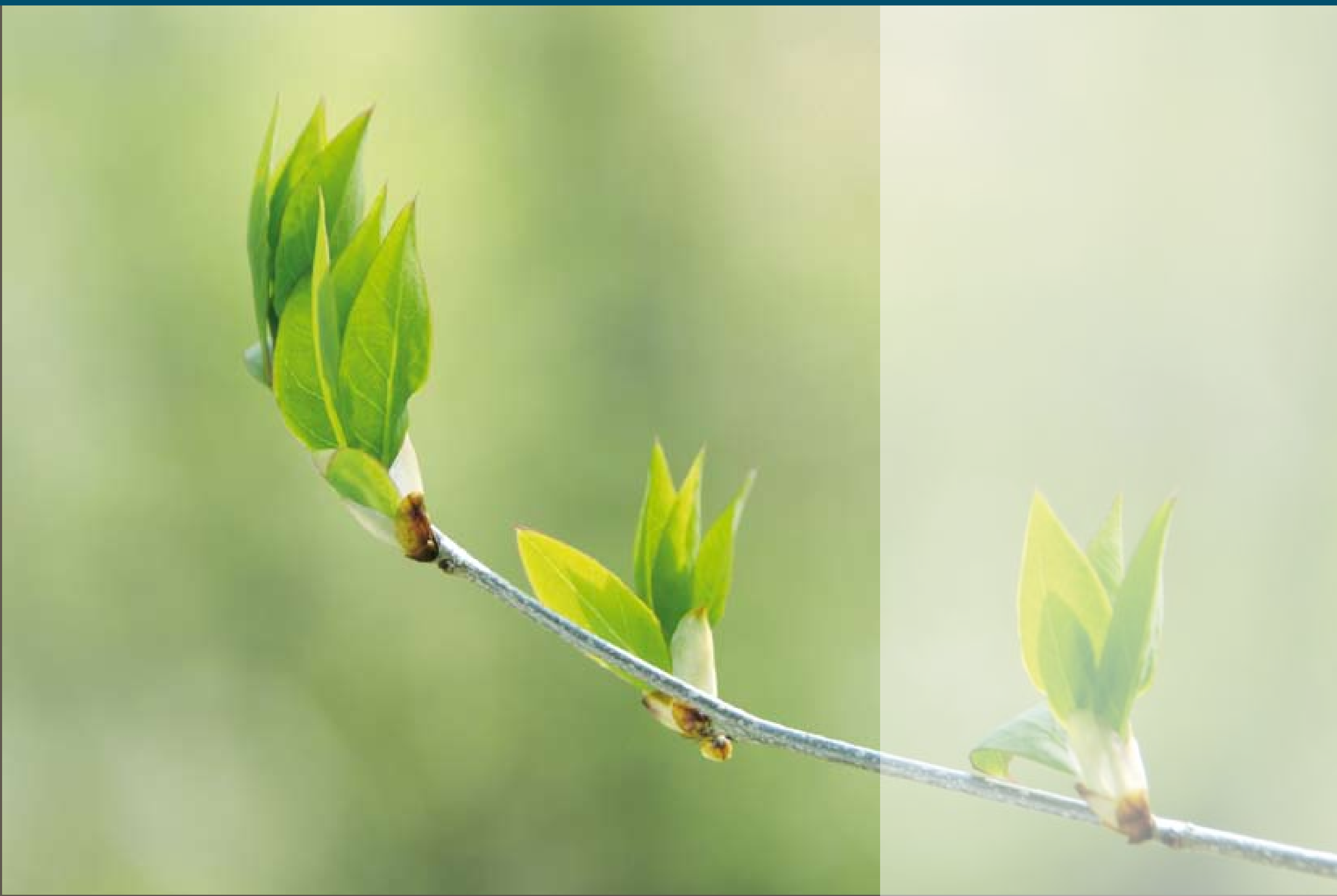
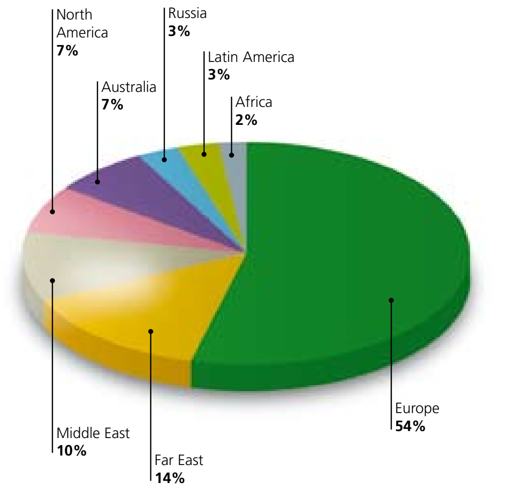
Annual Report 2008



