budgets and special reports and assisting in the identification, negotiation and integration of possible acquisition targets. EXCO members meet at 2-3 strategy meetings per year, and individual members maintain contact with each other as and when the need arises.

INSIDER REGISTER

Cavotec MSL is governed by the Insider Rules established by the New Zealand Stock Exchange. The Cavotec MSL Insider Register includes members of the Board of Directors, the Executive Chairman and the CEO, the Executive Management Committee, MD's of subsidiaries, the auditors, as well as other persons having a comparable position in the Group based on the decision of the Company. Persons registered in the Insider Register are not allowed to trade in Cavotec MSL securities during a period commencing on the first day of each semester and ending upon the publication of the corresponding Interim Report or Financial Statements of the Company.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Main shareholders

TWENTY LARGEST ORDINARY EQUITY HOLDERS

Shareholders	Nationality	Actual Ownership 31 December 2010	Total (%)
New Zealand Central Securities	New Zealand	10,680,743	16.78%
Nordea Life & Pension	Luxemburg	7,668,122	12.05%
Nomina SA	Luxemburg	6,281,046	9.87%
Stefan Widegren	Switzerland	3,355,544	5.27%
Lotten Widegren	Switzerland	3,355,543	5.27%
Brevetti Stendalto SpA	Italy	3,222,869	5.06%
Peter Brandel	Switzerland	2,952,348	4.64%
Hans Olof Jeppson	Italy	1,993,420	3.13%
Dragos Private Foundation	The Netherlands	1,667,996	2.62%
Gema Invest AS	Norway	1,358,979	2.14%
Ottonel Popesco	Switzerland	1,344,234	2.11%
Dominique Popesco Colas	Switzerland	1,286,486	2.02%
SR International SA	Luxemburg	968,639	1.52%
Anelea Holdings Ltd	Cyprus	965,821	1.52%
Sandro Teruzzi	Italy	965,498	1.52%
Michael Widegren	Switzerland	964,611	1.52%
John David Cooper	Philippines	939,474	1.48%
Simon Fiduciaria SpA	Italy	906,258	1.42%
Erik Wilhelmsen	Norway	843,843	1.33%
Robert Friedrich Weber	New Zealand	800,000	1.26%
Subtotal		**52,521,474**	**82.54%**
Total		**63,632,700**	

DISTRIBUTION OF EQUITY SECURITIES

Range of Equity Holders	Number of holders	Number of shares held	% of issued shares
1 - 4,999	754	1,201,618	1.89%
5,000 - 9,999	142	895,274	1.41%
10,000 - 49,999	120	2,242,646	3.52%
50,000 - 99,999	19	1,315,599	2.07%
100,000 - 499,999	13	2,726,109	4.28%
500,000 - 999,999	12	10,084,124	15.85%
1,000,000 plus	12	45,167,330	70.98%
	1,072	**63,632,700**	**100.00%**

SUBSTANTIAL SECURITY HOLDERS

The following information is given in accordance with Section 35F of the Securities Markets Act 1988. According to notices received, the following persons were substantial security holders in the Company as at December 31st, 2010:

Holder	Number of shares held
New Zealand Central Securities	10,680,743
Nordea Life & Pension	7,668,122
Nomina SA	6,281,046
Stefan Widegren	3,355,544
Lotten Widegren	3,355,543
Brevetti Stendalto SpA	3,222,869

The total number of issued voting securities of the Company as at December 31st, 2010 was 63,632,700.

SHAREHOLDER INFORMATION

The ordinary shares of Cavotec MSL Holdings Ltd are listed on the New Zealand Stock Exchange. The information in the disclosures above has been taken from the information available by Link Market Services.

SHAREHOLDER ENQUIRIES

Shareholders should send changes of address and requests for payment of dividends by direct credit to Link Market Services at the address noted in the directory. Notification must be in writing. Questions relating to shareholdings or share certificates should also be addressed to Link Market Services.

For information about Cavotec MSL Holdings Ltd., please contact the registered office by sending an e-mail to investor@cavotec.com or visit us at our website www.cavotec.com

AUDITORS

The principal auditor for the Group is PricewaterhouseCoopers (PWC). In addition to audit services, PWC provided tax and other assurance services during the year. For a detailed breakdown of the audit fees please refer to note 28.

More than 30 years of friendship and cooperation

Starting in Sweden in 1974, Cavotec was a fledgling organisation, as yet unproven on the global marketplace. Steadily, the company began to grow and develop its international character, so evident in the Group today. By always looking ahead and readily accepting the challenges faced by all dynamic organisations, Cavotec has become truly "local everywhere".

Cavotec, a global team.

1974
Specimas AB incorporated in Sweden

1976
Specimas AB renamed Cavotec AB

1984
Cavotec AB acquires Specimas SpA in Italy

Cavotec Finland opens as 2nd sales company

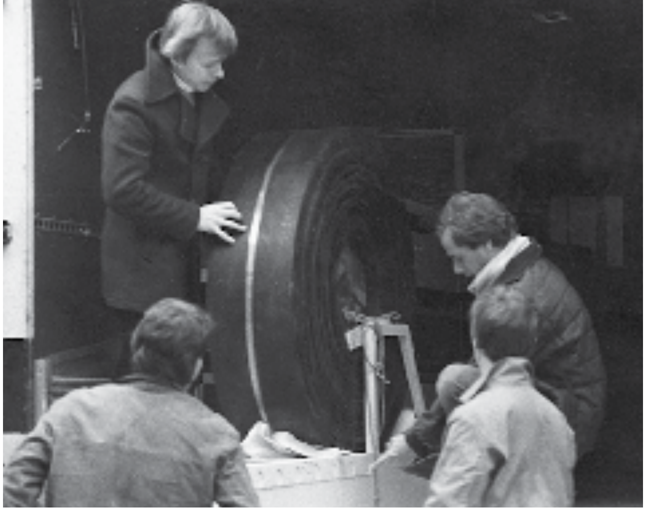
1986
Cavotec opens sales office in UK

1988
Opening sales offices in Italy, Norway and Canada

1989
Cavotec Group incorporated in the Netherlands

1991
Opening sales offices in Australia, France and Hong Kong

1993
Opening sales offices in Germany and UAE



1995
Opening
sales office
in Shanghai

1995
Opening
sales office
in Argentina

1997
Acquisition of
Cavotec Alfo in Germany
Opening sales office in
Singapore

1999
Acquisition of
Metool in
Australia and
RMS in France

2001
Acquisition
of 20% interest in
Micro-control as
(Norway)

2002
Acquisition of the Gantrex
Group (USA, Canada and
South Africa)

2004
Cavotec partners
with Mooring
Systems Ltd

Cavotec
has 30 years
anniversary!

2004
Acquisition of
Fladung in Germany
Acquisition of
remaining 80% of
Micro-control as

2005
First MoorMaster™ 400 sale - Port of Salalah

Cavotec India incorporated in Delhi

2006
Cavotec prepares and implements a restructuring of the Group

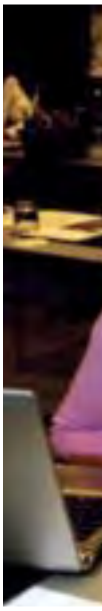
Jan 2006
Port of Salalah orders 4 MoorMaster™ 600 for their container port

Sep 2006
Cavotec and MSL announce reversed acquisition scheme

Oct 2006
Cavotec and MSL shareholders approve the reverse merger

Jan 2007
Establishment of a central Corporate Office in Lugano, Switzerland

Jan 2007
Cavotec becomes a listed company on the New Zealand Stock Exchange



Nov 2008
Cavotec MSL acquires the Meyerinck Group in Germany

Oct 2010
Cavotec explores possible secondary listing on Nasdaq OMX

Nov 2009
Milestone order for PCAir for Bahrain International Airport

April 2008
Cavotec MSL acquires the Dabico Group in the USA and UK

Working together and exchanging ideas provides the foundation for Cavotec's creativity and professionalism.

Human resources

MUTUAL RESPECT IN AN INTERNATIONAL TEAM

The composition of the Cavotec workforce reflects the Group's international, multicultural and interdisciplinary character. Cavotec's some 719 staff are drawn from more than 40 countries and from a wide variety of backgrounds. Each Cavotec employee brings to the Group a diverse range of skill sets and individual characteristics that are valued and recognised by fellow colleagues and our partners and customers. Cavotec is an exceptionally flat organisation, where all are respected and encouraged to contribute to our success.

We are flexible and dynamic, but never abandon our responsibilities and commitments. Just as we work to build long-term relationships with our customers, so we seek to develop durable commitments to those who work at Cavotec. An approach we believe enables our individual employees, and the Group as a whole, to flourish and realise their full potential.

Despite our rapid development, Cavotec retains a friendly, professional working atmosphere where fresh thinking and a willingness to explore new approaches are keenly encouraged. Our open working environment – that fosters the free exchange of ideas and mutual respect between individuals – underpins our unique capabilities as a leading global engineering group. In order to attract and crucially, retain highly skilled and talented people throughout our organisation, we offer a positive and rewarding work environment for our employees.

CAVOTEC IN THE COMMUNITY

Cavotec's profitable performance contributes to the world community through the generation of wealth and employment. The total Value Returned to the Community (excluding amounts paid to suppliers who in turn provide employment and wealth) for 2010 was EUR 46.9 million (NZD 86.2 million).

	EUR	NZD
Benefits to employees	42,030,869	77,241,329
Tax to Governments	3,408,220	6,263,383
Dividends to shareholders*	1,479,830	2,545,308
Total	**46,918,919**	**86,050,020**

** 2011 dividends calculated based on the exchange rate at 31 December 2010.*

Another side of Cavotec's commitment to the wider global community is our approach to helping others in times of need. As with the tsunami disaster in 2004, Cavotec employees came together with Rotary International to provide relief following the tragic earthquake in Pakistan in August 2010. With voluntary donations from employees and management, we were able to donate EUR 26,000 to the rebuilding of a school and nursery in Budhapur, in the Sindh region of the country. It is this spirit of openness and being ready to help others that underpins the strength of Cavotec's global corporate community.

AN INSPIRATIONAL WORKING ENVIRONMENT

At ports and airports, and in mining, tunnelling and general industry applications, Cavotec works with genuinely revolutionary technologies that make fundamental improvements to how the world works. Through the application of innovative concepts and advanced technologies, our engineers help industry operate more efficiently, by reducing waste and downtime, and more sustainably, by using resources more cleanly and more effectively.

We create an exciting, challenging work environment, where our engineers can develop their skills in genuinely uncharted ways. For example, having established the MoorMaster™ automated mooring system for ships in diverse applications, we are now looking at entirely new ways of adapting the technology.

Through their innate curiosity, Cavotec engineers are constantly seeking to challenge and improve existing practice and push the boundaries of what can be done. We refuse to stand still; we are continually searching for new challenges and better ways of applying technology to improve everyday life and make industry operate more efficiently.

Elsewhere in the Group, our sales and support staff, our management and Board all contribute to a building the Cavotec Group as a home to amicable and successful professionals and a leading provider of high-quality engineering solutions.

EXECUTIVE REMUNERATION

The number of employees within the company receiving remuneration and benefits above EUR 50,000 (~ NZD 100,000) are as indicated in the following table:

Remuneration in NZD		Number of employees	Remuneration in NZD		Number of employees
500,000	509,999	1	220,000	229,999	1
380,000	389,999	1	210,000	219,999	3
360,000	369,999	1	200,000	209,999	4
350,000	359,999	1	190,000	199,999	4
340,000	349,999	1	180,000	189,999	6
330,000	339,999	1	170,000	179,999	9
310,000	319,999	1	160,000	169,999	6
300,000	309,999	1	150,000	159,999	10
290,000	299,999	1	140,000	149,999	14
280,000	289,999	1	130,000	139,999	10
270,000	279,999	3	120,000	129,999	20
250,000	259,999	4	110,000	119,999	23
240,000	249,999	3	100,000	109,999	29
230,000	239,999	3	100,000	109,999	37
Subtotal		23	Subtotal		139
			Total		162

CAVOTEC'S DEMOGRAPHICS

While the majority of our engineers are male, we also employ substantial numbers of women in administrative, communications and financial roles. Although we have a small number of women in managerial positions, this is primarily a function of our being an international engineering company working in sectors that tend to attract men rather than women: a reality we persistently strive to challenge.

Sick leave among Cavotec employees remains at a consistently low level across the Group, and absence from work is virtually non-existent.

Not only are we local around the globe – present in 40 countries on five continents – in most cases our staff are employed locally: making us the locals around the globe. This enables us to build long-term relationships with our clients, suppliers, authorities and professional bodies.

Our local strength enables us to work closely with customers, to gain a better understanding of their requirements and solve the challenges they face more effectively. For our partners and suppliers, our local presence and familiarity with local markets makes Cavotec a valuable and intrinsically competent business partner. Our expert knowledge of local realities on global issues frequently positions the Group at the leading edge of formulating regulatory norms and technical standards.

As a genuinely multinational group, we also frequently find ourselves as guests in many countries. It is therefore of vital importance for Cavotec employees to work with exemplary ethical standards and an open mind. To ensure our conduct is of the highest calibre at all times, Cavotec employees are issued with our Code of Conduct that provides detailed guidelines on ethical standards and cultural differences.

In all the sectors in which we are active, safety is of the utmost importance. Indeed, many of our products are specifically designed to make the workplace safer for personnel and the wider community. All Cavotec employees are fully trained in the latest health and safety regulations and requirements.

OUR MOST IMPORTANT INVESTMENT

Whether at our sales companies, our manufacturing facilities, our eight Centres of Excellence or on site with our customers, Cavotec employees are consistently building the Group's identity around. Together, we are working to improve the future – around the world, around the clock. Quite simply, our people are the most important investment that we make.

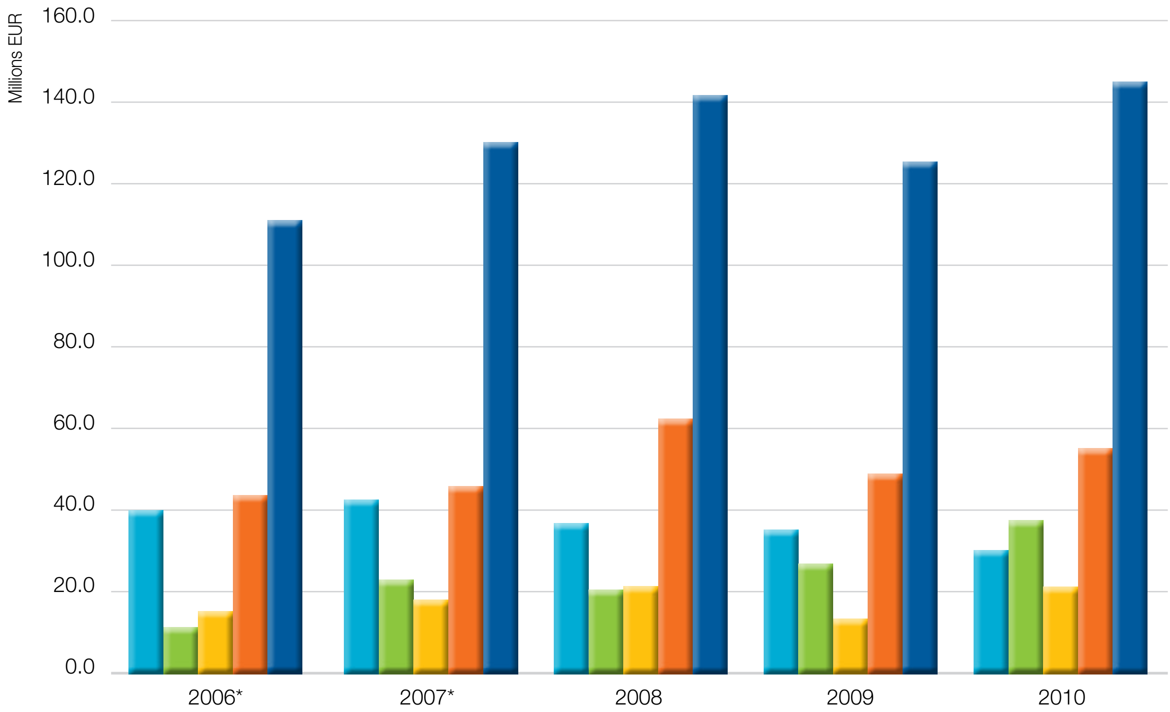

CAVOTEC
PORTS &
MARITIME

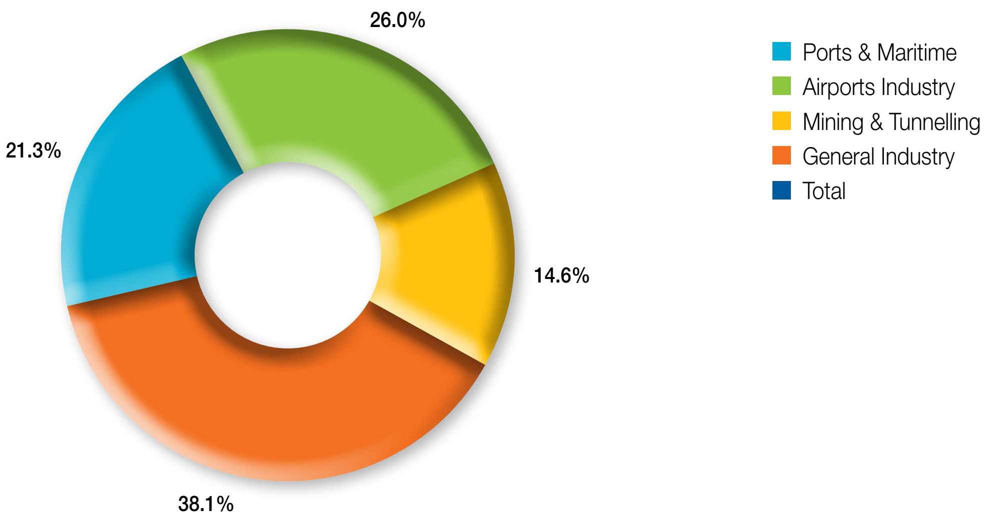
Our defining element

The defining element of all our activities across the diverse sectors in which we operate is our approach to engineering: always looking ahead, constantly striving to make industry safer, more efficient and more environmentally sustainable for the long term.


PD100
SANDVIK

Our diverse market units

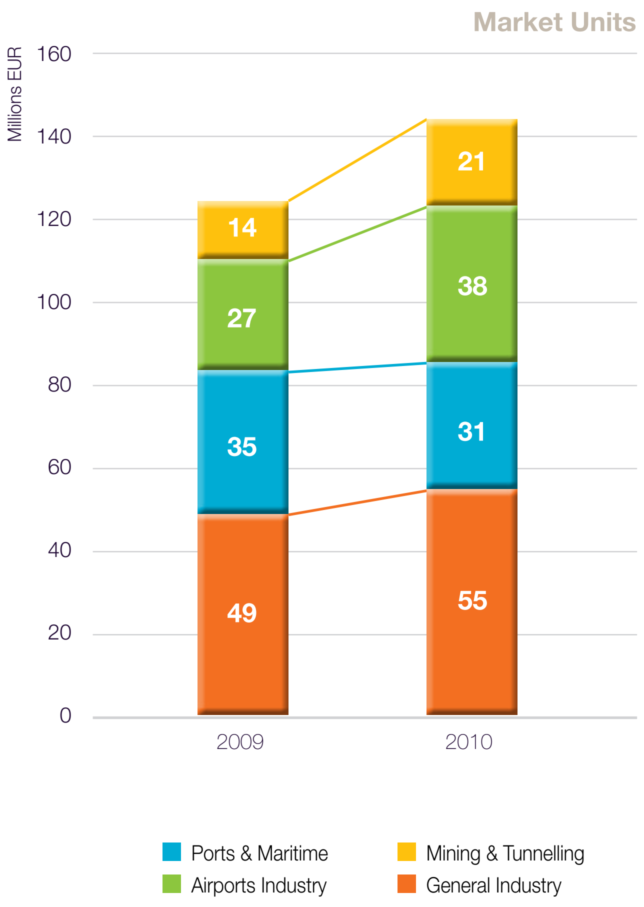


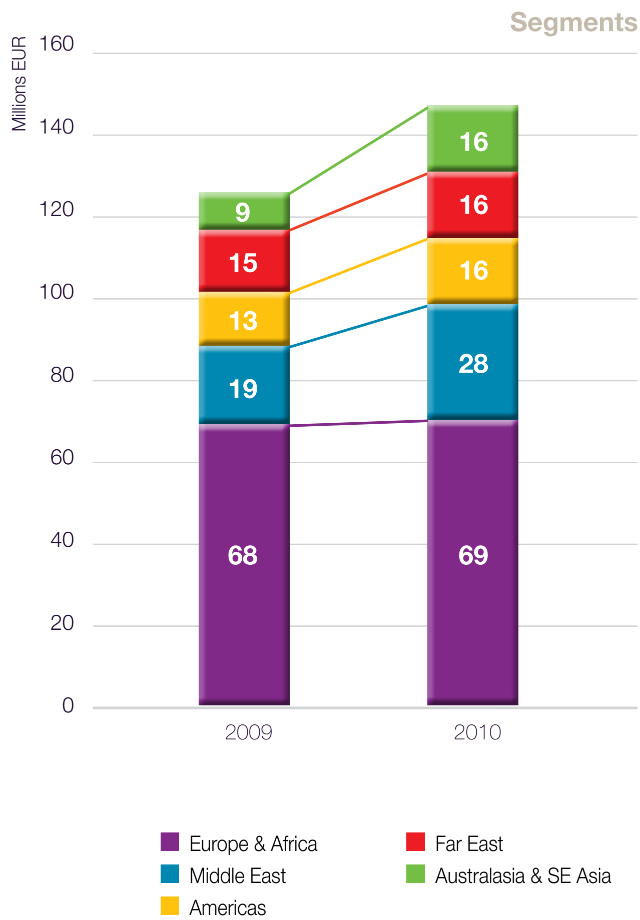


** Previously Cavotec MSL had six segments which were reduced to four segments in 2008. Energy & Offshore was added to the Ports & Maritime segment while Steel & Aluminium has been added to the General Industry segment.*

	2009	2010
Airport Industry	27,090,582	37,723,412
General Industry	49,149,727	55,281,925
Mining & Tunnelling	13,579,523	21,135,994
Ports & Maritime	35,438,064	30,818,586
Total	125,257,896	144,959,917

	2009	2010
Americas	13,172,390	15,888,292
Europe & Africa	68,490,890	69,210,438
Middle East	19,371,142	27,805,799
Far East	14,969,166	16,008,126
Australasia & SE Asia	9,254,309	16,047,263
Total	125,257,896	144,959,917





ports & maritime

Some of our major customers in this market segment:

ABB • Aker • APMT • Cargotec • China Harbour Engineering • Dalian Huarai • DP World • Eurogate • Konecranes • MSC National Oilwell Varco • Odim • Port of Los Angeles • Port of Long Beach • Port of Salalah • Pireaus Port • PSA • SLSMC • ZPMC

Powering safe and efficient operations at the world's ports

Our Ports & Maritime Market Unit – with its range of innovative, automated power systems, backed by our experience in the industry garnered over four decades – ensure that we are poised to grow in a sector that is already seeing a strong recovery in investment levels, especially in emerging markets, following a severe contraction in 2008 and 2009.

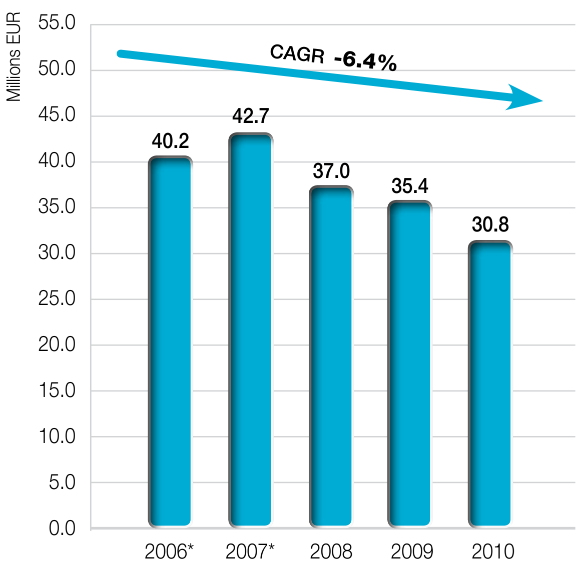
For instance, our automated vacuum mooring system, MoorMaster™, makes ports safer by eliminating the need for conventional mooring lines, and more efficient by mooring vessels in seconds. Playing a vital role in global logistics chains these units have carried out hundreds of thousands of successful mooring operations at ports in Australia, Denmark, New Zealand and Oman and at the St. Lawrence Seaway lock system in Canada.

We also develop a ship-to-shore power system, Alternative Maritime Power (AMP), which enables ships to switch off their engines and plug into shore-side electricity. Our first AMP application entered service at the Port of Stockholm in 1987. We have since installed AMP systems at ports across northern Europe and at the ports of Los Angeles and Long Beach. As interest in reducing vessel emissions in port grows, we anticipate AMP to become an increasingly important element in our Ports & Maritime offering.

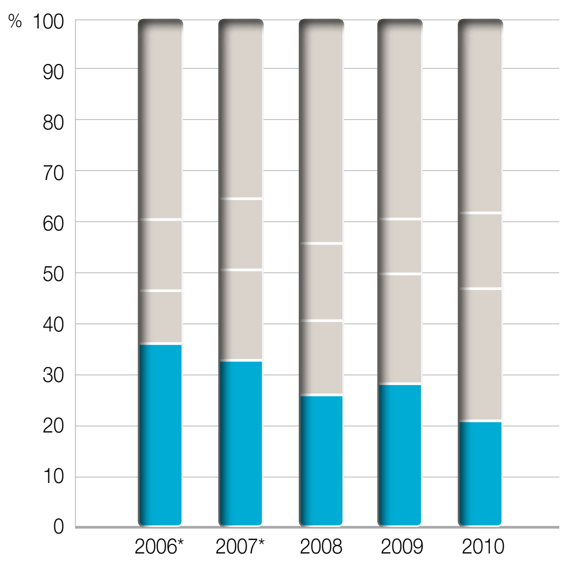
FACTS AND FIGURES

While revenue increased in all of our other Market Units in 2010, revenue for the Ports & Maritime sector fell 13.0 per cent, to EUR 30.8 million, from EUR 35.4 million the previous year. This figure represented a 21.3 per cent share of the total revenue for the Group. The performance of the unit reflects the extraordinary downturn experienced in the sector as investment struggled to recover following the financial crisis.

Revenues



Percentage of Group revenues



Previously Cavotec MSL had six segments which were reduced to four segments in 2008. Energy & Offshore was added to the Ports & Maritime segment while Steel & Aluminium has been added to the General Industry segment.

Europe and Africa, our largest market for Ports & Maritime by revenue, accounted for EUR 11.8 million, down from EUR 18.1 in 2009. The Americas remained steady with a marginal increase in revenue from EUR 4.2 million to EUR 4.5 million. Revenue in the Middle East was down EUR 2.4 million to EUR 1.1 million, while revenue in the Far East fell to EUR 7.8 million, from EUR 8.6 million in the previous year. Australia and South East Asia registered the strongest performance for the unit, with a jump in revenue from EUR 0.9 million to EUR 5.4 million thanks in a large part to an increase in MoorMaster™ sales activity.

LEGISLATIVE REQUIREMENTS, EFFICIENCY DEMANDS

Stricter environmental controls, coupled with growing demands for improved operational efficiency is likely to create a solid basis for the growth of this segment in coming years. We anticipate that the global ports industry will need to make substantial investment in automation and environmentally conscious technologies in the short and medium terms – defining elements of our products and our expertise.

The ports and shipping industries are working to meet stricter legislation on environmental standards, especially in the US and the European Union. Reductions in NOx, SOx and particulate matter – adopted by the International Maritime Organization (IMO) in 2008 – came into effect in July 2010. And with effect from January last year, the European Union (EU) prohibited the use of bunker fuel in EU ports that contained more than 0.1 per cent sulphur. In the US, the Californian Air Resources Board (CARB) is set to introduce stringent new air quality requirements for ports from 2012.

This has created a legislative environment that will require port operators to introduce shore-to-ship power systems and replace diesel-operated equipment with electrical engines and greener technologies. A trend that we are already seeing take shape. For example, Cavotec sales companies are reporting strong demand for our Electrical Rubber Tired Gantry (E-RTG) cranes that are powered by electricity instead of diesel engines. And we are seeing ever-greater interest, especially in Europe and North America, in our shore power systems that supply electricity to vessels in port.

As global trade recovers and emerging markets continue to thrive, profitability and competition will ensure improved operational efficiency remains an overriding requirement for business worldwide. All Cavotec systems are designed to improve efficiency and enable industry to operate more sustainably. Our engineers, and the Group as a whole, continue to build relationships with our customers and industry agencies to ensure the world's ports operate safely, efficiently and sustainably.

ORDER OVERVIEW

Reflecting the increase in activity in Australia and South East Asia, our automated mooring system, MoorMaster™, made substantial progress in Australia and New Zealand. MoorMaster™ is increasingly becoming an accepted technology for ports to improve safety and operational efficiency.

Port Hedland, in Western Australia, took delivery of its 14 MoorMaster™ units in 2010, and a full hand-over of the system is on schedule to take place in Q1 2011. Also in Western Australia, we received an order for 12 MoorMaster™ units for the Port of Dampier. In New Zealand, KiwiRail ordered two MoorMaster™ units for use on a ferry route between North and South Island, which are to be commissioned in Q1 2011.

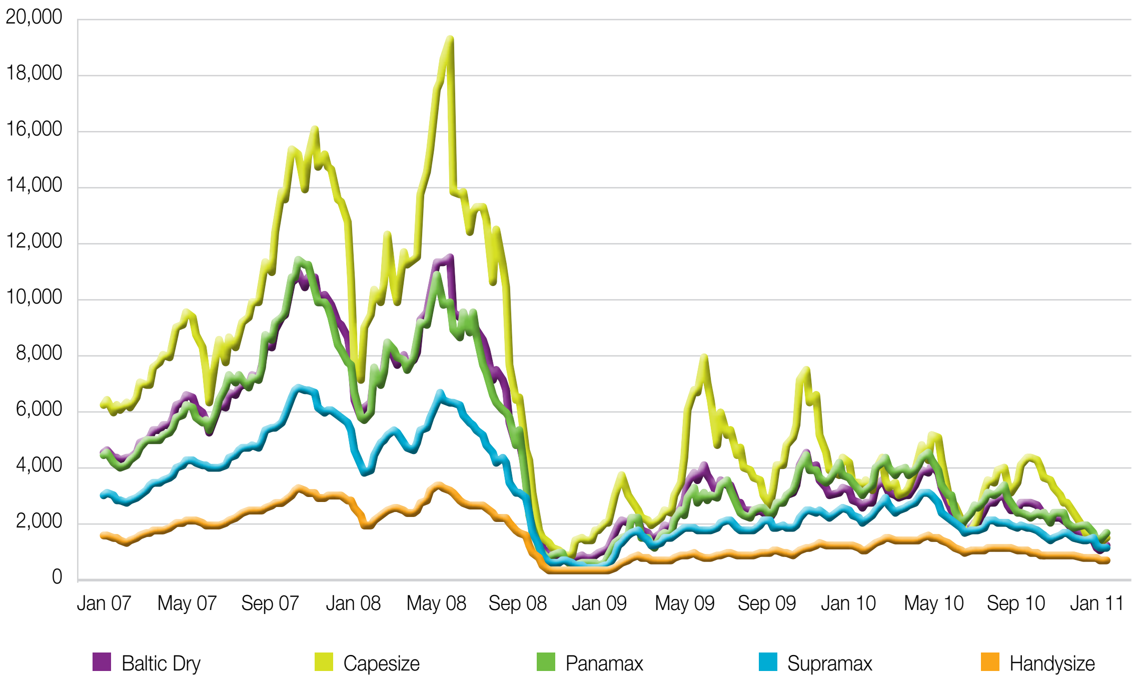
In addition, we were awarded two separate orders to research and develop ATEX (explosion proof) approved MoorMaster™ systems, potentially for use at LNG berths. Remaining with the Australia South East Asia market, we received an order for several cable reels for installation on E-RTGs at Saigon New Port in Vietnam.

Another MoorMaster™ project, initiated during Q4 2010, was awarded to us in February 2011 by Karara Mining Ltd for 12 MM200D's. The units are specifically designed for use at bulk terminals and are able to cope with the especially abrasive nature of iron ore dust. We continued to note strengthening demand in the Far East, especially for applications for the

Chinese market, with orders for OEM customers such as ZPMC for ship-unloader cable reels. Doosan Heavy Industries and Construction, one of South Korea's largest industrial companies, awarded Cavotec two separate cable reels orders for projects in the US.

In the Europe and Africa segment, major projects included an order for a large number of explosion-proof electrical connectors for an oil platform in the North Sea. And in the Netherlands, we received an order to supply EX-approved Micro-control radio remote controls for the operation of access gangway systems for cranes and pedestal-mounted jetty cranes. We also received our first AMP shore-to-ship power project for Ro-Ro traffic between Sweden and Denmark, and between Germany and Poland.

Baltic Dry Index



LOOKING TO FUTURE GROWTH

The Baltic Dry Index (BDI) as displayed above, which is a measure of the cost for shipping dry bulk commodities, saw unprecedented falls in 2008, and remains at historically low levels. Despite this, we remain confident that the over supply of ships and consequent over capacity in the shipping market has already begun to correct itself as global economic activity recovers to a steady upward trend.

Following a virtual halt in infrastructure investment in 2008, ports are starting to modernise and expand, while new ports, especially in strong growth markets such as China and South East Asia, will need to be constructed to support economic growth and development. We are already seeing evidence of this trend with substantial growth in demand from our OEM and direct customers as mentioned above.

Cavotec's Ports & Maritime Market Unit therefore has a positive outlook for the future, ideally placed as a supplier of advanced systems, and with a respected history of performance from service and applications already in widespread use around the world.

MoorMaster™ moors vessels in a matter of seconds. It's a complete break with conventional mooring.

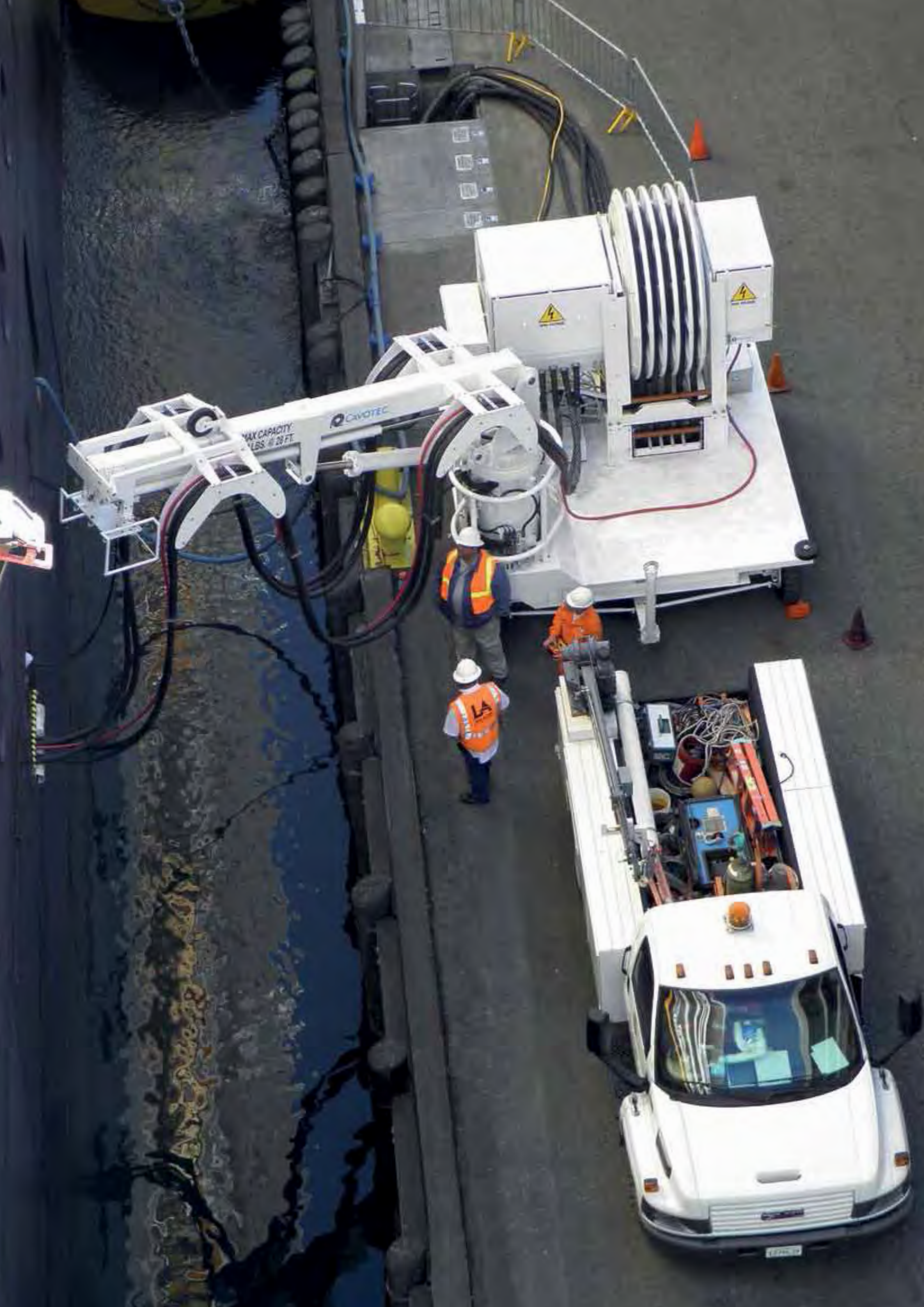
MoorMaster™ Automated Mooring Systems

MoorMaster™ is a vacuum-based automated mooring technology that eliminates the need for conventional mooring lines. Remote controlled vacuum pads recessed in, or mounted on, the quayside, moor and release vessels in seconds. The system offers improved safety, infrastructure savings, improved turn-around times and reductions in emissions. Since its introduction in 1998, several different versions of the technology have performed thousands of successful mooring operations at applications in Australia, Canada, Denmark, Oman and New Zealand.

AMP enables ships in port to switch off their engines thus improving air quality for surrounding communities.

Alternative Maritime Power

The environmental impact of th global ports industry is increasingly becoming a high-profile issue. In the past 15 years, concerted efforts have been made to reduce emissions from ships' auxiliary diesel engines when in port by using 'cold ironing', or ship-to-shore power. We have developed two versions of the technique, Alternative Maritime Power (AMP): a ship-based, or shore-mounted cable management system with shore connection made via high voltage cables to a pit fitted into the quay; and a ship-based unit, housed inside a standard container.


CAVOTEC
MAX CAPACITY:

Cavotec has built an enduring relationship with ABB to produce some of the world's most advanced marine slipring systems.

Marine Slipring Systems

Cavotec has participated to the development of electric pod propulsion for cruise ships, icebreakers and other special purpose ice-class vessels with engineering group ABB since the 1990s. We have delivered more than 160 slipring and hydraulic swivel joint units to ABB and other major propulsion suppliers.


Kværner Masa-Yards
KVÆRNER

Panzerbelt is currently in operation at some 400 applications worldwide.

Panzerbelt

Panzerbelt is our patented cable protection system that protects the cables powering shore-to-ship cranes. It incorporates a continuous semi-flexible belt, made from rubber with a steel inlay, that lies over channels cast in the quay. The belt is riveted to the quay surface along one edge, while the other remains free to be raised by a cable guide and belt-lifting device fitted to the crane.

Panzerbelt guarantees that cables inside the channel are entirely protected from vehicles crossing the track and from objects and fluids falling into the cable duct.


CRANE
5932

Cavotec's motorised cable reels are manufactured in Australia, China, Italy, Sweden, the UK and the US.

Motorised Cable Reels

Cavotec's electric motorised cable reels power cranes at ports around the world, and are also used at mines, tunnels, terminals and other industrial applications. Our cable reels for horizontal and vertical use have become widely adopted across the Ports & Maritime sector.

airports

Some of our major customers in this market segment:

Anchorage Airport • Bahrain Airport • Boeing Corporation • Cargolux • ClaVal • Dubai Airport • Emte Sistemas • Frankfurt Airport
Gamuda • Gatwick International Airport • Heathrow International Airport • Lufthansa • Munich Airport • New Delhi Airport
Oslo Airport • Shanghai Airport • Siemens • Saudi Oger

Improving efficiency, reducing congestion

Cavotec's Airports Market Unit is a complete ground support equipment (GSE) integrator for the global airports sector. Working closely with airport operators, airlines and aircraft manufacturers, we develop a diverse range of advanced GSE -including fuel, water and power supply units, tunnel systems, pre-conditioned air units (PCAir), aircraft connectors and caddies - that help our clients reduce tarmac congestion, improve efficiency and reduce environmental impact.

Cavotec's Airports Unit is composed of four entities: Cavotec Dabico US and UK, Cavotec Meyerinck and Cavotec Fladung: each bringing its own area of specialisation and expertise to the Group. Based in the UK and the USA, Cavotec Dabico produces fuel supply systems, primarily in-ground delivery units, for a wide range of commercial applications. Cavotec Meyerinck is a specialist supplier of fuel and liquid delivery systems and components for airports, the food and beverage sector and the chemical and petro-chemical industries.

GROWTH THROUGH ACQUISITIONS AND ORGANIC GROWTH

Cavotec's Airports Market Unit has consistently grown through acquisitions and organic growth throughout its history – a balanced approach that continues to serve our long-term success and growth plans extremely effectively.