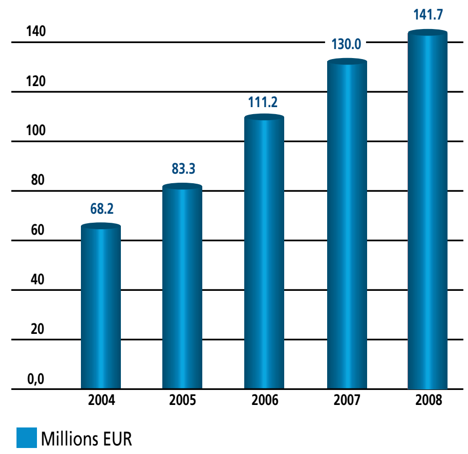
CAVOTEC
Inspired Engineering

Five Years in Summary

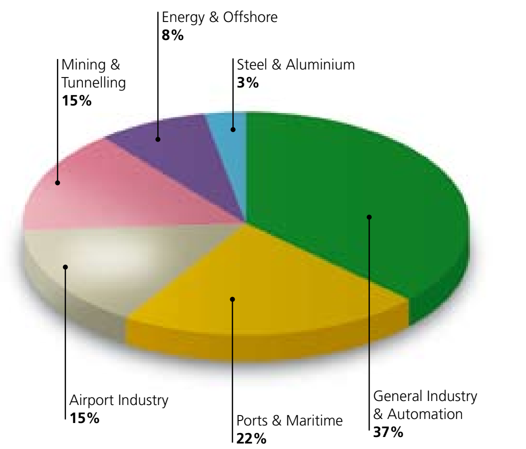
Main Regions 2008



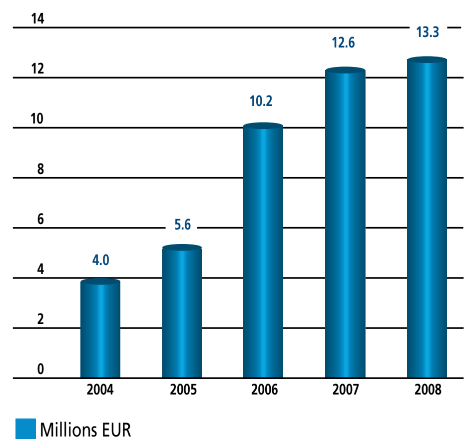
Revenue from sales of goods



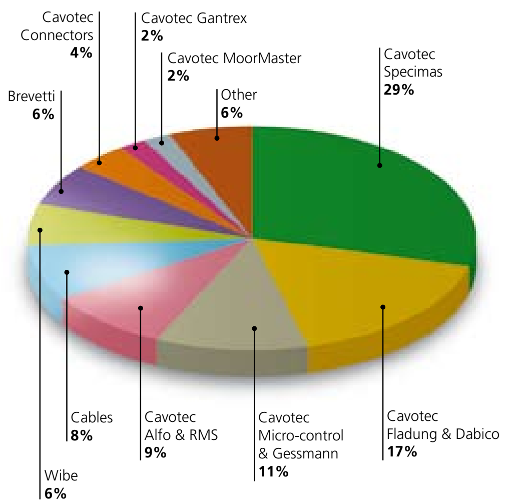
Main Market Sectors 2008



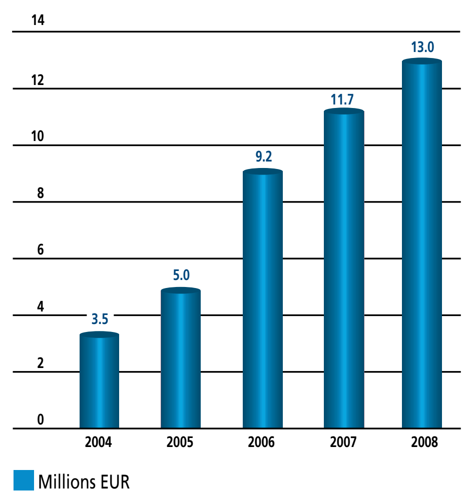
Operating profit (EBIT)