Recent acquisitions include UK- and US-based Cavotec Dabico, a leading manufacturer of in-ground fuel and utility systems; and Cavotec Meyerinck, a specialist supplier of loading arms for fuel and other hazardous materials. Both Dabico and Meyerinck became part of the Cavotec Group in 2008, and both complement the Group's capacities with crucial additions to our overall service offering of integrated ground support equipment solutions.

Given the right economic conditions, and where such a move would strengthen our offering for customers and thus the value of the Group, we would consider further acquisitions in the future.

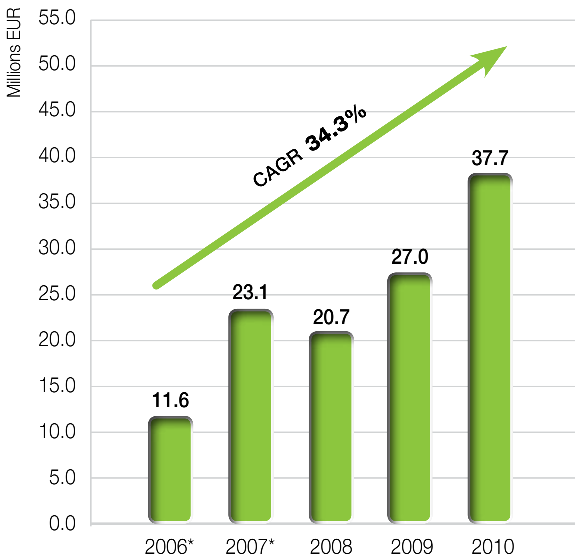
The Airports unit also continues to grow organically – as it did in 2010 – a trend we have taken steps to ensure will extend in the medium and long terms with new sales and manufacturing facilities in our mature markets and in a growing number of emerging markets such as China, India and Brazil.

KEY FIGURES FOR THE YEAR

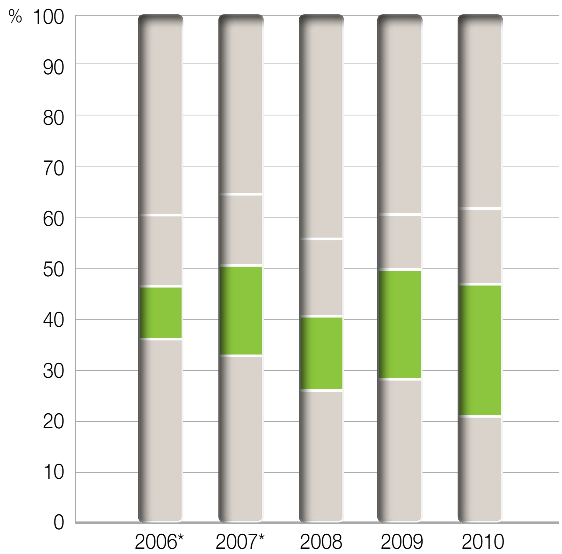
Cavotec's Airports Market Unit reported the strongest growth of all our segments in 2010, primarily due to an exceptionally spirited performance in the Middle East. As economic growth returns to its upward trend, we forecast continued substantial growth for this segment in the years ahead, especially in emerging markets such as China, India and Brazil, and across the Middle East, the Far East and South East Asia. The introduction of our Integrated Gate Concept, making it easier for clients to work with Cavotec to produce complete systems, and our continued focus on expansion through acquisitions, when deemed appropriate, and organic growth, are combining to build a strong base on which Cavotec will increasingly become a major supplier in the industry.

Total revenue for the Airports Market Unit jumped 39.2 per cent, to EUR 37.7 million from EUR 27 million in 2009. This figure represented a 26 per cent share of the total revenue for the Group, up from 21.6 per cent in the previous year. An especially strong performance in the Middle East accounted for much of this increase, where a number of major projects came to fruition. Revenue for the Middle East segment was up more than EUR 10 million, to EUR 18.4 million from EUR 7.6 million in 2009 while revenues remained stable in the other regional segments. This Market Unit has experienced the strongest growth, both organic and external, with a compounded annual growth rate of 34.3 per cent.

Revenues



Percentage of Group revenues



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WHY BAHRAIN REPRESENTS A BREAKTHROUGH FOR THE GROUP

The revenue figures for 2010 include the first tranche for one of the largest orders Cavotec has ever received for Bahrain International Airport, a project worth some EUR 30 million.

The product and technological scope of the order is especially broad. With 18 of Cavotec's pre-conditioned air (PCAir) systems forming the centrepiece of the project, Cavotec is also delivering and installing pop-up pits, transformer sub-stations, 400Hz power supply systems, a Vacuum Evacuation System, a blue water supply system and a potable water supply system. Installation work is on schedule and due for completion in Q2 this year.

The significance of the Bahrain project for the Group extends beyond the work itself. The project also illustrates how Cavotec has evolved into a complete systems integrator, enabling customers to work with the Group to develop comprehensive solutions on a one-to-one basis, so they do not have to deal with several different suppliers.

ORDER OVERVIEW

The Airports unit booked major results throughout the year in most segments, with the Middle East being especially strong. The year also saw the unit make several important breakthroughs into new and emerging markets. For example, we recorded our first fuelling equipment order in Argentina, with an order for 25 fuel hydrant pits and four low-point drain pits for Ezeiza International Airport in Buenos Aires. In another highlight, Cavotec Middle East, in cooperation with partners, supplied its first fully integrated fuel hydrant package to a customer in Senegal.

We started work with Bahwan Engineering Company, the biggest MEP contracting company in the Sultanate of Oman and part of the Bahwan Group, for the design, supply, and installation of 95 pop-up pit systems at the new Muscat International Airport development.

Our performance in mature markets remained robust with orders for a diverse range of equipment in Europe and the US. In France, we received orders for specially designed hydrant pit systems to serve aircraft at Paris Charles de Gaulle Airport, the second busiest passenger airport in Europe. The project comprises 34 hydrant pits and related materiel, including vault access covers, ladder assemblies and service inserts. In the US, we delivered the largest isolation pits ever built by Cavotec Dabico to Memphis Airport.

Kunming Airport, which is set to be China's fourth largest airport when completed in 2020, ordered a total of 31 vault access covers that were delivered in October. As an indication of the growing importance of the Chinese market to the Group, we are also delivering a total of 58 coilers for four other airports in China.

We also reported another landmark development in India, where we are supplying a large number of hydrant pits for installation at Mumbai International Airport.

LOOKING TO FUTURE GROWTH

Cavotec's Airports unit is well established in the airport industries mature markets in Europe and North America, where we have crafted a reputation based on engineering excellence and after-sales service. These are attributes that will help us to continue to grow organically in these markets.

We expect however, that our greatest opportunities for growth will almost certainly be in the Middle East and the emerging markets. Cavotec already has a strong customer base across the Middle East – a position that has brought substantial growth in recent years and will continue to do so in the years ahead, as this market continues to expand.

In line with recent positive developments in the Middle East, we expect comparable growth in key emerging markets such as China, India and Brazil. Again, Cavotec is well positioned in these areas. We already have a substantial presence in China and we are expanding our activity in India which is continuing to grow, and is taking steps to become a Global Engineering office, fulfilling a crucial role as a support and services hub for the engineering teams at our existing manufacturing Centres of Excellence. In line with these expectations we are also planning to ramp up our investment in Brazil as this market also shows signs of significant growth.

A broad global presence, an integrated product offering, and a balanced approach to growth, all combine to ensure Cavotec's Airports unit is best placed to grow in line with the global airports industry itself for the foreseeable future.

We make it easy for airports to improve their service offering by delivering wholly integrated solutions.

Pre-conditioned Air System

The Cavotec PCAir system is a fixed or mobile, battery driven unit for supply of dry pre-conditioned air. The pre-conditioned air is generated by the Air Cycle unit based on twin screw compressor/expander technology. It is a revolutionary new patented concept using dry compressed air as the medium and power to create pre-conditioned air to an aircraft.

The new Cavotec PCAir system uses an improved and more efficient technology, offering an environmental friendly solution able to provide sub-freezing temperatures even in extreme climates.


AIRBUS
A380
by design

Our cable coilers provide a vital power delivery function for parked aircraft.

Cable Coilers

Our cable coilers are automated cable storage and protection devices that supply parked aircraft with 400Hz electrical power. They are either mounted on the underside of passenger bridges or on the apron. These units have a motor-driven coiling drum, which reels up to 28 metres of cable in and out.

Practical and easy to use, Cavotec Caddy's supply aircraft with power, water and pre-conditioned air.

Mobile Caddy's

Cavotec Caddy's are mobile units designed to supply aircraft with 400Hz power, water and preconditioned air. There are three different versions: one that is operated manually; one that is motor-driven; and one that features an integrated 400Hz frequency converter enabling it to connect directly to 50Hz ground power.


B 737/200-800

Our in-ground systems reduce clutter, making airports safer and more efficient.

In-Ground Utility Systems

Cavotec supplies pop-up pits and hatch pit systems that supply aircraft with utilities such as preconditioned air (PCAir), waste, blue and potable water and 400Hz power. These advanced inground systems are used on aprons, hangars and remote parking areas.

Cavotec in-ground fuel systems – safe, reliable, invisible.

In-Ground Fuel Systems

Cavotec Dabico In-Ground Fuel Systems are in use at commercial and military airports all over the world. Thanks to the strong focus on quality and innovation Cavotec Dabico's systems have become an obvious choice for industry operators around the world. Besides designing and manufacturing In-Ground Fuel Systems, Cavotec Dabico also provides installation supervision and long-term support of fixed ground support systems.


FIRE EXTINGUISHER

Cavotec fuelling arms refuel aircraft safely, quickly and efficiently.

Aviation Fuelling Arms

Cavotec Meyerinck fuelling arms are hose-free pantographs that eliminate the need for dispensers or tanker trucks. Our stainless steel fuelling arms serve more than 2,000 applications around the globe. Cavotec also produces a comprehensive range of fuelling equipment such as flow meters, filters and hydrant couplers.


MEYERINCK

Some of our major customers in this market segment:

Atlas Copco • Bals • BHP Billiton • Blumenbecker Automation • Herrenknecht • LKAB • Pilbara Iron • Rambooms • Robbins
Sandvik • Thyssenkrupp • WHBO

Cleaner, more efficient operations

The extraction of metals and minerals such as coal, copper and zinc are vital to modern society and economic development. Demand for these resources remains strong today, as it has done for hundreds of years. While we seek to reduce our use of non-renewable resources in the medium to long term, we can, in the meantime, extract metals efficiently, thus minimising environmental impact of the mining industry.

Similarly, for the construction of tunnels – an integral element of economic progress that improves lives and fosters trade – our engineers develop innovative power supply and distribution products that help improve operational efficiency and sustainability.

Cavotec is a well-known and widely respected supplier of cables, cable reels and power connectors that are manufactured to deliver optimal performance in the toughest of environments in the mining and tunnelling sectors. Our products reduce dependence on diesel-driven machinery, and our electrical supply systems ensure mining and tunnelling is cleaner and more sustainable than ever before.

REVIEWING THE MARKET

The Mining & Tunnelling segment reported a strong year in all major markets, as customers resumed investment in equipment and new technologies, after the previous year's low levels of activity. Intensified global activity in many areas resulted in growth in industrial production and thus higher demand compared with 2009.

The global mining sector in particular had a positive year, with the major mining groups reporting strong results on the back of rising demand in emerging markets and elsewhere. As demand in the mining industry continued to rise, we saw a pronounced increase in major projects and smaller orders. Exploration and underground mining continued to develop positively throughout the year. Although activity in the tunnelling sector was lower than in the mining industry, the trend for the year was nonetheless positive.

Demand remained strong for high value-added products for industrial production and aftermarket service, and improved for investment-related products. We also noted substantially stronger demand for major material-handling equipment for applications in mines and harbours.

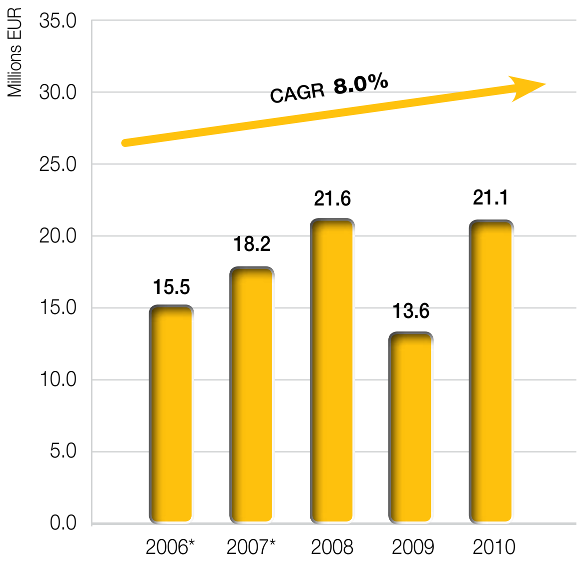
Overall demand in this segment is expected to increase, as growing economic activity supports the extraction of minerals and infrastructure improvements that in turn will fuel demand for our products and services. The emerging markets are expected to continue to grow considerably in the years ahead and with a significant presence in these markets, Cavotec is well placed to capture this growth. Similarly, the majority of mature markets are expected to continue their recent recovery.

A GLOBAL PRESENCE TO CAPTURE GROWTH

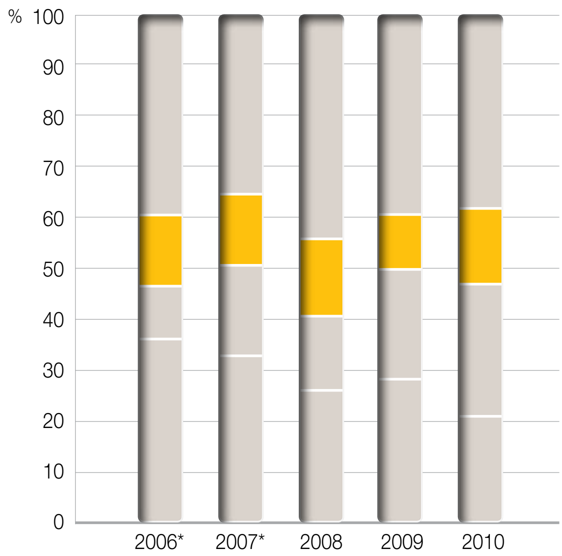
Cavotec's Mining & Tunnelling Unit has a broad, well-established presence in markets around the world. We are a natural choice for manufacturers in mature markets, just as we are in rapidly growing markets in South America, the Far East and Australia and South East Asia, where we are further developing our existing manufacturing and service offerings. We therefore believe that the Unit is positioned for sustained growth as these markets expand.

Cavotec has built a solid reputation in the Mining & Tunnelling industries, as a partner that delivers high-quality equipment specifically for these sectors. For example, our explosion-proof RRCs are used in mines and tunnel applications around the world, and our cables, cable reels and connectors help our customers to automate and to power equipment safely, efficiently and sustainably.

Revenues



Percentage of Group revenues



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KEY FIGURES FOR THE YEAR

Revenue for the year was up 55.6 per cent, to EUR 21.1 million, accounting for 14.6 per cent of total revenue for the Group. The improvement took place in all but one of our markets, and was initially driven by increased consumption of products for industrial production, extending later in the year to include capital-investment goods and major investment projects. Broadly, the market situation gradually improved during the year, primarily in Europe, Africa and Asia.

While the recovery in demand was especially strong in Europe and Africa, we also saw signs of healthy prospects in the Americas, the Far East and Australia and South East Asia. Europe and Africa reported a EUR 5 million increase in revenue on 2009, to EUR 14.1 million. The Americas market saw an upturn in revenue, to EUR 1.3 million, up from EUR 383,135 in 2009. Revenue in the Far East market increased to EUR 1.8 million, from EUR 534,120 in the previous year.

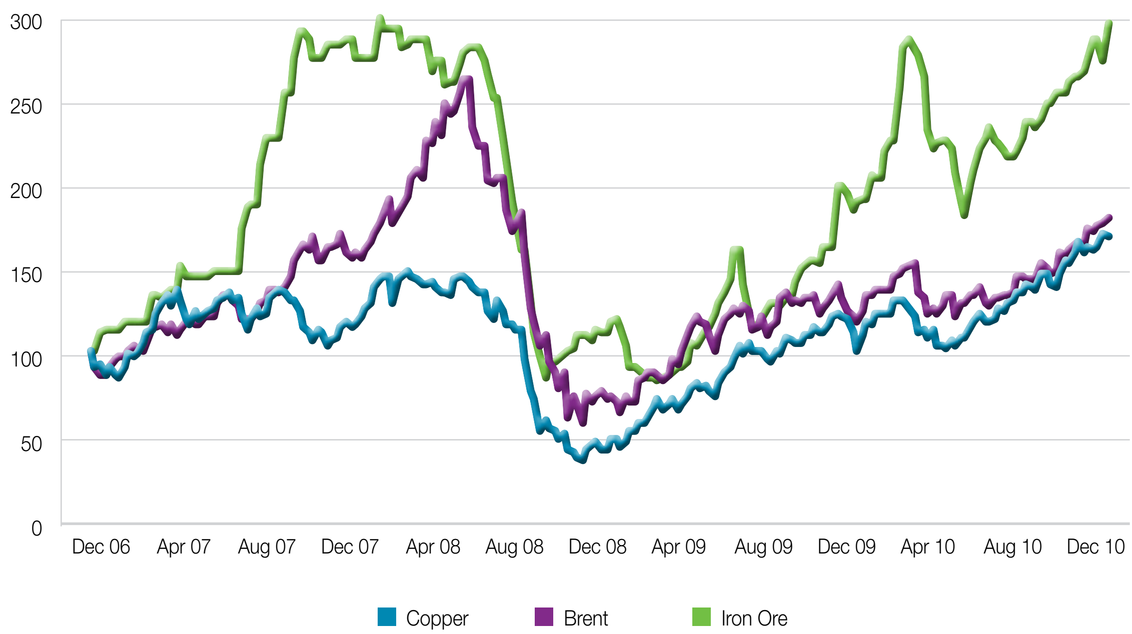
Demand from most customer segments remained strong in Asia and the rate of increase was generally high in most markets compared to 2009. Revenue for Australia and South East Asia was also up, from EUR 3.4 million in 2009 to EUR 3.8 million.

ORDER OVERVIEW

The bulk of sales for the Mining & Tunnelling Market Unit in 2010 were made up of small-scale orders for staple components, automation equipment and power systems from our OEM customers. We also registered two substantial projects with mining groups Sandvik and Krupp, for 18 horizontal cable reels, including related products and systems, such as consoles, radio remote controls (RRCs) and drag chains, for installation at coal plants and iron ore facilities in Australia.

Our tunnelling segment reported a major order in Singapore from the Rutherford Group of Australia for more than 200 sets of bronze power connectors.

Commodity Prices (rebased 100 12/2006)



LOOKING TO FUTURE GROWTH

The market for underground mines and tunnelling is forecast to continue expanding rapidly in the years ahead, and with it, the need for systems that ensure the safe supply of electrical power. As shown in the graph above commodity prices have been rising consistently since their significant drop in 2H08. This positive trend, coupled with ongoing efforts to implement stricter safety standards and moves to greater automation in the industry, suggest this segment is set for further growth in coming years. Demand that Cavotec's products are built to meet.

Furthermore, Cavotec enjoys long-standing close cooperation with key companies in this sector, such as Atlas Copco and Sandvik; relationships we see growing in the medium and long term. We thus anticipate further substantial growth for the Mining & Tunnelling Market Unit in 2011 and beyond.

We engineer equipment that ensures unbroken operational performance.

Motorised Cable Reels

Cavotec is a leading supplier of electric motorised cable reels to the mining and tunnelling sectors, and has played a prominent role in the electrification of equipment throughout both industries. Designed to withstand extreme conditions common to these sectors, Cavotec's electric motorised cable reels remain consistently popular among industry operators, including major players such as Atlas Copco and Sandvik Tamrok.


HIGH VOLTAGE

Our systems
are critical to a huge variety
of applications.

Radio Remote Controls

Cavotec's radio remote control systems (RRC) are designed to perform in the tough operating environments of the ports and maritime sector. With both ATEX and IEC certifications, Cavotec RRCs guarantee safe and secure communications at all times and in all conditions.

Our power connectors are key components for the mining and tunnelling industries.

Power Connectors

Available in low and medium voltage, our power connectors have become an industry benchmark for quality and reliability. Our power connectors are supplied pre-fitted in standard power units, including short-circuit breakers. Cavotec has also developed a range of multi-pin outlets up to a maximum of 50 pins and 15 Amp.

Working in close coordination with our customers, we develop hose reels tailored for niche applications.

Hose Reels

Specially designed hose reels perform key functions in the mining and tunnelling industries. Sourced from major manufacturers Cavotec supplies a broad range of fibre optic cables, Kevlar and hoses varying from standard power cables to advanced power and signal cables for niche applications. We also deliver solutions for high-stress operations with fibre optic cables and Kevlar.

general industry

Some of our major customers in this market segment:

ABB • Alimak • Arcelor – Mittal • Al Habtoor • Costain • Fisia Italimpianti • GE International • Konecranes • Liebherr • Linde • Manitowoc Palfinger • Rocktec • Siemens • Terex • Vahle

Engineering excellence for industry

Cavotec's products and services for the General Industry sector are enormously diverse, but they all share a common, defining characteristic: technology that enables industry to operate more efficiently and more sustainably.

Around the globe, in thousands of sectors in diverse applications, our engineers and our systems support our OEM and key account clients to increase the efficiency with which power, energy, minerals and fluids are used, managed and transported. We continue to pioneer the use of cables, cable reels, cable chains, slipring columns, power connectors and radio remote controls. We develop these products to discover new ways for industry to operate more sustainably and reduce environmental impact.

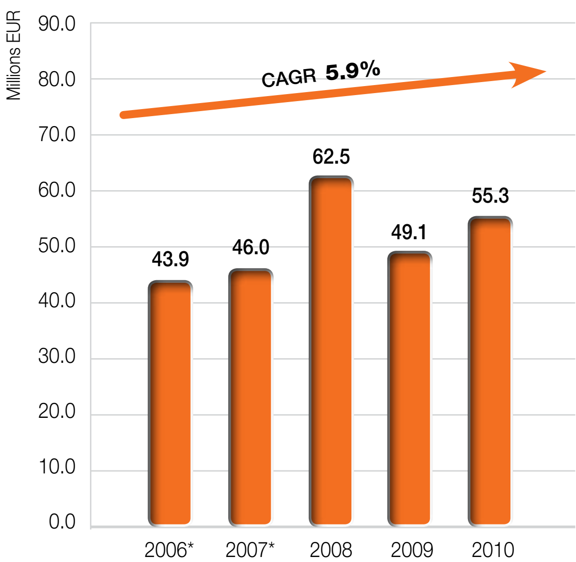
OVERVIEW OF THE MARKET

Cavotec's most diverse and largest market unit, General Industry, reported strong growth in 2010. Once again, the exceptionally wide application base for our products, coupled with our genuine global presence has enabled the General Industry Market Unit to grow as economic activity resumed, albeit shakily, in mature markets, and continued to grow strongly in emerging markets and elsewhere.

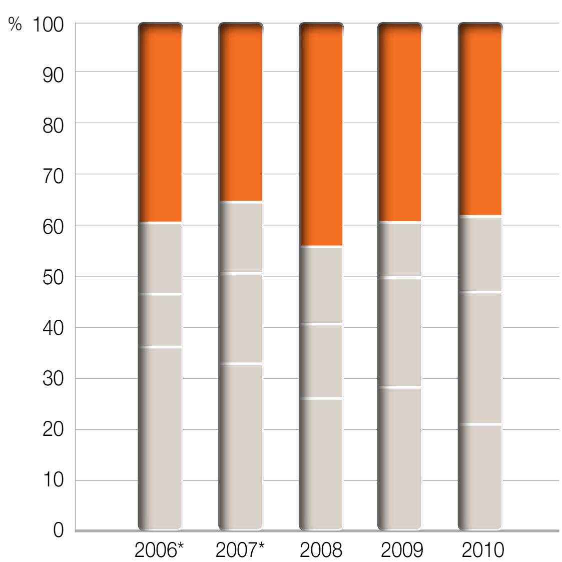
In 2010, the General Industry Market Unit posted strong results as confidence returned to the global economic system with preliminary GDP growth in 2010 reaching 3.4%, up from 1.8% in 2009. This trend was noticeable in both established markets and the emerging markets. We noted stronger demand for our systems in manufacturing – primarily in automation and electrification – and in the wider economy in sectors such as construction, and especially in the Americas.

Thanks to our strong focus on truly niche areas within the General Industry segment we have been able to outperform global GDP development year after year.

Revenues



Percentage of Group revenues



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KEY FIGURES FOR THE YEAR

Total revenue growth for the General Industry Market Unit for the year was 12.5 per cent, amounting to EUR 55.3 million. General Industry remains our single largest unit, accounting for 38.1 per cent of total revenue for the Group, although this figure was down slightly from 39.2 per cent in 2009. Our largest market for General Industry, by a substantial margin, was Europe and Africa, where revenue increased to EUR 31.2 million, up from EUR 29.4 million in the previous year.

The Middle East reported marginally higher revenue at EUR 8.2 million. Strong revenue growth was reported in the Australia, South East Asia segment, where revenue totalled EUR 6.6 million, up from EUR 4.8 million in 2009.

ORDER OVERVIEW

The year saw a number of important developments that look set to strengthen the position of the General Industry Unit. Our newest Centre of Excellence, Cavotec Meyerinck, reported several important orders during 2010, including one for 11 loading and unloading arms for a new bio-ethanol plant in Germany.

In a highly specialised application, Meyerinck is delivering and commissioning a Teflon-lined loading arm fitted with a vapour return line, for Qatar Vinyl in Doha. The unit has been engineered using Teflon for the transfer of hydrochloric acid, as neither carbon steel nor stainless steel is sufficiently resistant for the task. This project is typical of the work Cavotec performs in the General Industry market: delivering niche expertise and specialised technologies that are especially valued by our customers, and on which the place a high premium.

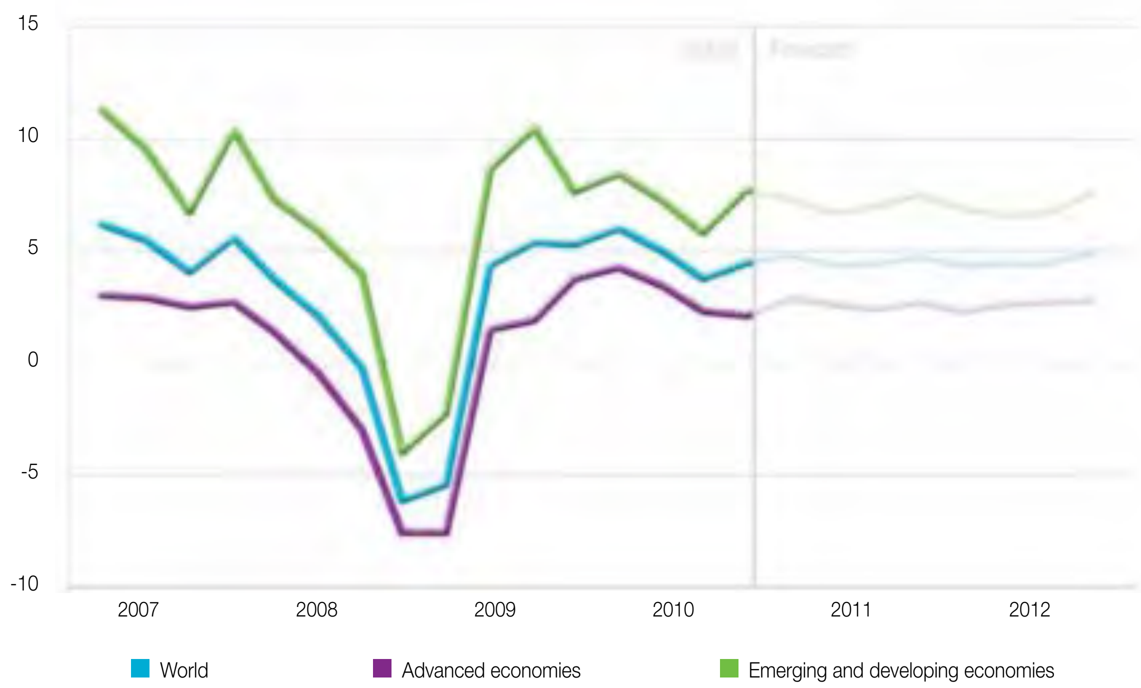
We also received a wide variety of orders for spring driven cable reels from customers in Germany and elsewhere. In Russia we supplied the Bolshoi Theatre in Moscow with specialised cable reels that will be used to supply power and data to the hoists controlling the theatre's backdrops.

We are also delighted to be working on a project with the Onassis Foundation House of Letters and Arts, based in Athens, for which we are supplying a range of customised spring driven cable reels designed to transfer power and data from the intermediate gallery and the grid to the lighting bars below.

In the Middle East, we received a wide range of orders, including one for eight Cavotec Meyerinck Top Loading Arms, made from both stainless steel and carbon steel for the transport and transfer of hazardous liquids such as polyol, which is a type of alcohol containing multiple hydroxyl groups.

In China, we received a large breakthrough Power Connectors order to supply plugs and sockets for use on the high-speed bullet trains connecting Shanghai and Beijing. The project consists of a total of 70 high-speed trains designed to cover the distance between the two cities in less than five hours.

Global GDP Growth %



LOOKING TO FUTURE GROWTH

Following a substantial negative shift in 2H08 global indicators for GDP growth have rebounded (see graph above). As these economic growth trends stabilize and regain momentum, we anticipate a positive outlook for the General Industry Market Unit Cavotec is uniquely equipped with a varied portfolio of systems and products that are critical to key elements of economic activity such as manufacturing and transport. As requirements regarding safety, efficiency and sustainability are tightened, Cavotec is likely to see increasingly larger and geographically broader markets for its automation and power supply technologies. As a result of these developments and to adequately prepare for sustained growth, specifically North America, we are in the process of establishing new offices and manufacturing facilities for our US operations in North Carolina.

Given current economic and environmental trends, and Cavotec's increasingly established position, we believe that the General Industry Market Unit is set for continued and substantial growth.

Cavotec sliprings meet all applicable IEC international norms and standards.

Slipring Columns

To allow the flow of electricity and signals in rotating devices, Cavotec manufactures an extensive range of slip ring columns. Compact design, stainless steel parts, and our patented multi-contact brush-gear, mean Cavotec sliprings are highly-sought after equipment in a diverse range of sectors.

We are also able to tailor our sliprings to individual customer requirements, for high voltage, high amperage or other specialised applications.

From heavy industry applications to major sporting or cultural events, our spring driven reels serve clients in a fantastically broad variety of applications.

Spring Driven Reels

Cavotec Alfo and Cavotec RMS spring electric reels reflect our commitment to quality and cost awareness. We combine innovative design for both standard and highly specialised applications, to supply industry needs effectively and swiftly.

Cavotec spring driven electric cable reels meet all applicable IEC and EU standards.


CAVOTEC

Our radio remote control units give our customers peace of mind in challenging environments.

Radio Remote Controls

Our customers use Cavotec Micro-control radio remote control units to operate machinery safely and securely in sectors as diverse as construction, maritime, process and automation. Fulfilling the world's most stringent safety regulations, our range of ATEX- and IEC-approved remote control units are used throughout the offshore energy industry, where our customers require their missioncritical systems to be fail-safe.

Cavotec power connectors are used in a vast variety of applications in a host of industries.

Power Connectors

Available in low and medium voltage, our power cable onnectors have become an industry benchmark for quality and reliability. Our connectors are supplied pre-fitted in standard power units, including short-circuit breakers. Cavotec has also developed a range of multi-pin outlets up to a maximum of 50 pins and 15 Amp.

Extensive service with leading manufacturers have proven the reliability of our cable chains in the most extreme conditions.

Cable Chains

Established in 1976, Italy's Brevetti Stendalto is the first ever company to produce nylon cable chains. The introduction of this revolutionary advance in cable and hose protection has made Brevetti the leading supplier of nylon and steel cable chains in Europe. Our power chains create substantial efficiency gains by speeding the movement of equipment, while fully protecting cables and hoses contained inside the chain.

Cavotec industrial loading arms are used wherever liquids need to be transferred.

Loading Arms

Cavotec Meyerinck loading arms are used to transfer liquid products in a wide range of applications: ships, trains, aircraft, tanker trucks, or all kinds of containers. Our loading arms guarantee safe and easy operation for loading or unloading liquids, including hazordous chemicals, petrochemicals and food stuffs.

Enabling a sustainable future

Industry faces constant pressure to improve efficiency. This is an economic imperative, a facet of human development and increasingly an environmental obligation.

Working closely with our customers, we apply fresh thinking and our extensive engineering experience to deliver substantive change to how a wide spectrum of industry functions: enhancing operational efficiency and improving resource management.

Making vital industries more sustainable

Our advanced products and expert service deliver affordable, effective solutions that improve how industry operates. One of the many sectors in which we are active, Ports & Maritime, is facing growing calls to reduce its environmental impact.

While the global shipping fleet carries some 90 per cent of the world's global trade more efficiently than air or road haulage, attention is increasingly falling on the industry, with the introduction of stricter legislative norms. For example, the EU Sulphur Directive came into force on January 1, 2010. [1] Under the directive, all ports in the 27-member bloc are required to ensure that most vessels' emissions in port have a sulphur content of less than 0.1 per cent.

Cuts in nitrogen oxide (NOx), sulphur oxide (SOx) and particulate matter – adopted by the International Maritime Organization (IMO) in 2008 – came into effect in July 2010, with full implementation scheduled for 2020. This measure sets out "a progressive reduction of SOx emissions from ships, with the global sulphur cap reduced initially to 3.50 per cent (from the current 4.50 per cent), effective from 1 January 2012; then progressively to 0.50 per cent, effective from January 1, 2020." [2]

Many ports and shipping lines are taking steps to reduce emissions that go further than existing legislation. For example, the World Ports Climate Initiative recently announced plans by the ports of Antwerp, Amsterdam, Bremen, Hamburg, Le Havre and Rotterdam to introduce the Environmental Ship Index (ESI), a system that rates ships' environmental performance while in port.

The voluntary scheme is designed to encourage operators to hasten the introduction of emission reduction programmes, with some terminals pledging to reduce charges for cleaner vessels from January 2011. The Dutch ports of Amsterdam, Rotterdam, Moerdijk and Dordrecht will reduce fees for vessels that successfully meet ESI standards.

Furthermore, Richard Branson's Carbon War Room organisation has launched an online, free-access data resource – Shipping Efficiency – that rates the efficiency of some 60 per cent of the world's shipping fleet. [3]

Cavotec has developed a solution that already helps ports and shipping lines around the world reduce emissions produced by vessels in port: Alternative Maritime Power (AMP). More broadly known as 'cold ironing', or shore-to-ship power, the practice enables ships to turn off their engines while in port and connect to shoreside, grid-generated electrical power, thus reducing fuel consumption and improving air quality in ports and surrounding communities.

With successful applications in ports across northern Europe and in Canada and the US, Cavotec's AMP is a well-established supplier to a sector that is set for continued growth.

Emission comparison

Source: Entec UK Ltd.

Electricity produced by diesel ship engines in port:	*Electricity produced by power plants (EU average):*	
12.47 NOx (g/kWh)	0.35 NOx (g/kWh)	35 times lower nitrogen oxide emissions with AMP
12.30 SO_2 (g/kWh)	0.46 SO_2 (g/kWh)	26 times lower sulphur dioxide emissions with AMP

Remaining with the Ports & Maritime sector, our automated mooring technology, MoorMaster™, eliminates the need for conventional mooring lines, helping ports operate more safely and more efficiently. With mooring times reduced from up to an hour to a matter of seconds, MoorMaster™ reduces vessel turn around times by up to an hour. As vessels using MoorMaster™ moor that much more quickly than using conventional means, they are also able shut down their engines sooner and tugs are required for shorter periods, thus having a positive effect on air quality.

MoorMaster™ is now an established and accepted product: different versions of the technology have performed more than 35,000 mooring operations since it was first introduced in 1998.

Cavotec has pioneered a similar system to the AMP shore-to-ship electrical supply system for the Airports sector: the pre-conditioned air (PCAir) system. PCAir expands dry compressed air to cool parked aircraft rather than using auxiliary power units (APUs) on aircraft to do this. APUs can burn between 200 and 600 litres of fuel per hour, generating pollution at airports and consuming substantial quantities of fuel.

According to the International Air Transport Association, airlines are aiming for at least an additional 25 per cent improvement in fuel efficiency and CO_2 emissions by 2020, through technological and operational enhancements. [4] Cavotec's PCAir units, pop-up utility systems, potable water hoses, and other technical services housed under the tarmac apron and in hangars eliminate the need for service vehicles, diesel generators, and cables and hoses that typically clutter and pollute much of the area around parked aircraft. After use, the units close flush with the tarmac. Again, these are solutions that are already serving applications all over the world: established technologies that are today and will in the future help new and existing customers operate more efficiently and more sustainably.

Cavotec makes vital industries, such as Mining & Tunnelling, the offshore energy sector and automation, more efficient and more sustainable, thereby reducing their environmental impact. We anticipate that each of these segments can expect further growth over the medium-term, and with it, greater environmental scrutiny. Cavotec technologies support these industries in their efforts to become more efficient and more sustainable.

By applying advances in cable reel technology, we seek to ensure precious metals and staple minerals are extracted and transported as efficiently as possible. And our innovative power supply solutions help industry reduce its dependence on dieseldriven machinery. We supply cable reels, radio remote controls, slip ring columns, power connectors, cables and cable chains, all of which are designed to drive efficient, sustainable operations.

As industry takes increasingly concerted steps to reduce environmental impact and improve operational efficiency, Cavotec will continue to make it easier for industry to operate more sustainably and more sustainably – as we have done throughout our four decades of growth as a leading engineering group.

[1] Official Journal of the European Union, DIRECTIVE 2005/33/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, L 191/65 http://www.westpandi.com/Documents/News/EUSulphurDirective.pdf

[2] IMO Briefing 36/2010, July 1, 2010: Air pollution from ships cut, with entry into force of MARPOL amendments: http://www.imo.org/MediaCentre/PressBriefings/Pages/MARPOL-Annex-VI-EIF.aspx

[3] http://www.shippingefficiency.org/

[4] IATA web site: http://www.iata.org/whatwedo/environment/Pages/climate_change.aspx

Cavotec's Centres of Excellence

We have always worked in partnership with our customers: seeking to develop specific solutions to meet their specific requirements. Our ability to consistently drive fresh thinking and develop viable solutions is typified by our eight Centres of Excellence, based in Italy, Germany, New Zealand, Norway, Sweden, the UK and the US.

All design and manufacture of Cavotec systems takes place at these centres, where our engineers seek to challenge and improve existing practice, dating to explore the potential advanced technology has to offer.

Cavotec Alfo

• Location: Overath, Germany
• Established: 1991
• Size: 7,000 sqm

Cavotec Alfo specialises in the design and manufacture of spring reels and slipring columns, used in many different industry sectors. Our spring driven cable reels meet all applicable IEC international standards and comply with the latest EU-requirements (CE-marking). Strict attention to detail combined with an innovative spirit has made the company an acknowledged industry leader.

Cavotec Connectors

• Location: Staffanstorp, Sweden
• Established: 1991
• Size: 2,000 sqm

Cavotec Connectors' electrical power connectors, power supply connectors, power cable connectors and rotating electrical power connectors are used in many different industrial applications found in ports and terminals, mining and tunnelling, railways, steel and aluminium plants, mobile generator sets, offshore, and other mobile industrial machinery.

Cavotec Dabico

• Location: Costa Mesa, CA, USA
• Established: 1966
• Size: 4,500 sqm

Cavotec Dabico has led the market for in-ground fuel systems for aircraft for over four decades. Our experience extends back to four decades, when the first airport hydrant fuelling systems were designed and installed. Customising our products to meet the demands of customers is a specialty of the company.

Cavotec Fladung

• Location: Mömbris, Germany
• Established: 1968
• Size: 5,000 sqm

Cavotec Fladung has been a pioneer of airport ground support equipment specialising in in-ground utility systems – including our pre-conditioned air (PCAir) system – mobile caddies, aircraft cables, connectors and tow bars and cable coilers.

Cavotec Meyerinck

- Location: Fernwald, Germany
- Established: 1968
- Size: 3,000 sqm

Cavotec Meyerinck, based in Germany, supplies a wide range of fuelling systems, fluid and surge control, and loading terminal products for the aviation sector. In addition, we manufacture similar solutions for the petrochemical and food beverage industries.

Cavotec Micro-control

- Location: Hell, Norway
- Established: 1985
- Size: 3,000 sqm

Cavotec Micro-control supplies a comprehensive range of radio remote control systems (RRCs) designed for a vast range of applications in the offshore, mining, and maritime sectors, and general and process industries around the world.

Cavotec MoorMaster

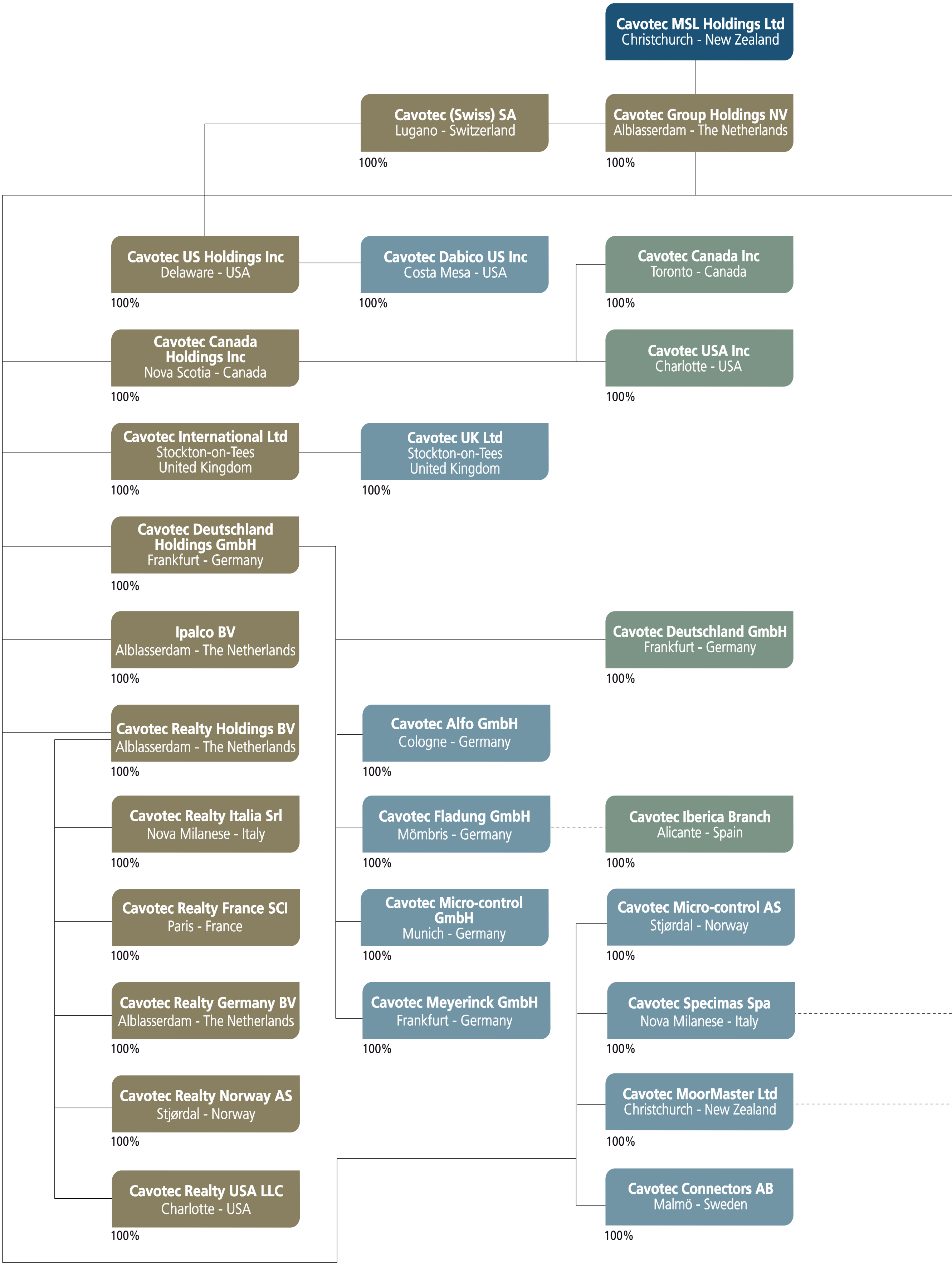
- Location: Christchurch, New Zealand
- Established: 1999
- Size: 500 sqm

Based in Christchurch, New Zealand, the Cavotec MoorMaster technical team consists of experienced maritime personnel, naval architects and mechanical and electrical engineers who continue to develop our revolutionary vacuum-based automated mooring solution, MoorMaster™.

Cavotec Specimas

- Location: Nova Milanese, Italy
- Established: 1963
- Size: 8,000 sqm

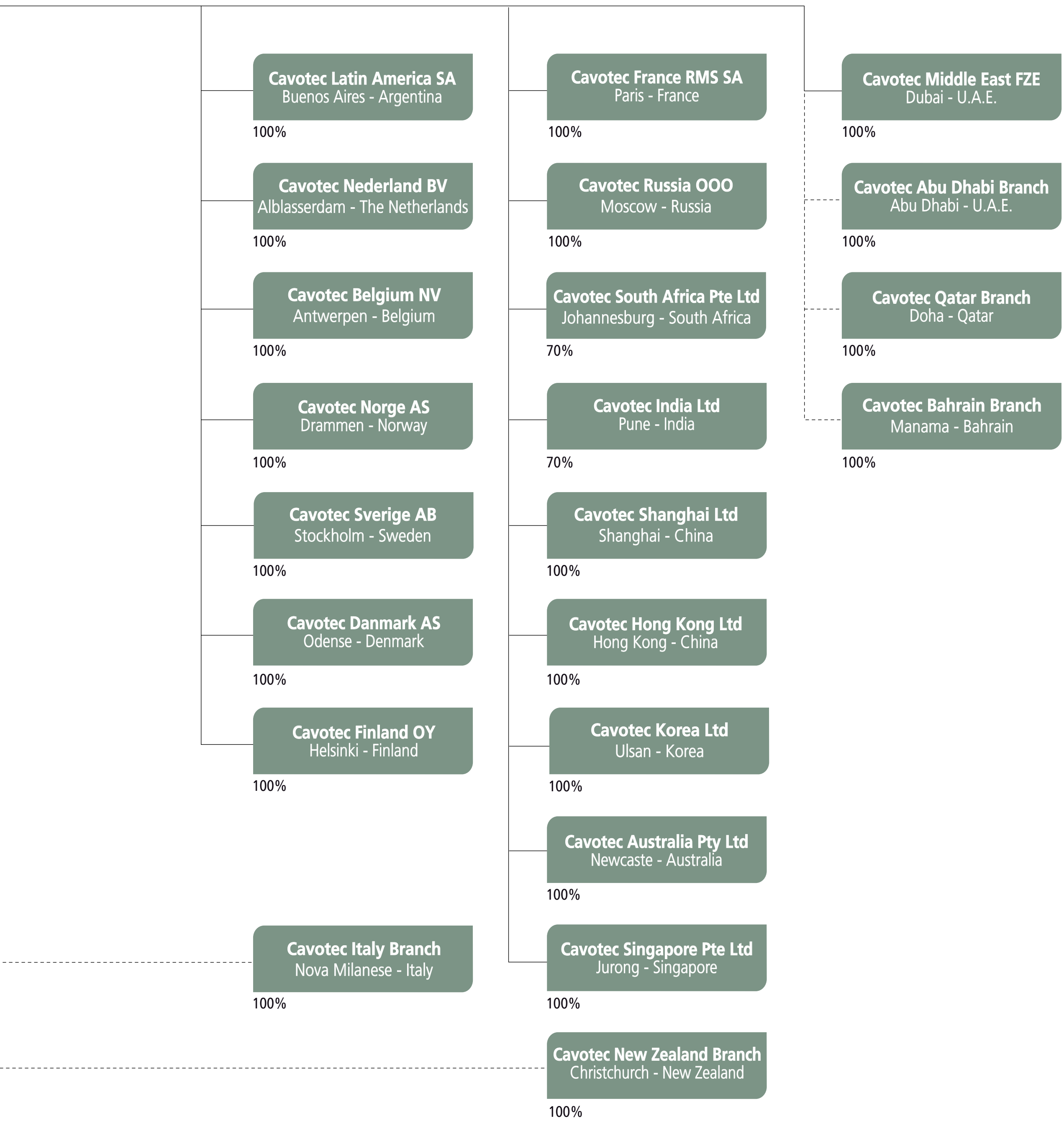
Cavotec Specimas is a leading developer of motorised cable reel technology for the ports, mining and tunnelling and general industry sectors. Our engineers design and manufacture our cold ironing system, Alternative Maritime Power (AMP), motorised cable reels, our patented Panzerbelt cable protection system, power cables and electric marine propulsion sliprings.



All subsidiaries have a balance sheet date of 31 December.
The principale activities of each of the subsidiaries is disclosed per the columns above.

Cavotec major subsidiaries and participations

Cavotec MSL Organisation Chart as per 31 December, 2010



Cavotec Group Holdings in NZ & other participations
Cavotec Group Sub-holdings & Corporate Companies
Cavotec "Centres of Excellence" and other manufacturing facilities
Cavotec Sales Companies

The Board of Directors of Cavotec MSL Holdings Ltd. is pleased to present the Consolidated Financial Statements for 2010.

This report is dated 21 February 2011 and is signed on behalf of the Board of Cavotec MSL Holdings Limited by

Stefan Widegren
Executive Chairman

Ottonel Popesco
Chief Executive Officer

Please note that all reported amounts in this report are in Euro.

Financial reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Comprehensive Income
for the year ended 31 December, 2010

	Notes	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Revenue from sales of goods	5	144,959,917	125,257,896	-	-
Other income	6	3,662,599	2,737,092	336,556	276,905
Raw materials and change in inventory		(65,801,455)	(57,877,946)	-	-
Employee benefit costs	7	(42,030,869)	(36,902,666)	-	-
Operating expenses	8	(25,027,341)	(20,944,166)	(372,648)	(283,287)
Gross Operating Result		**15,762,851**	**12,270,210**	**(36,092)**	**(6,382)**
Depreciation and amortisation		(3,375,919)	(3,318,740)	(164,928)	(104,041)
Operating Result		**12,386,932**	**8,951,470**	**(201,020)**	**(110,423)**
Net financial costs	9	(972,995)	(819,766)	194,739	119,835
Profit before income tax		**11,413,937**	**8,131,704**	**(6,281)**	**9,412**
Income taxes	10	(3,408,220)	(2,932,078)	(32,311)	(9,029)
Profit for the year		**8,005,717**	**5,199,626**	**(38,592)**	**383**
Other comprehensive income:					
Exchange differences on translation of foreign operations		3,465,353	872,844	14,661,897	18,049,083
Fair value adjustment: to available for sale financial assets		(466,273)	448,949	-	-
Total comprehensive income for the year		**11,004,798**	**6,521,419**	**14,623,306**	**18,049,466**
Total comprehensive income attributable to:					
Equity holders of the Group		10,933,966	6,471,599		
Minority interest		70,832	49,820		
Total		**11,004,798**	**6,521,419**		
Profit / (loss) attributed to:					
Equity holders of the Group		7,931,535	5,149,495		
Minority interest		74,182	50,131		
Total		**8,005,717**	**5,199,626**		
Basic and diluted earnings per share attributed to the equity holders of the Group	25	0.125	0.081		

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Balance Sheet
at 31 December, 2010

		Consolidated		Parent	
Assets	Notes	2010	2009	2010	2009
Current assets					
Cash and cash equivalents		12,203,021	10,956,996	43,901	41,215
Trade receivables	5,11	31,298,002	31,643,664	-	-
Other current receivables	12	3,356,058	3,136,708	40,143	8,892
Inventories	5,13	28,580,569	23,156,962	-	-
Assets held for sale		-	608,040	-	-
Total current assets		**75,437,650**	**69,502,371**	**84,044**	**50,107**
Non-current assets					
Property, plant and equipment	14	20,259,600	13,919,404	35,652	45,775
Intangible assets	15	50,739,096	50,435,287	2,257,822	2,003,908
Investments in subsidiary companies		-	-	110,335,358	95,830,832
Non-current financial assets	16	429,005	-	-	-
Deferred tax assets	17	1,181,334	889,275	-	-
Other non-current receivables		275,980	558,485	-	154,530
Total non-current assets		**72,885,015**	**65,802,451**	**112,628,832**	**98,035,045**
Total assets		**148,322,665**	**135,304,822**	**112,712,876**	**98,085,152**
Liabilities		2010	2009	2010	2009
Current liabilities					
Bank overdrafts	18	-	(4,448,495)	(1,556,829)	(607,128)
Current financial liabilities	18	(3,558,836)	(4,641,068)	-	-
Trade payables	5,19	(23,645,263)	(20,778,357)	(25,607)	(18,855)
Other current liabilities	20	(10,082,369)	(10,224,901)	(117,974)	(108,100)
Total current liabilities		**(37,286,468)**	**(40,092,821)**	**(1,700,410)**	**(734,083)**
Non-current liabilities					
Non-current financial liabilities	18	(28,318,940)	(23,722,556)	-	-
Deferred tax liabilities	21	(2,698,045)	(1,740,218)	-	-
Other non-current liabilities		(43,501)	-	(61,872)	-
Provision for risks and charges	22	(2,471,658)	(2,136,104)	-	-
Total non-current liabilities		**(33,532,144)**	**(27,598,878)**	(61,872)	-
Total liabilities		**(70,818,612)**	**(67,691,699)**	**(1,762,282)**	**(734,083)**
Net assets		**77,504,053**	**67,613,123**	**110,950,594**	**97,351,069**
Equity	Notes	2010	2009	2010	2009
Contributed equity	23	(42,577,669)	(42,577,669)	(105,066,154)	(105,066,154)
Currency exchange reserve	24	(595,623)	2,857,193	(8,410,132)	6,251,766
Available for sale reserve	24	-	(450,385)	-	-
Retained earnings		(33,983,103)	(27,175,177)	2,525,692	1,463,319
		(77,156,395)	**(67,346,038)**	**(110,950,594)**	**(97,351,069)**
Minority interest part of equity		(347,658)	(267,085)	-	-
Total equity		**(77,504,053)**	**(67,613,123)**	**(110,950,594)**	**(97,351,069)**
Total equity and liabilities		**(148,322,665)**	**(135,304,822)**	**(112,712,876)**	**(98,085,152)**
Net tangible asset per share		0.421	0.270	1.708	1.498

Financial reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Changes in Equity
for the year ended 31 December, 2010

Group	Share Capital	Currency reserves	Available for sale reserve	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2009	(42,577,669)	3,728,912	-	(22,025,682)	(60,874,439)	(217,265)	(61,091,704)
Profit for the year	-	-	-	(5,149,495)	(5,149,495)	(50,131)	(5,199,626)
Exchange differences on translation	-	(871,719)	(1,436)	-	(873,155)	311	(872,844)
Fair value adjustment - to available for sale financial assets	-	-	(448,949)	-	(448,949)	-	(448,949)
Total comprehensive income and expenses	**-**	**(871,719)**	**(450,385)**	**(5,149,495)**	**(6,471,599)**	**(49,820)**	**(6,521,419)**
Balance as at 31 December 2009	(42,577,669)	2,857,193	(450,385)	(27,175,177)	(67,346,038)	(267,085)	(67,613,123)
Balance as at 1 January 2010	(42,577,669)	2,857,193	(450,385)	(27,175,177)	(67,346,038)	(267,085)	(67,613,123)
Profit for the year	-	-	-	(7,931,535)	(7,931,535)	(74,182)	(8,005,717)
Exchange differences on translation	-	(3,452,816)	(15,888)	-	(3,468,704)	3,351	(3,465,353)
Fair value adjustment - to available for sale financial assets	-	-	466,273	-	466,273	-	466,273
Total comprehensive income and expenses	**-**	**(3,452,816)**	**450,385**	**(7,931,535)**	**(10,933,966)**	**(70,832)**	**(11,004,798)**
Dividends	-	-	-	1,113,867	1,113,867	-	1,113,867
Reduction in minority interest	-	-	-	9,742	9,742	(9,742)	-
Transactions with shareholders	**-**	**-**	**-**	**1,123,609**	**1,123,609**	**(9,742)**	**1,113,867**
Balance as at 31 December 2010	(42,577,669)	(595,623)	-	(33,983,103)	(77,156,395)	(347,658)	(77,504,053)

Parent	Share Capital	Currency reserves	Available for sale reserve	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2009	(105,066,154)	24,300,849	-	1,463,702	(79,301,603)	-	(79,301,603)
Profit for the year	-	-	-	(383)	(383)	-	(383)
Exchange differences on translation	-	(18,049,083)	-	-	(18,049,083)	-	(18,049,083)
Total comprehensive income and expenses	**-**	**(18,049,083)**	**-**	**(383)**	**(18,049,466)**	**-**	**(18,049,466)**
Balance as at 31 December 2009	(105,066,154)	6,251,766	-	1,463,319	(97,351,069)	-	(97,351,069)
Balance as at 1 January 2010	(105,066,154)	6,251,766	-	1,463,319	(97,351,069)	-	(97,351,069)
Profit for the year	-	-	-	38,592	38,592	-	38,592
Exchange differences on translation	-	(14,661,898)	-	-	(14,661,898)	-	(14,661,898)
Total comprehensive income and expenses	**-**	**(14,661,898)**	**-**	**38,592**	**(14,623,306)**	**-**	**(14,623,306)**
Dividends	-	-	-	1,023,781	1,023,781	-	1,023,781
Transactions with shareholders	**-**	**-**	**-**	**1,023,781**	**1,023,781**	**-**	**1,023,781**
Balance as at 31 December 2010	(105,066,154)	(8,410,132)	-	2,525,692	(110,950,594)	-	(110,950,594)

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows
for the year ended 31 December, 2010

	Consolidated		Parent	
Operating activities	2010	2009	2010	2009
Cash was provided from:				
Receipts from customers	158,054,679	128,666,455	335,794	484,466
Income tax refund	-	-	-	116,385
Interest received	316,780	746,745	10,241	8,324
Total cash inflows	158,371,459	129,413,200	346,035	609,175
Cash was applied to:				
Payment to suppliers	100,330,609	78,816,581	383,630	364,105
Payment to employees	40,963,422	37,590,991	-	-
Income tax and VAT paid	4,058,678	2,064,013	50,981	-
Interest paid	2,068,170	2,347,159	-	34,973
Total cash outflows	147,420,879	120,818,744	434,611	399,078
Net cash inflow from operating activities	10,950,580	8,594,456	(88,576)	210,097

	Consolidated		Parent	
Financing activities	2010	2009	2010	2009
Cash was applied to:				
Borrowings	8,237,731	23,748,781	57,908	-
Repayment of loans	(4,811,139)	(17,086,840)	-	-
Dividends paid	(1,113,867)	(111,358)	(1,131,731)	-
Unrealised exchange difference	255,708	-	292,449	-
Net cash inflow / (outflow) from financial activities	2,568,433	6,550,583	(781,374)	-

	Consolidated		Parent	
Investing activities	2010	2009	2010	2009
Cash was applied to:				
Purchase of intangible assets	(525,206)	(279,691)	(102,745)	(120,580)
Purchase of property, plant and equipment	(7,954,396)	(3,538,754)	-	-
Purchase of financial assets	(127,989)	-	-	-
Sale of property, plant and equipment	109,561	155,956	-	10,880
Reduction of financial assets	-	24,221	166,521	-
Sale of other assets	(48,093)	342,923	-	-
Net cash inflow / (outflow) from investing activities	(8,546,123)	(3,295,345)	63,776	(109,700)
Net (decrease) / increase in cash held	4,972,890	11,849,694	(806,174)	100,397
Cash at beginning of year	6,508,501	(4,790,763)	(565,913)	(551,036)
Currency exchange differences	721,630	(550,430)	(140,841)	(115,274)
Cash at end of the year	12,203,022	6,508,501	(1,512,928)	(565,913)
Cash comprises:				
Cash and cash equivalents	12,203,021	10,956,996	43,901	41,215
Bank overdrafts	-	(4,448,495)	(1,556,829)	(607,128)
Total	12,203,021	6,508,501	(1,512,928)	(565,913)

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Cash generated from operations

for the year ended 31 December, 2010

Reconciliation of profit for the year to Net cash from operating activities.

	Consolidated		Parent	
	2010	2009	2010	2009
Profit for the year	8,005,717	5,199,626	(38,592)	383
Depreciation and amortisation	3,375,919	3,318,740	164,928	104,041
Deferred tax	(1,249,886)	(423,971)	-	-
Provisions for risks and charges	335,554	(137,692)	-	-
Gain of sales of assets	(458,050)	(3,043)	-	-
Unrealised exchange difference	3,514,246	311,693	(200,286)	(298,056)
Items not involving cash flows	5,517,783	3,065,727	(35,358)	(194,014)
Investing activities				
Dividends received	-	-	-	-
Inventories	(5,423,607)	3,552,403	-	-
Trade receivables	345,662	(1,671,982)	-	-
Other current receivables	(219,350)	(671,530)	(31,252)	194,921
Trade payables	2,866,906	(1,427,192)	6,752	2,063
Other current liabilities	(142,531)	547,404	9,874	206,745
Impact of changes in working capital	(2,572,919)	329,103	(14,626)	403,729
Net cash inflow / (outflow) from operating activities	10,950,580	8,594,456	(88,576)	210,097

Notes to the Financial Statements for the year
ended 31 December, 2010

Note 1. General information

Cavotec MSL Holdings Limited (the 'Company') and its subsidiaries (together 'the Group') designs and manufactures a wide range of innovative mobile power supply solutions. The Group has 10 Research and Engineering Centres located in Germany, Italy, New Zealand, Norway, Sweden, the United Kingdom and the United States of America. Sales and distribution is achieved through 28 sales companies and branch offices and a network of distributor partners spread throughout the world. On 5 January 2007 Cavotec Group Holdings NV was acquired in a reverse takeover by Mooring Systems Limited, which purchased 100% of the shares in Cavotec Group Holdings NV. Mooring Systems Limited changed its name to Cavotec MSL Holdings Limited to reflect the business of the newly combined company.

The Company is a limited liability Company incorporated and domiciled in New Zealand. The address of its registered office is Amuri Park, Unit 9, First Floor, 404 Barbados Street, Christchurch.

The Company is listed on the New Zealand stock exchange. These Financial Statements have been approved for issue by the Board of Directors on 21 February 2011.

Note 2. Basis of preparation

These Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and are in compliance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate, for profit oriented entities. The Financial Statements are in compliance with International Financial Reporting Standards (IFRS).

The presentation format of the Statement of Comprehensive Income has been modified in part in 2010 with the number of line captions included on the face of the Statement having being reduced. The relevant details relating to these line captions are included in the notes to the Financial Statements. Numbers reported for 2009 have been appropriately modified and reclassified.

Historical Cost Convention

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities at fair value through profit and loss.

Entities reporting

In accordance with accounting for reverse acquisitions under NZ IFRS 3 - "Business Combinations" the Group Financial Statements presented are those of the previous Cavotec Group Holdings NV and subsidiaries as if it had acquired Cavotec MSL Holdings Limited (formerly Mooring Systems Limited).

The Financial Statements of the parent are for the legal parent, Cavotec MSL Holdings Limited (formerly Mooring Systems Limited).

The Group is designated as a profit-oriented entity for financial reporting purposes.

Statutory base

Cavotec MSL Holdings Limited is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Standards approved but not yet effective

The International Financial Reporting Standards Board has issued a number of standards, amendments and interpretations which are not yet effective. The following are the ones that are deemed to be relevant to the Group:

NZ IFRS 9 "Financial Instruments" was approved for periods beginning on or after 1 January 2013. This standard replaces the multiple classification and measurement models in IAS 39 Financial Instruments: Recognition and measurement with a single model that has only two categories: amortised cost and fair value. The Group intends to adopt this standard in the 2013 financial year. The new standard is not expect to significantly impact the Group but will result in some amended presentation within the Financial Statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

Notes to the Financial Statements for the year
ended 31 December, 2010

NZ IFRS 3: Business combinations

The standard revises the nature of costs that can be capitalized in a business combination. The standard was adopted in the current year. However since there were no significant acquisitions or disposed activities in the current year it has had no impact on the Financial Statements.

NZ IAS 27 (revised): Consolidated and Separate Financial Statements

The revision requires that changes in ownership interest of a subsidiary be accounted for as an equity transaction. The only change in ownership interest in the current year was the increase in the shareholding of Cavotec Korea from 80% to 100%, which has been included within transactions with shareholders.

Critical accounting estimates

The preparation of the Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 4.

Note 3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, namely, 31 December 2010 and 2009.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the related entity operates ('the functional currency'). The Financial Statements are presented in Euros, which is the Group and Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign operations, and of borrowings are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred.

(ii) Transactions and minority interests

The Group treats transaction with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss, and its share of post-acquisition movements in other comprehensive income are recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies by the Group.

Notes to the Financial Statements for the year
ended 31 December, 2010

(iv) Scope of Consolidation

The consolidated Financial Statements include the statements at 31 December 2010 of the companies included in the scope of consolidation, which have been prepared in accordance of NZIFRS and IFRS adopted by the Cavotec Group. Below is a list of companies consolidated on a line by line basis and the respective shares held either directly or indirectly by the Group:

Name	Registered office	Controlled through	% Group ownership	
			Direct	Indirect
Cavotec (Swiss) SA	Lugano - Switzerland	Cavotec Group Holdings NV		100%
Cavotec Alfo GmbH	Köln - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Australia Pty Ltd	Newcastle - Australia	Cavotec Group Holdings NV		100%
Cavotec Belgium NV	Antwerpen - Belgium	Cavotec Group Holdings NV		100%
Cavotec Canada Holding Inc	Nova Scotia - Canada	Cavotec Group Holdings NV		100%
Cavotec Canada Inc	Toronto - Canada	Cavotec Canada Holding Inc		100%
Cavotec Connectors AB	Malmö - Sweden	Cavotec Group Holdings NV		100%
Cavotec Dabico US Inc	Costa Mesa - United States of America	Cavotec US Holdings Inc		100%
Cavotec Danmark AS	Odense - Denmark	Cavotec Group Holdings NV		100%
Cavotec Deutschland GmbH	Frankfurt - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Deutschland Holdings GmbH	Frankfurt - Germany	Cavotec Canada Holding Inc		100%
Cavotec Finland OY	Helsinki - Finland	Cavotec Group Holdings NV		100%
Cavotec Fladung GmbH	Mömbris - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec France RMS SA	Paris - France	Cavotec Group Holdings NV		100%
Cavotec Group Holdings NV	Alblasserdam - The Netherlands	-	100%	
Cavotec Hong Kong Ltd	Hong Kong - China	Cavotec Group Holdings NV		100%
Cavotec India Ltd	Pune - India	Cavotec Group Holdings NV		70%
Cavotec International Ltd	Stockton-On-Tees - United Kingdom	Cavotec Group Holdings NV		100%
Cavotec Korea Ltd	Ulsan - Korea	Cavotec Group Holdings NV		100%
Cavotec Latin America	Buenos Aires - Argentina	Cavotec Group Holdings NV		90%
		Ipalco BV		10%
Cavotec Meyerinck GmbH	Frankfurt - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Micro-control AS	Stjørdal - Norway	Cavotec Group Holdings NV		100%
Cavotec Micro-control GmbH	Munich - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Middle East FZE	Dubai - U.A.E.	Cavotec Group Holdings NV		100%
Cavotec MoorMaster Ltd	Christchurch - New Zealand	Cavotec Group Holdings NV		100%
Cavotec Nederland BV	Alblasserdam - The Netherlands	Cavotec Group Holdings NV		100%
Cavotec Norge AS	Drammen - Norway	Cavotec Group Holdings NV		100%
Cavotec Realty France SCI	Paris - France	Cavotec Realty Holdings BV		100%
Cavotec Realty Germany BV	Alblasserdam - The Netherlands	Cavotec Realty Holdings BV		100%
Cavotec Realty Holdings NV	Alblasserdam - The Netherlands	Cavotec Group Holdings NV		100%
Cavotec Realty Italia Srl	Nova Milanese - Italy	Cavotec Realty Holdings BV		100%
Cavotec Realty Norway AS	Stjørdal - Norway	Cavotec Realty Holdings BV		100%
Cavotec Realty USA LLC	Charlotte - Unites States of America	Cavotec Realty Holdings BV		100%
Cavotec Russia OOO	Moscow - Russia	Cavotec Group Holdings NV		100%
Cavotec Shanghai Ltd	Shanghai - China	Cavotec Group Holdings NV		100%
Cavotec Singapore Pte Ltd	Jurong - Singapore	Cavotec Group Holdings NV		100%
Cavotec South Africa Pte Ltd	Johannesburg - South Africa	Cavotec Group Holdings NV		70%
Cavotec Specimas Spa	Nova Milanese - Italy	Cavotec Group Holdings NV		100%
Cavotec Sverige AB	Stockholm - Sweden	Cavotec Group Holdings NV		100%
Cavotec UK Ltd	Stockton-On-Tees - United Kingdom	Cavotec International Ltd		100%
Cavotec US Holdings Inc	Delaware - United States of America	Cavotec (Swiss) SA		100%
Cavotec USA Inc	Charlotte - Unites States of America	Cavotec Canada Holding Inc		100%
Ipalco BV	Alblasserdam - The Netherlands	Cavotec Group Holdings NV		100%

From 1st of December 2010, the ownership of Cavotec Korea has been increased from 80% to 100% for a total consideration of KRW 13,500,000 (EUR 8,948 at 1st of December exchange rate).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chairman and the Chief Executive Officer jointly supported and assisted by the Executive Management Committee.

In addition, the Group organizes its marketing effort under four Market Units: Ports & Maritime, Mining & Tunnelling, Airport Industry, and General Industry.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using a straight line method so as to expense the cost of the assets over their useful lives. The rates are as follows:

	Annual Percentage
Industrial buildings	4
Building improvements and other constructions in leasehold properties	20
Plant and machinery	10 to 20
Laboratory equipment and miscellaneous tools	20
Furniture and office machines	20
Motor vehicles	20
Computer hardware and software	33

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

Leases

Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under a finance lease are depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units ("CGU") for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each Market Unit. Reductions in the value of goodwill are recognised if the recoverable amount of goodwill is less than its carrying amount

(ii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets at cost and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from 3 to 5 years.

(iii) Patents

Patents acquired in a business combination are recognised at fair value at acquisition date. Patents are amortised on a straight line basis over the period over which they are valid (not exceeding 20 years) or their estimated useful life if shorter.

Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the FIFO (first –in , first – out) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads which are attributed based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated variable costs necessary to make the sale.

Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date, which is the day when the Group contractually commits to acquire or dispose of the assets. Trade receivables are recognized on issuance of invoices. Liabilities are recognized when the other party has performed and there is a contractual obligation to pay.

Derecognition (fully or partially) of a financial asset occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been removed from the Group. The Group derecognizes (fully or partially) a financial liability when the obligation specified in the contract is discharged or otherwise expires.

A financial asset and a financial liability is offset and the net amount presented in the Balance Sheet when, and only when, there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Measurement and classification

Financial instruments are, at initial recognition, measured at fair value with addition or deduction of transaction costs in the case of a financial asset or a financial liability not measured at fair value through profit and loss. Financial instruments, upon initial recognition, are classified in accordance with the categories in IAS 39 based on the purpose of the acquisition of the instrument. The financial instruments are classified as follows:

- Financial instruments are designated at fair value through profit and loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. They are included in "Current or non-current financial assets". Financial instruments at fair value through profit and loss are measured at fair value and changes therein are recognized in profit and loss.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in "trade receivables", "other current & non-current receivables", and "current or non-current financial receivables" in the Balance Sheet. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables, and on a prudent basis, on past due accounts. The amount of the provision is the difference between the asset's carrying amount and realisable value. The amount of the provision is recognised in the Statement of Comprehensive Income. The fair value of loans and receivables is the same as the carrying amount since they are not discounted given the short expected time to payment.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held to maturity investments are subsequently measured at amortized cost using the effective interest rate method, less any impairment losses.

- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income except for impairment losses which are recognized in profit and loss. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit and loss.

- Derivative instruments are measured at fair value. For derivatives which are not part of hedge accounting (classified as financial assets or liabilities held for trading), changes in fair value are reported as operating or financial income or expense based on the purpose of the use of the derivatives and whether the instruments relate to operational or financial items. Fair value changes on derivatives are recognized in profit and loss unless the derivatives are designated as hedging instruments in cash flow or net investment hedges (see section below about hedge accounting).

Impairment of financial assets

Financial assets, except for such assets classified at fair value through profit and loss, are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. If the reasons for write-down should cease to exist, the value of the asset is restored up to the value it would have if no impairment had been recognised.

Hedge accounting

In order to qualify for hedge accounting according to IAS 39, the hedging relationship must be designated, the hedge expected to be highly effective and the hedge relationship documented. The Group assesses, evaluates and documents effectiveness both at hedge inception and on an on-going basis. The method of recognizing a gain or loss resulting from hedging instruments is dependent on the type of hedge relationship, i.e. which type of risk exposure that is secured by the hedging instrument.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. These changes in the fair value of the hedged asset or liability are recognized in profit and loss to offset the effect of gain or loss on the hedging instrument. Based on decisions taken in the Financial Risk Management Committee, transaction exposure can be hedged using various derivative instruments. The overriding objective is to attain cash flow or fair value hedge accounting in the consolidated Financial Statements.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income to the extent that the hedge is effective and the accumulated changes in fair value are recognized as a separate component in equity. To the extent that the hedge is ineffective, changes in fair value are recognized in profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity via other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity via other comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases, the amount recognized in equity via other comprehensive income is transferred to profit and loss in the same period that the hedged item affects profit and loss.

Gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. Gain or loss relating to the ineffective portion is recognized immediately in profit and loss. Gains and losses accumulated in other comprehensive income are included in profit and loss on disposal of foreign operations.

Notes to the Financial Statements for the year
ended 31 December, 2010

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of an undrawn loan facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of liabilities for at least 12 months after the Balance Sheet date.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Provisions

Provisions for deferred compensation and warranty are recognised when the Group has a present, legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding value added taxes, goods and service tax (GST), rebates and discounts. Revenue is recognised as follows:

(i) Sales of goods

Sales of goods are recognised when the entity has shipped a product to the customer.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Long term contracts

Contract revenues and related costs from contracts involving complete project solutions achieved through system integration are recognized on the percentage of completion method when the outcome of the contract can be mesured reliably. Completion is generally measured by reference to the cost incurred to date as a percentage of the estimated total project costs. The milestone output method is applied when the nature of the individual projects indicates that a milestone method is the most applicable measure of progress.

Billings that exceed revenues recognized under percentage of completion are recorded as advances from customers. Revenues recognized under percentage of completion method that exceed billings are booked as unbilled receivables.

Recognized revenues and profits are subject to revisions during the project life span in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period when such revisions become known and measurable. Losses on projects are recognized immediately when known and measurable.

Claims for extra work or change in scope of work may be included in contract revenues when collection is highly probable.

Value Added Tax (VAT) and Goods and Services Tax (GST)

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of VAT or GST. All items in the Balance Sheet are also stated net of VAT or GST, with the exception of receivables and payables, which include VAT or GST invoiced.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance sheet date. Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's Board of Directors.

Income tax

The income tax expense for the period is the tax payable on the current years taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit and loss.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Changes in accounting policies

There have been no material changes in accounting policies during the period other than the initial applications of IFRS3 revised and IAS27 revised. The Company and Group have not adopted early any New Zealand Equivalents to International Financial Reporting Standards.

Notes to the Financial Statements for the year
ended 31 December, 2010

Note 4. Critical accounting estimates and judgments

Estimates and judgments 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.

Goodwill impairment test

The Group allocates the Goodwill to the cash-generating units (CGU's) identified according to the Market Units.

2010 EUR (000,000's)	America	Asia Pacific	Europe, Middle East, Africa	Total
Ports & Maritime	2.1	21.0	0.1	23.2
Mining & Tunnelling	-	-	0.6	0.6
Airport Industry	6.1	-	8.4	14.5
General Industry	-	-	6.5	6.5
Total	8.2	21.0	15.6	44.8

Previous year unallocated Goodwill (EUR 4.7) has been allocated to the following Market Units: Mining & Tunnelling 0.5, to Airport Industry 3.0 and General Industry 1.2

In its review of the carrying amounts of goodwill of year-end 2010, management specifically considered the performance outlook of its Ports & Maritime and Airport industry Market Units and the underlying business operations to resolve whether the recoverable amounts for these units cover their carrying amounts. In the Ports & Maritime Market Unit the goodwill came from the acquired businesses Mooring Systems Ltd. and Dabico while In the Airport industry Market Unit a significant part of the goodwill relates to the Fladung operations acquired several years ago and the recently acquired businesses including Meyerinck and Dabico.

The recoverable amount is calculated as the net present value of the projected risk adjusted, pre-tax, free cash flows of the CGU in which the goodwill is contained applying a discount rate equivalent to the weighted average cost of capital calculated to be 6.8% post tax (2009: 8.5% post tax) with the reduction deriving from lower market inputs. Cash flows are based on five year forecasts approved by management and 2.5% perpetual growth. The projected growth rate over the five year period is related to the maturity of the product, its market, and an assessment as to the ability of the Company to take advantage of this market taking into account orders received, commercial negotiations currently in place and future expectations. The projected growth for MoorMaster™ for the years ending 31 December 2011 to 2014 is based on applying a probability weighting to identify potential orders and other projects of 50% and 25% respectively.

The same model is applied to all segments carrying goodwill. Based on the estimated cash flows these units are expected to generate from their businesses, discounted back to their present value using the above mentioned discount rate, the management concluded that goodwill allocated to these Market Units remained recoverable at 31 December 2010. Management believes that reasonable changes in key assumptions used to determine the recoverable amounts of all segments will not result in an impairment.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Critical accounting policies and estimates in the period relate to trade receivables, inventory and provisions. As of the Balance Sheet dates the Company has no other significant estimates and assumptions that have a significant risk of causing a material adjustment to causing a material adjustment to the carrying amount of assets and liabilities within the foreseeable future.

Note 5. Long term contracts

	Consolidated		Parent	
	2010	2009	2010	2009
Revenues recognized	14,818,619	-	-	-
Cost incurred and recognized	(12,598,268)	-	-	-
	-			
Progress billings on account	(1,353,762)	-	-	-
Work in progress	-	622,447	-	-

This Group is involved in long term contracting which is accounted for under the percentage of completion method and such percentage is measured based on the milestone output method. At 31 December, 2010 the Group recognized revenues of EUR 14.8 million and costs of EUR 12.6 million. Billings to the customers at 31 December, 2010 amounting in total to EUR 1.4 million in excess of revenues recognized, have been recorded as advance payments from customers. At 31 December, 2010 all costs included in the inventories have been recognized as an expense. At 31 December, 2010 the amount of retentions of EUR 1.6 million has been included in the trade receivables (see Note 11).

Note 6. Other income

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Carriage, insurance and freight	1,881,761	1,539,896	-	-
Commissions and royalties	226,051	235,113	336,556	276,871
Other miscellaneous income	1,554,787	962,083	-	34
Total	**3,662,599**	**2,737,092**	**336,556**	**276,905**

The increase in other income was primarily attributable to increased volume of business in the year 2010. The other miscellaneous income includes gains from disposal of available-for-sale assets of EUR 0.4 million.

Note 7. Employee benefit costs

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Salaries and wages	(32,820,073)	(28,578,796)	-	-
Social security contributions	(5,126,579)	(4,889,696)	-	-
Other employee benefits	(4,084,217)	(3,434,174)	-	-
Total	**(42,030,869)**	**(36,902,666)**	**-**	**-**

The employee benefit costs are based on an average workforce of 719 (2009: 677). The increase of EUR 5.1 million is attributable to the growth of the number of office workers (up 42 compared with 2009) and an increase in the general level of wages.

Note 8. Operating expenses

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Transportation expenses	(2,675,632)	(2,339,326)	-	-
External services	(6,389,915)	(5,557,331)	(261,209)	(221,754)
Travelling expenses	(3,433,457)	(2,426,880)	(33,142)	(7,492)
General expenses	(7,499,015)	(5,681,883)	(78,297)	(54,041)
Rent and leasing	(3,915,197)	(3,534,618)	-	-
Credit losses	(270,141)	(783,492)	-	-
Warranty costs	(843,984)	(620,636)	-	-
Total	**(25,027,341)**	**(20,944,166)**	**(372,648)**	**(283,287)**

A significant portion of the overall increase of operating expenses is related to the on-going project in Bahrain and the overall higher activity level. The reduction in the credit losses from EUR 783 thousand to EUR 270 thousand is due to the improved conditions in financial markets as explained in the Risk management section. In addition, the Group was able to partially recover credit provisions made in 2009 and the reversal of EUR 350 thousand has been included in the other income.

Note 9. Net financial costs

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Interest income	250,415	809,717	10,240	8,324
Interest expenses	(1,698,926)	(2,340,051)	-	(22,698)
Amortization of issuance costs	(308,775)	(359,700)	-	-
Interest expenses - net	**(1,757,286)**	**(1,890,034)**	**10,240**	**(14,374)**
Currency exchange difference - net	**784,291**	**1,070,268**	**184,499**	**134,209**
Total	**(972,995)**	**819,766**	**194,739**	**119,835**

Notes to the Financial Statements for the year
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Note 10. Income taxes

EUR (000's)	Consolidated		Parent	
	2010	2009	2010	2009
Current tax	(3,275)	(3,356)	(32)	(9)
Deferred tax	(133)	424	-	-
Total	**(3,408)**	**(2,932)**	**(32)**	**(9)**

The tax on the Groups profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Profit before income tax	11,414	8,132	(6)	9
Tax calculated at domestic tax rates applicable to profits in the respective countries	(2,552)	(2,182)	(32)	(3)
Tax effect of non-taxable income included in profit before tax	195	218	-	-
Taxes on non deductible expenses or not related to income	(918)	(1,392)	-	-
Deferred taxes	(133)	424	-	-
Other	-	-	-	(6)
Total	**(3,408)**	**(2,932)**	**(32)**	**(9)**
Imputation credits				
Imputation credit account balance	(278,155)	(188,417)	(277,826)	(187,504)
Movements				
Balance at 1 January 2010	**(188,417)**	**(297,127)**	**(187,504)**	**(296,260)**
Prepaid tax for the period	(240)	(112)	(103)	(49)
RWT deducted from interest	-	118,860	-	118,860
Tax payments net of refunds	(60,905)	118,860	(61,873)	118,860
Exchange difference	(28,593)	(10,038)	(28,346)	(10,055)
Balance at 31 December 2010	**(278,155)**	**(188,417)**	**(277,826)**	**(187,504)**

Note 11. Trade receivables

	Consolidated		Parent	
	2010	2009	2010	2009
Trade receivables	31,905,770	32,352,841	-	-
Provision for doubtful debts	(607,768)	(709,176)	-	-
Trade receivables, net	**31,298,002**	**31,643,665**	-	-

The movement on the provision for doubtful debts is summarised below:

Balance at 1 January 2010	**(709,176)**	**(594,772)**
Provision recorded in the year	-	(111,912)
Provision used in the year	125,193	-
Currency exchange difference	(23,785)	(2,492)
Balance at 31 December 2010	**(607,768)**	**(709,176)**

Trade receivables are stated net of an allowance for doubtful debts of EUR 0.6 million, representing a reasonable estimate of the expected risk at the reporting date. The trade receivable also include the retentions on projects and orders in progress of EUR 4.4 million all due within one year.

Note 12. Other current receivables

	Consolidated		Parent	
	2010	2009	2010	2009
Short term investments	23,338	5,000	-	-
Deposits	711,535	491,145	-	-
Tax assets	554,512	915,935	27,516	55
Prepayments	1,299,423	1,024,839	11,813	8,837
Other receivables	767,250	699,789	814	-
Total	**3,356,058**	**3,136,708**	**40,143**	**8,892**

Note 13. Inventories

	Consolidated		Parent	
	2010	2009	2010	2009
Raw materials	3,393,490	3,143,367	-	-
Work in progress	810,560	1,002,590	-	-
Finished goods	25,496,066	19,808,869	-	-
Provision for slow moving inventories	(1,119,547)	(797,864)	-	-
Total	**28,580,569**	**23,156,962**	**-**	**-**

The increase in value of inventories is due both to production activities for some important orders and the general price increase for raw materials.

The movements on the provision for slow moving inventories are summarised below:

	Consolidated		Parent	
	2010	2009	2010	2009
Balance at 1 January 2010	(797,864)	(886,026)		-
Provision written off during the year	85,084	415,425		-
Provision recorded in the year	(359,333)	(286,977)		-
Currency exchange difference	(47,434)	(40,286)		-
Balance at 31 December 2010	**(1,119,547)**	**(797,864)**		**-**

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Note 14. Property, plant and equipment

Group	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2009				
Opening net book value	6,970,514	4,333,407	1,289,616	12,593,537
Additions	2,595,121	826,346	117,288	3,538,755
Disposals	(157,151)	(101,086)	(37,150)	(295,387)
Depreciation	(333,259)	(1,460,259)	(417,569)	(2,211,087)
Currency exchange differences	113,532	157,831	22,223	293,586
Net book amount	**9,188,757**	**3,756,239**	**974,408**	**13,919,404**
At 31 December 2009				
Cost	10,380,979	14,234,149	2,205,554	26,820,682
Accumulated depreciation	(1,192,222)	(10,477,910)	(1,231,146)	(12,901,278)
Net book amount	**9,188,757**	**3,756,239**	**974,408**	**13,919,404**
Year ended 31 December 2010				
Opening net book value	9,188,757	3,756,239	974,408	13,919,404
Additions	6,382,381	1,444,399	127,616	7,954,396
Disposals	-	(96,862)	(8,955)	(105,817)
Depreciation	(396,425)	(1,502,392)	(379,636)	(2,278,453)
Currency exchange differences	544,473	166,863	58,734	770,070
Closing net book value	**15,719,186**	**3,768,247**	**772,167**	**20,259,600**
At 31 December 2010				
Cost	17,333,831	14,887,027	2,744,594	34,965,452
Accumulated depreciation	(1,614,645)	(11,118,780)	(1,972,427)	(14,705,852)
Net book amount	**15,719,186**	**3,768,247**	**772,167**	**20,259,600**

Property, plant and equipment Parent	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2009				
Opening net book value	-	55,043	4,321	59,364
Disposals	-	(10,881)	-	(10,881)
Depreciation	-	(11,633)	(1,902)	(13,535)
Currency exchange differences	-	10,053	774	10,827
Net book amount	-	**42,582**	**3,193**	**45,775**
At 31 December 2009				
Cost	-	215,821	26,371	242,192
Accumulated depreciation	-	(173,239)	(23,178)	(196,417)
Net book amount	-	**42,582**	**3,193**	**45,775**
Year ended 31 December 2010				
Opening net book value	-	42,582	3,193	45,775
Depreciation	-	(13,763)	(2,196)	(15,959)
Currency exchange differences	-	5,503	333	5,836
Closing net book value	-	**34,322**	**1,330**	**35,652**
At 31 December 2010				
Cost	-	248,487	30,362	278,848
Accumulated depreciation	-	(214,164)	(29,032)	(243,197)
Net book amount	-	**34,322**	**1,330**	**35,652**

The increase of EUR 6.3 million is mainly due to the purchase of the new building by Realty USA and the construction of new Cavotec Micro-control premises in Norway.

Note 15. Intangible assets

Group	Research & development	Patents & trademarks	Goodwill	Total
Year ended 31 December 2009				
Opening net book value	2,354,399	4,948,306	43,640,328	50,943,033
Additions	155,024	124,667	-	279,691
Disposals	(300,289)	(24,622)	-	(324,911)
Amortisation	(625,258)	(482,395)	-	(1,107,653)
Currency exchange differences	114,543	81,445	449,139	645,126
Closing net book value	1,698,419	4,647,401	44,089,467	50,435,287
At 31 December 2009				
Cost	3,519,755	6,664,748	44,089,467	54,273,969
Accumulated amortisation	(1,821,336)	(2,017,347)	-	(3,838,683)
Net book amount	1,698,419	4,647,401	44,089,467	50,435,287
Year ended 31 December 2010				
Opening net book value	1,698,419	4,647,401	44,089,467	50,435,287
Additions	420,897	104,309		525,206
Disposals	58,079	-	-	58,079
Amortisation	(604,769)	(492,698)	-	(1,097,467)
Currency exchange differences	52,671	70,536	694,783	817,991
Closing net book value	1,625,298	4,329,548	44,784,250	50,739,096
At 31 December 2010				
Cost	3,850,781	6,560,855	44,784,250	55,195,886
Accumulated amortisation	(2,225,483)	(2,231,307)	-	(4,456,790)
Net book amount	1,625,298	4,329,548	44,784,250	50,739,096

Intangible assets Parent	Research & development	Patents & trademarks	Goodwill	Total
Year ended 31 December 2009				
Opening net book value	78,603	328,349	1,194,247	1,601,199
Additions	-	120,580	-	120,580
Amortisation	(22,699)	(67,807)	-	(90,506)
Currency exchange differences	15,463	81,870	275,302	372,635
Net book amount	71,367	462,992	1,469,549	2,003,908
At 31 December 2009				
Cost	126,779	576,197	1,469,549	2,172,525
Accumulated amortisation	(55,412)	(113,205)	-	(168,617)
Net book amount	71,367	462,992	1,469,549	2,003,908
Year ended 31 December 2010				
Opening net book value	71,367	462,992	1,469,549	2,003,908
Additions	-	102,745	-	102,745
Amortisation	(27,322)	(121,647)	-	(148,969)
Currency exchange differences	8,931	68,783	222,424	300,138
Closing net book value	52,976	512,873	1,691,973	2,257,822
At 31 December 2010				
Cost	145,967	687,971	1,691,973	2,525,911
Accumulated amortisation	(92,991)	(175,098)	-	(268,089)
Net book amount	52,976	512,873	1,691,973	2,257,822

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ended 31 December, 2010

Note 16. Non-current financial assets

	Consolidated		Parent	
	2010	2009	2010	2009
Financial receivables	388,355	-	-	-
Financial assets at fair value	40,650	-	-	-
Total	**429,005**	**-**	**-**	**-**

The financial receivables include interest bearing loans of which EUR 187,263 is due from related parties.

Note 17. Deferred tax assets

	Consolidated	
	2010	2009
Opening balance	889,275	338,000
Additional amounts recorded	399,824	519,895
Utilisation of receivables	(154,297)	-
Currency exchange difference	46,531	31,380
Closing balance	**1,181,334**	**889,275**

The deferred tax assets arise as a consequence of the recognition of timing differences on provisions relative to doubtful accounts, slow moving inventories and warranties which are not tax deductible currently and become deductible for tax purposes when utilized, as well as to tax losses generated by some group companies.

Note 18. Loans and borrowings

	Consolidated		Parent	
	2010	2009	2010	2009
Bank overdrafts	-	(4,448,495)	(1,556,829)	(607,128)
Credit Facility current portion	(3,000,000)	(3,000,000)	-	-
Other current financial liabilities	(558,836)	(1,641,068)	-	-
Credit Facility non-current portion	(25,000,000)	(19,000,000)	-	-
Other non-current financial liabilities	(3,894,982)	(4,722,556)	-	-
Unamortized debt issuance cost	576,043	-	-	-
Total	**(31,877,776)**	**(32,812,119)**	**(1,556,829)**	**(607,128)**

During the first quarter 2010, the Group completed the refinancing of its indebtness with the proceeds applied to the repayment of the bank overdrafts and the reduction of the short term debt. Syndication costs and upfront fees of EUR 0.9 million were paid at the beginning of 2010 in accordance with the agreement and will be amortised over the duration of the facility.

Negative mark-to-market on derivatives for EUR 58,878 is included in other current liabilities and 63,487 in other non-current liabilities.

Financial leasing liabilities for EUR 72,867 are included in other current liabilities and EUR 395,464 in other non-current liabilities.

The carrying amount of overdrafts, short term and long term debt is assumed to approximate the fair value.

The average cost of the interest bearing liabilities at the end of the 2010 decreased compared to the previous year because of the reduced average spread paid on the indebtness and due to a larger percentage of floating rate debt.

	2010	2009
Bank overdrafts	-	2.35%
Short term debt	2.68%	3.22%
Long term debt	2.68%	3.08%
Interest bearing liabilities	**2.68%**	**3.00%**

Note 19. Trade payables

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Trade payables	(19,810,056)	(18,306,740)	(25,607)	(18,855)
Advances from customers	(3,835,207)	(2,471,617)	-	-
Total	**(23,645,263)**	**(20,778,357)**	**(25,607)**	**(18,855)**

Note 20. Other current liabilities

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Tax and social security	(1,205,761)	(2,940,576)	(48,206)	(35,350)
Employee entitlements	(5,538,900)	(4,391,327)	-	-
Accrued expenses and other	(3,337,708)	(2,892,998)	(69,768)	(72,750)
Total	**(10,082,369)**	**(10,224,901)**	**(117,974)**	**(108,100)**

Note 21. Deferred tax liabilities

	Consolidated 2010	Consolidated 2009
Opening balance	(1,740,218)	(1,591,172)
Additional amounts recorded	(879,484)	(103,278)
Utilisation of liabilities	59,071	-
Currency exchange difference	(137,414)	(45,768)
Closing balance	**(2,698,045)**	**(1,740,218)**

The deferred tax liabilities relate almost entirely to temporary differences on the recognition of patents. Other than Euro 110 thousand these are all long term in nature.

Note 22. Provision for risks and charges

	Taxation	Deferred compensation	Warranty	Total
Balance at 1 January 2009	(360,655)	(1,434,119)	(467,593)	(2,262,367)
Provision recorded in the year	(22,260)	(91,332)	(68,537)	(182,129)
Used during the year	-	305,577	-	305,577
Currency exchange difference	10,831	3,489	(11,505)	2,815
Balance at 31 December 2009	**(372,084)**	**(1,216,385)**	**(547,635)**	**(2,136,104)**
Balance at 1 January 2010	(372,084)	(1,216,385)	(547,635)	(2,136,104)
Provision recorded in the year	(60,296)	(204,066)	(240,314)	(504,676)
Used during the year	-	195,059	34,749	229,808
Currency exchange difference	(32,699)	(12,015)	(15,973)	(60,687)
Balance at 31 December 2010	**(465,079)**	**(1,237,406)**	**(769,173)**	**(2,471,658)**

Deferred compensation refers to compensation payable to employees upon termination of employment for any reason. A major part of this provision, in the normal course of events, is long term in nature.

The warranty provision is based on historical experience of warranty costs.

Notes to the Financial Statements for the year
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Note 23. Contributed equity

	2010	2009
Share capital - Parent		
Ordinary shares - Value	105,066,154	105,066,154
Ordinary shares - Number	63,632,700	63,632,700

As at 31 December, 2010 there were 63,632,700 shares issued and fully paid (2009: 63,632,700). All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

	2010	2009
Share capital - Group		
Ordinary shares - Value	42,577,669	42,577,669
Ordinary shares - Number	63,632,700	63,632,700

The Group share capital differs from the Parent one as a consequence of the reverse merger that took place in 2007.

Note 24. Other reserves

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into Euro. The value of the reserve increased from EUR (2.9) million to 0.6 million due to the general depreciation of the EUR against the currencies of the countries where the Group operates.

The available-for-sale reserve contains the accumulated gain or loss not yet realised on available for sale financial assets and liabilities.
The value of the reserve decreased to zero following the disposal of the available-for sale property as described in note 6.

Note 25. Earnings per share

	Consolidated	
	2010	2009
Both the basic and diluted earnings per share are calculated using the net results attributable to shareholders of Cavotec MSL Holdings Ltd & Subsidiaries as the numerator.		
Profit for the year	8,005,717	5,199,626
Attributable to		
Equity holders of the Group	7,931,535	5,149,495
Minority interest	74,182	50,131
Total	**8,005,717**	**5,199,626**
Shares on issue	63,632,700	63,632,700
Basic and diluted earnings per share attributed		
to the equity holders of the Group		
Continuing activities	0.125	0.081

There are no instruments in place to dilute the current shares. Therefore basic and diluted shares are the same.

Note 26. Segment information

Operating segments have been determined on the basis of the Group management structure in place and on the management information and reports received and used by the CODM to make strategic and management decisions.

The Group organisation is based on geographic regions and each region is headed by a Regional Manager. The principal regional groupings which constitute operating segments are:

Americas: This region includes the USA, Canada, Mexico, Central and South America
Europe & Africa: This region includes all of Europe including Russia and South Africa
Middle East: This region includes the United Arab Emirates, Qatar, Bahrain, Kuwait, Saudi Arabia and India
Far East: This region includes China, Hong Kong, Japan and South Korea
Australasia and South East Asia: This region includes South East Asia including Singapore, Australia and New Zealand

While the primary focus of the CODM in managing the business is directed at geographic regions, attention is also directed at the level of product penetration and third party revenues generated in the various regions for the various product groupings. Third party revenues, by product grouping, for each operating segment are summarised later in this note.

Information by operating segment for the year ended 31 December, 2010 for each reportable segment is summarised below:

Year ended 31 December, 2010

	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Inter-Group elimination	Total
Revenue from sales of goods	15,888,292	69,210,438	27,805,799	16,008,126	16,047,262	-	144,959,917
Revenue from sales of goods, group	1,387,675	42,296,506	-	299,788	3,461,011	(47,444,980)	-
Other income	270,316	2,703,719	317,212	325,544	45,808	-	3,662,599
Other income, group	84,175	2,246,656	112,386	236,367	390,252	(3,069,836)	-
Total	**17,630,458**	**116,457,319**	**28,235,397**	**16,869,825**	**19,944,333**	**(50,514,816)**	**148,622,516**
Operating expenses before depreciation and amortisation	(15,203,514)	(107,038,608)	(25,673,052)	(15,177,543)	(18,741,967)	48,975,019	(132,859,665)
Gross operating result (EBITDA)	**2,426,944**	**9,418,711**	**2,562,345**	**1,692,282**	**1,202,366**	**(1,539,797)**	**15,762,851**

Information by operating segment for the year ended 31 December 2009 for each reportable segment is summarised below:

Year ended 31 December 2009

	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Inter-Group elimination	Total
Revenue from sales of goods	13,172,390	68,490,890	19,371,142	14,969,166	9,254,308	-	125,257,896
Revenue from sales of goods, group	978,891	33,327,704	12,803	168,824	2,637,452	(37,125,674)	-
Other income	130,301	2,450,794	30,164	6,551	119,282	-	2,737,092
Other income, group	104,045	1,531,814	120,491	10,407	-	(1,766,757)	-
Total	**14,385,627**	**105,801,202**	**19,534,600**	**15,154,948**	**12,011,042**	**(38,892,431)**	**127,994,988**
Operating expenses before depreciation and amortisation	(13,749,943)	(96,302,089)	(18,131,039)	(14,256,495)	(12,385,503)	39,100,291	(115,724,779)
Gross operating result (EBITDA)	**635,684**	**9,499,113**	**1,403,561**	**898,453**	**(374,461)**	**207,860**	**12,270,210**

The CODM assesses the performance of the operating segments based on adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated non-recurring event.

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

	Year ended December 2010	Year ended December 2009
Adjusted EBITDA for reportable segments	17,302,648	12,062,350
Other segments EBITDA	(1,539,797)	207,860
Depreciation	(2,278,452)	(2,211,087)
Amortisation	(1,097,467)	(1,107,653)
Financial costs - net	(972,995)	(819,766)
Profit before income tax	**11,413,937**	**8,131,704**

Assets at 31 December 2010	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia
Total current assets	8,114,314	52,332,612	18,026,611	11,232,313	8,543,681
Intangible assets	8,191,297	16,935,198	-	-	25,612,600
Total non-current assets	7,619,013	27,427,786	1,936,136	430,015	643,376
Total assets	**23,924,624**	**96,695,596**	**19,962,747**	**11,662,328**	**34,799,657**

Assets at 31 December 2009	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia
Total current assets	11,061,071	47,012,140	10,653,204	9,284,524	6,431,045
Intangible assets	7,762,235	16,921,509	-	-	25,751,542
Total non-current assets	5,722,458	20,726,349	1,913,817	401,811	485,865
Total assets	**24,545,764**	**84,659,998**	**12,567,021**	**9,686,335**	**32,668,452**

Financial reporting

Notes to the Financial Statements for the year
ended 31 December, 2010

Reportable segments' assets are reconciled to total assets as follows:

	Year ended December 2010	Year ended December 2009
Segment assets for reportable segments	187,044,952	164,127,570
Intersegmental eliminations	(38,722,287)	(28,846,866)
Unallocated:		
Deferred tax	-	24,118
Total assets	**148,322,665**	**135,304,822**

The amounts provided to the CODM with respect to total liabilities are measured in a manner consistent with that of the Financial Statements. These liabilities are allocated based on the operations of the segment. The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the treasury function.

Liabilities at 31 December 2010	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia
Total current liabilities	(7,761,097)	(43,495,614)	(11,015,211)	(5,534,171)	(3,077,443)
Total non-current liabilities	(531,809)	(18,168,130)	(405,296)	(687,243)	(421,555)
Total liabilities	**(8,292,906)**	**(61,663,744)**	**(11,420,507)**	**(6,221,414)**	**(3,498,998)**

Liabilities at 31 December 2009	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia
Total current liabilities	(3,612,860)	(31,238,382)	(6,696,884)	(4,201,513)	(6,410,928)
Total non-current liabilities	(7,278,030)	(20,148,482)	(184,550)	(640,180)	(263,948)
Total liabilities	**(10,890,890)**	**(51,386,864)**	**(6,881,434)**	**(4,841,693)**	**(6,674,876)**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Year ended December 2010	Year ended December 2009
Segment liabilities for reportable segments	(91,097,569)	(80,675,757)
Inter segmental eliminations	20,278,957	12,984,058
Total liabilities	**(70,818,612)**	**(67,691,699)**

Third party revenues for each operating segment analysed by significant product grouping is summarised below:

Year ended 31 December 2010	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Total
Ports & Maritime	4,588,373	11,860,183	1,114,933	7,873,014	5,382,083	30,818,586
Airport Industry	5,792,993	11,893,840	18,453,030	1,373,363	210,187	37,723,413
Mining & Tunnelling	1,399,773	14,158,482	-	1,820,615	3,757,123	21,135,993
General Industry	4,107,153	31,297,932	8,237,836	4,941,134	6,697,870	55,281,925
Total	**15,888,292**	**69,210,437**	**27,805,799**	**16,008,126**	**16,047,263**	**144,959,917**

Year ended 31 December 2009	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Total
Ports & Maritime	4,245,351	18,128,688	3,541,140	8,615,633	907,252	35,438,064
Airport Industry	5,759,776	11,767,239	7,646,520	1,846,471	70,576	27,090,582
Mining & Tunnelling	383,135	9,159,243	34,216	534,120	3,468,809	13,579,523
General Industry	2,784,128	29,435,720	8,149,266	3,972,942	4,807,672	49,149,727
Total	**13,172,390**	**68,490,890**	**19,371,142**	**14,969,166**	**9,254,309**	**125,257,896**

The consolidated revenues of the Group are generated principally outside of New Zealand, where the company is domiciled, and operations in New Zealand are relatively insignificant.

Note 27. Related party disclosure

The Group's key management personnel comprises the Executive Directors. Refer to page 21 for details of their remuneration. The Group's key management personnel comprises the Executive Chairman and the Chief Executive Officer, their total remuneration comprised salary and other short term benefits totaling 1,208,026 (2009: 802,344).

At 31 December, 2010 the Company had interest bearing loans outstanding to managers and employees totalling EUR 187,623 (2009: 130,250). Cavotec MSL Holdings Limited is the legal parent of the Group. Details of Cavotec MSL Holdings subsidiaries and associates can be found in note 3.

	Parent	
	2010	2009
The following transactions were carried out with related parties:		
Sales of goods and services to subsidiaries	336,556	276,871
Interest paid to subsidiaries	-	-
Dividend received from subsidiaries	-	-
Year-end balances arising from sale/purchases of goods and services:		
Receivables from subsidiaries:	-	-
Long term receivables from subsidiaries:	-	154,530
Payables to subsidiaries:	-	-
Long term debts from subsidiaries:	(61,872)	-

The receivables from subsidiaries arise mainly from sales transactions and are due 30 days after the date of sales. The receivables are unsecured and bear no interest. The payables from subsidiaries arise mainly from purchase and are due 30 days after the date of sales. The payables are unsecured and bear no interest.

Note 28. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms.

	Consolidated		Parent	
	2010	2009	2010	2009
Audit services				
PricewaterhouseCoopers	311,672	290,710	80,676	93,248
Other auditor firms	188,657	189,472	-	-
Total	500,330	480,182	80,676	93,248
Other assurance services:				
IFRS				
PricewaterhouseCoopers	-	4,633	-	-
Other auditor firms	-	-	-	-
Total	-	4,633	-	-
Taxation				
PricewaterhouseCoopers	57,371	46,149	37,371	40,191
Other auditor firms	16,084	26,626	-	-
Total	73,455	72,775	37,371	40,191
Other assurance services*				
PricewaterhouseCoopers	16,496	9,746	-	2,848
Other auditor firms	4,322	14,714	-	-
Total	20,818	24,460	-	2,848
Total	94,273	101,868	37,371	43,039

* Other assurance services includes legal services, transfer pricing and EU VAT consultancy fees.

Notes to the Financial Statements for the year
ended 31 December, 2010

Note 29. Contingencies

	Consolidated 2010	2009
Bonds	4,841,678	5,009,577
Financial guarantees	2,086,076	1,212,616
Other guarantees	278,263	-
Total	7,206,016	6,222,193

The items listed under Contingencies are mainly performance bonds to customers in the Middle East, Italy and Germany. The increase is to a large extent attributable to the on-going activities at the Bahrain Airport site

Note 30. Commitments

The following details commitments associated with Cavotec MSL Holdings Ltd & Subsidiaries.

	Consolidated		Parent	
	2010	2009	2010	2009
Rental commitments				
Within one year	2,436,659	2,279,324	-	-
Later than one, not later than two years	1,439,983	1,689,920	-	-
Later than two, not later than five years	1,742,542	1,993,155	-	-
Later than five years	180,948	685,429	-	-
Total	5,800,132	6,647,828	-	-
Operating lease commitments				
Within one year	314,232	360,039	-	-
Later than one, not later than two years	201,946	253,337	-	-
Later than two, not later than five years	168,155	103,805	-	-
Later than five years	-	-	-	
Total	684,333	717,181	-	-

The Group rents or leases various properties under non-cancellable lease agreements. These lease terms are generally between one and six years.

Capital commitments				
Within one year	931,795	-	-	-
Total	931,795	-	-	-

Group capital commitments to purchase property, plant and equipment, already given to third parties at 31 December, 2010 and not yet reflected in the financial statements, amount to Euro 932 thousand. This amount is related to the completion of new premises for Cavotec Micro-control in Norway.

Note 31. Securities and collaterals

The new syndicated loan agreement with a pool of international lenders led by Skandinaviska Enskilda Banken AB for Euro 47.0 million at 31 December, 2010 is secured by a pledge of shares of Cavotec Specimas SpA.

Real estate related loans amounting in total to EUR 3,740,285 at 31 December, 2010 (2009: 3,419,621) are secured by mortgages on land and buildings in Italy, Germany, Norway, Sweden and France.

Note 32. Subsequent events

On February 22 the Board of Directors announced a planned corporate reorganisation. The financial impacts of the reorganisation upon the Group have been assessed as minor.

The Group incorporated Cavotec Brazil and Cavotec Spain in Q1 2011.

Risk management

The global turmoil in the international markets has created another dimension to market risk and the management thereof. The Group has procedures and information systems in place to identify a potential downturn in the level of activity before such downturn actually impacts operations. Contingency plans have been developed as to management actions which will be taken should there be a downturn in the activities of the Group.

The operations of the Group are partly shielded from the effect of the global turmoil in the international markets because of product diversity and geographical spread and the fact that its activities are not insignificant in the infrastructure sector where Governments are planning to encourage and support increased spending.

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

Risk management is carried out by the central finance department (Group Finance) under policies approved by the Board of Directors. This department is assisted by the treasury function. This treasury function`s primary role is to manage liquidity, funding, investments and counterparty credit risk arising with financial institutions. This centralised treasury function also manages the group's market risk exposures, including risks arising from volatility in currency and interest rates. This treasury function is not a profit centre and the objective is to manage risk at optimum cost. The Board sets the policy for the group's centralised treasury operation and its activities are subject to a set of controls commensurate with the magnitude of the borrowings and investments and group wide exposures under its management.

The financial risk management of exposures arising from trading related financial instruments, primarily trade receivables and trade payables, is managed at the Group and regional level through a series of set policies and procedures. Regional managers apply these policies and procedures and perform review processes. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analyses in the case of interest rate risk and foreign exchange risk while ageing analyses of receivables is used to assess credit risk.

Market risk

Foreign exchange risk

As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities. An area of potential risk arises from the fact that the Group's major manufacturing units, except for the operations of Dabico, are located in Euro currency based jurisdictions while significant sales are also made in territories where the US dollar has historically had a significant influence (apart from the US, this would include the UAE, China, Hong Kong and Singapore amounting to 40% of the Group's total sales from 44% in 2009). As a matter of policy, sales are denominated in the currency of the country in which the sales company is located and material deviations from this policy require the approval of the CEO, and for smaller amounts by the Regional Manager. This risk is mitigated by the fact that the Group's major competitors are also mainly located in Euro jurisdictions and, consequently, it is possible to adjust sales prices to negate the adverse effect of the change. This issue of international pricing is under constant attention at the highest levels of management.

The Group is exposed to foreign exchange risk related to exposures on transactions in various currencies. The exchange rates listed here below are used to prepare the Financial Statements:

Currency	Average rate	Year end rate
AED	0.20527	0.20338
ARS	0.19273	0.18801
AUD	0.69333	0.76127
CAD	0.73254	0.75064
CHF	0.72446	0.79974
DKK	0.13428	0.13417
EUR	1	1
GBP	1.16572	1.16178
HKD	0.09709	0.09629
INR	0.01650	0.01673
KRW	0.00065	0.00067
NOK	0.12493	0.12821
NZD	0.54415	0.58140
RMB	0.11147	0.11335
RUB	0.02484	0.02450
SEK	0.10485	0.11154
SGD	0.55386	0.58357
USD	0.75431	0.74839
ZAR	0.10311	0.11283

At 31 December 2010, had the Euro weakened/strengthened by 10% against foreign currencies to which the Group is exposed, with all other variables held constant, profit for the year and equity would have been EUR 298,000 higher/lower (2009: 29,000). This is mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the Euro and in respect of operations in non-Euro jurisdictions for financial assets and liabilities not in their local currency.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future moves.

As at 31 December 2010	2010		2009	
EUR (000's)	EUR -10%	EUR +10%	EUR -10%	EUR +10%
Receivables	15	(15)	86	(86)
Payables	(65)	65	(118)	118
Financial assets	349	(349)	21	(21)
Financial liabilities	-	-	(18)	18
Total increase / (decrease)	298	(298)	(29)	29

Financial assets and financial liabilities held at year end are held in the following currencies:

	2010		2009	
EUR (000's)	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
EUR	3,605	30,315	2,551	27,651
USD	2,213	-	538	157
Chinese RMB	1,021	-	571	-
AED	665	-	927	-
BHD	1,072	-	-	-
SEK	435	1,020	502	31
NOK	675	449	384	-
AUD	812	85	192	119
NZD	92	-	28	155
Other	1,613	9	815	251
Total	12,203	31,878	6,508	28,364

The carrying amounts of the Group and Company's trade receivables and trade payables are held in the following currencies:

	2010		2009	
EUR (000's)	Receivables	Payables	Receivables	Payables
EUR	12,901	15,338	14,954	9,360
USD	5,232	1,110	3,870	1,499
Chinese RMB	3,163	1,170	3,514	1,145
AED	884	370	2,339	253
BHD	1,604	1,262	-	-
SEK	286	187	1,131	706
NOK	1,477	1,974	2,361	3,135
AUD	2,865	1,187	2,313	1,905
NZD	-	238	738	886
Other	2,886	809	3,555	1,889
Total	31,298	23,645	34,775	20,778

Other receivables totalling EUR 3,356,058 (2009: 3,136,709) were excluded in 2010 from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, minimizing borrowing costs over time and limiting the volatility of results. The Group is party to fixed interest rate loan agreements in the normal course of business in order to eliminate the exposure to increases in interest rates in the future in accordance with the Group's financial risk management policy approved by the Board. The amount of floating rate debt is the main factor that could impact the Statement of Comprehensive Income in the event of an increase in market rates. At 31 December, 2010 65% of the net financial debt was floating rate.

The impact of a 1% increase/decrease in interest rates will result in a decrease/increase on profit for the year of EUR 208,000 (2009: 178,000).

Trade payables, trade receivables and other financial instruments do not present a material exposure to interest rate volatility.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable
- Level 3: Determination of fair value based on valuation models with inputs for the asset or liability that are not based on observable market data

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December, 2010:

EUR (000's)	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial assets at fair value through profit and loss	-	-	41	41
Total Assets			41	41
Liabilities				
Current trading derivatives	-	(59)	-	(59)
Non-current trading derivatives	-	(64)	-	(64)
Total Liabilities	-	(122)	-	(122)

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions and it is managed on a Group basis. A fundamental tenet of the Group's policy of managing credit risk is customer selectivity. The Group has a large number of customers in its various geographies and therefore there is no concentration of credit. The Group's largest customers are prominent international companies and, while none of these represent a material percentage of total sales, outstanding receivables from these are regularly monitored and contained within reasonable limits. Large value sales require customers to pay a deposit or pay in advance, and are authorised by the Regional Managers or the CEO. The Group has a credit policy which is used to manage this exposure to credit risk. This has ensured that credit losses have been minimal in past years.

Given the global turmoil in the international markets, the Company has introduced stringent practices to evaluate exposure to doubtful debts; the Group requires that provisions be recorded not only to cover exposure relative to specific accounts in difficulty but also for accounts receivables balances which are past due for periods in excess of normal trading terms. As at 31 December, 2010 past due trade receivables were significantly lower than at the end of 2009. The decrease is related to the easing of the monetary conditions in the Middle East compared to the previous year and the completion of some significant projects in China. The ageing of the trade receivables is as follows:

EUR (000's)	2010	2009
Overdue up to 30 days	6,107	7,426
Overdue up to 30 and 60 days	1,819	2,783
Overdue up to 60 and 90 days	1,028	2,498
Overdue up to 90 and 120 days	1,840	487
Overdue more than 120 days	2,081	4,407
Total	12,876	17,601

At 31 December, 2010 EUR 608 thousand (2009: 709 thousand) has been provisioned against impaired financial receivable; the reduction of impaired receivables prompted a release of provision of EUR 350 thousand in the Statement of Comprehensive Income in 2010 (see note 6).

Provision for impaired financial receivables by operating segment EUR (000's)	2010	2009
Americas	23	42
Europe & Africa	233	437
Middle East	256	143
Far East	77	59
Australasia SE Asia	19	28
Total	608	709

Liquidity risk

Liquidity risk is managed by the Group Treasury unit, which ensures adequate coverage of cash needs by entering into short, medium and long-term financial instruments to support operational and other funding requirements. The Board reviews and approves the maximum long-term funding of the group and on an on-going basis considers any related matters on at least an annual basis. Short and medium-term requirements are regularly reviewed and managed by the centralised treasury operation within the parameters set by the Board.

The Group's liquidity and funding management process includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring balance sheet liquidity and maintaining a diverse range of funding sources and back-up facilities. The Board reviews group forecasts, including cash flow forecasts, on a quarterly basis. The centralised treasury operation reviews cash flows more frequently to assess the short and medium-term requirements. These assessments ensure the Group responds to possible future cash constraints in a timely manner.

Operating finance requirements of group companies are met, whenever possible, from the centralized treasury which is responsible for investing liquid asset surplus`s which are not immediately required by operating companies. Following the increased activity in USD-block countries, during the year the Group's introduced USD central cash pooling arrangement which, together with the existing EUR, is used by Group companies to settle all intercompany payables and allocate the cash surpluses at subsidiary cost-effectively through the Group.

In December 2009 the Group signed a syndicated loan facility agreement for EUR 35.0 million; the facility was increased at the beginning of 2010 to EUR 50.0 million and reduced with the repayment of the first EUR 3.0 million trance to EUR 47.0 million at the end of June 2010. The facility is available in two parts - EUR 17.0 million amortizing term loan ("Facility A") and EUR 30.0 million revolving credit line ("Facility B") maturing at the end of 2012, with two additional one-year extension options in favour of the lenders.

Facility A was fully drawn at the end of 2010, drawings of facility B amounted to EUR 16.4 million of which EUR 11.0 on the revolving credit facility itself and EUR 5.4 on the ancillary credit line for guarantees. See note 18 for additional information.

The syndicated loan facility bears interest for each interest period at a rate per annum equal to EURIBOR plus a variable margin which will be adjusted at predetermined intervals to reflect any changes in the ratio of net debt to consolidated EBITDA as determined on a rolling basis of each quarter, with a minimum margin of 1.50% per annum which was reached at the end of 2010 following the reduction of the leverage.

The loans are subject to certain restrictive covenants, including, but not limited to, additional borrowing, certain financial ratios, limitations on acquisitions and disposals of assets. If the financial covenants are not met and their breach is not remedied a certain period or the lenders do not waive the covenants, there may grounds for termination under the conditions of the credit facility. The Group is in compliance with all existing bank loan covenants as of December 31, 2010.

As of December 31, 2010, the Group's total available credit facilities, which related to the above mentioned syndicated loan facility agreement and to other credit facilities with local banks, amounted to EUR 52.2 million, of which EUR 36.8 million was utilised. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

At 31 December 2010, EUR (000's)	Less than 1 year	1 and 5 years
Bank overdrafts and short term debt	3,559	-
Long term debt	-	28,319
Trade payables	23,645	-
Total	27,203	28,319

At 31 December 2009, EUR (000's)	Less than 1 year	1 and 5 years
Bank overdrafts and short term debt	9,090	-
Long term debt	-	23,723
Trade payables	20,778	-
Total	29,868	23,723

The amounts disclosed in the table above are the contractual undiscounted cash flows of the principal amount.

Capital risk management

The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of its debt to equity ratio. This ratio is calculated by comparing net debt (interest bearing liabilities less cash and cash equivalents) and Group equity. Total Group equity is calculated as equity shown in the Balance Sheet (including minority interest). In monitoring the level of debt, on-going attention is given by management to the level of interest cover. During 2010, the Group's strategy, which was unchanged, compared to previous years, was to maintain a debt to equity ratio of no more than 75%, consistent with the Company's financial covenant requirement under its long-term financing arrangements.

The debt equity ratios at 31 December, 2010 and 31 December, 2009 were as follows:

	Consolidated	
EUR (000's)	2010	2009
Total interest bearing liabilities	31,878	32,812
Less: cash and cash equivalents	12,203	10,957
Net consolidated debt	19,675	21,855
Total equity	77,504	67,613
Debt equity ratio	25.4%	32.3%

Independent Auditors' Report

to the shareholders of Cavotec MSL Holdings Limited

Report on the Financial Statements

We have audited the financial statements of Cavotec MSL Holdings Limited on pages 112 to 142 which comprise the balance sheets as at 31 December 2010 the statements of comprehensive income, and statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2010 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

We have no relationship with, or interests in, Cavotec MSL Holdings Limited or any of its subsidiaries other than in our capacities as auditors, tax advisors and providers of other assurance related services. These matters have not impaired our independence as auditor of the Company and Group.

Opinion
In our opinion, the financial statements on pages 112 to 142:
(i) comply with generally accepted accounting practice in New Zealand;
(ii) comply with International Financial Reporting Standards; and
(iii) give a true and fair view of the financial position of the Company and the Group as at 31 December 2010, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2010:
(i) we have obtained all the information and explanations that we have required; and
(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

PricewaterhouseCoopers

21 February 2011

Chartered Accountants | Christchurch

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Where we are

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Ireland
Italy
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Qatar
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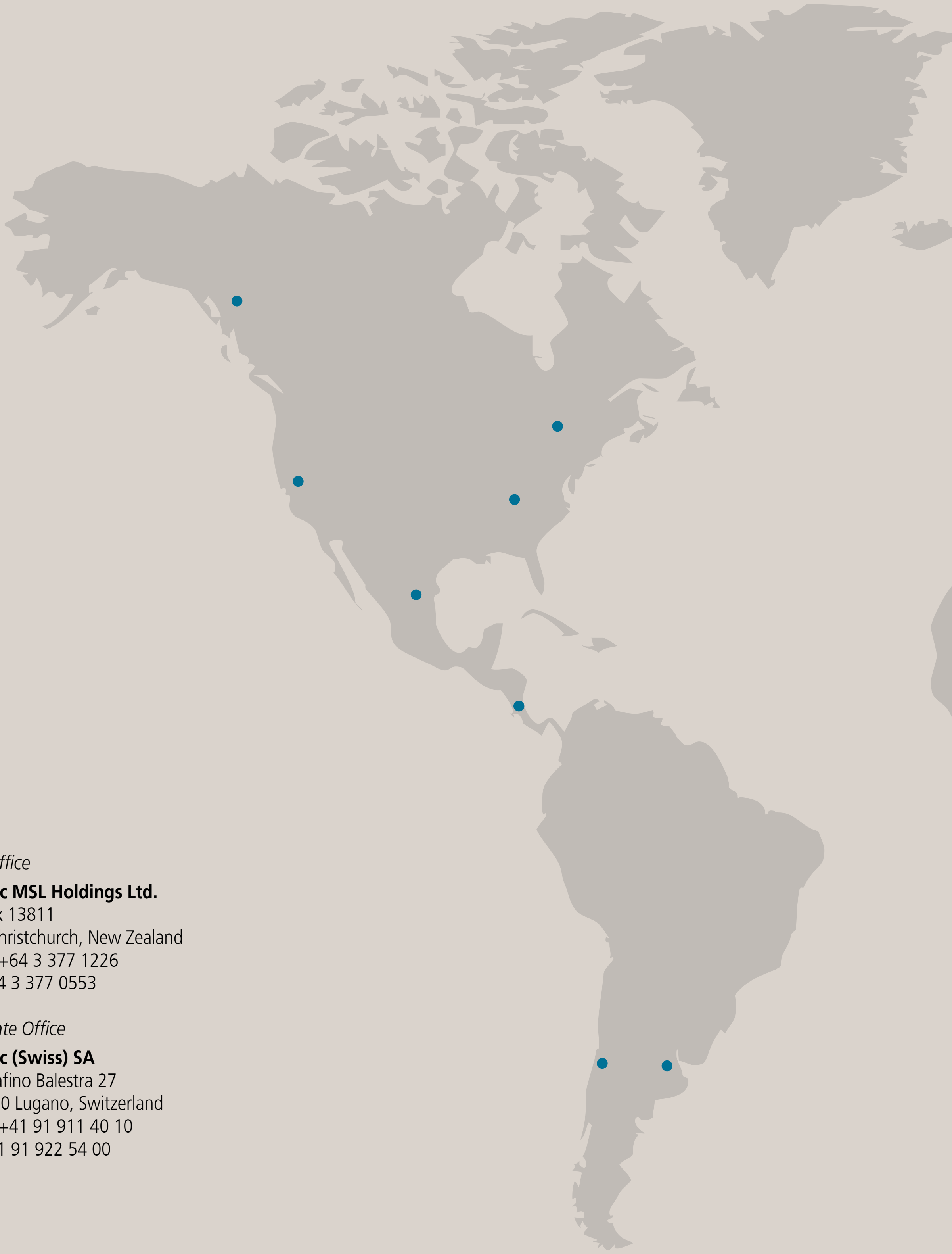

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Project coordination
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Paper
Fedrigoni Symbol Freelife Satin

Printing
A.G. Bellavite (Missaglia, Lecco)

This publication has been printed
on FSC certified paper.

For more information please visit our website www.cavotec.com or contact us directly at info@cavotec.com

Cavotec MSL is listed on the NZX

February 2011 – X2EN – ANREP – 11

www.cavotec.com

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