Main Product Ranges 2008



Profit before income tax



EUR (000's)	2008	2007	2006	2005	2004
RESULT AND CASH FLOW					
Revenue from sales of goods	141,724	129,993	111,214	83,290	68,185
Operating profit (EBIT)	13,318	12,603	10,228	5,628	4,014
Finance costs - net	(3,013)	(982)	(1,141)	(570)	(519)
Profit before income tax	13,013	11,661	9,174	4,957	3,501
Profit for the year	9,198	7,341	6,753	3,393	2,205
Cash flow from operating activities	4,648	8,820	6,889	(2,412)	3,137
Order Intake	146,782	133,667	122,849	87,795	71,216
Total investment in tangible assets	23,931	20,523	14,874	13,607	10,719
BALANCE SHEET					
Equity	61,092	55,681	23,736	14,199	14,820
Goodwill	43,640	31,636	12,846	13,101	8,121
Net debt	27,291	17,549	16,545	17,407	7,472
Total assets	130,747	110,220	71,686	63,614	46,362
RATIOS					
Operating profit (EBIT) margin	9.40%	9.70%	9.20%	6.76%	5.89%
Profit before income tax margin	9.18%	8.97%	8.25%	5.95%	5.13%
Operating profit (EBIT) / average capital invested	22.81%	31.74%	53.92%	38.79%	29.44%
Profit for the year / average capital invested	15.75%	18.49%	35.61%	23.38%	16.17%
Equity (incl. conv. bonds) / total assets (solidity)	46.72%	50.59%	33.11%	22.32%	31.97%
Total debt / total capital	35.78%	28.17%	50.24%	63.77%	43.91%
NUMBER OF EMPLOYEES					
Number of employees at end of year	718	568	490	430	410
Average number of employees	640	529	460	397	396
Revenue from sales of goods per employee	221,413	245,734	241,769	209,798	172,185
Operating profit (EBIT) per employee	20,806	23,824	22,235	14,177	10,137
Average cost per employee	55,159	61,034	59,510	38,888	34,566

Annual General Meeting

Cavotec MSL's Annual General Meeting (AGM) will be held in Wellington, on 28 April 2009. Any shareholder whose name was recorded in the Company's share register at the close of business on 27 April 2009 is entitled to attend the meeting and vote on the resolution, either in person or by proxy.

A shareholder entitled to vote at the meeting but unable to attend is entitled to appoint a proxy to attend the meeting and vote on their behalf. A proxy need not be a shareholder in the Company. To be valid, a completed proxy form (and any certificate of appointment of a corporate representative or power of attorney) must be deposited at the registered office of the Company no later than 11:00am on Sunday, 26 April 2009.

DIVIDEND PAYMENT

The Board believes that, while the Group's year-end balance sheet is sound, current economic and credit market conditions require the Group to be conservative with its financial resources. Therefore, acknowledging our stated policy of paying shareholders approximately 15% of profit after tax, we have postponed any decision regarding the payment of dividends until the second half of 2009. We believe such actions are appropriate to better ensure the preservation and growth of shareholder value.

REPORTING 2009

Cavotec MSL is committed to providing timely and transparent insight regarding the Company's financial and operational performance. The following reports will be distributed in 2009:

April - Quarterly Report covering the period January - March 2009
July - Quarterly Report covering the period April - June 2009
31 August - Interim Financial Report covering the period January - June 2009
October - Quarterly Report covering the period July - September 2009

For 2008 we have published a Company Profile which provides a detailed insight into Cavotec MSL`s activities in the global market.

The Company Profile, Financial Annual Report, interim reports and stock exchange releases will be available on the Company's website at www.cavotec.com, where you can also request that the material be sent to your e-mail address. In addition, printed financial reports can be ordered by mail from:

Cavotec MSL Holdings Ltd.
Corporate Communications
Corporate Office: Cavotec (Swiss) SA
Via Balestra 27
CH-6900 - Lugano - Switzerland

or by e-mail from: communications@cavotec.com

CHANGES OF ADDRESS

For changes in shareholder addresses, please contact the bank or brokerage firm managing the book-entry account.

Table of Contents

A Report from the Chief Executive Officer

Ottonel Popesco
Chief Executive Officer

The second-half of 2008 continued to impose economic challenges not seen in a generation on individuals and companies all over the world. Credit concerns initially perceived to be limited to the world's financial institutions quickly spread, further deepening and extending macroeconomic unrest. By year's end, disruptions in international capital flows, the swift reversal of commodities' pricing trends and erratic fluctuations in currency exchange relationships led to sharp contractions in economies the world-over.

Throughout this period, local and national governments endeavored to stimulate activity through increased spending and investment - and their efforts are ongoing. In mid-2009, these 'Stimulus Packages' will begin injecting enormous financial resources into all sectors of society, with a likely strong focus on infrastructure-related projects.

I am pleased, then, to present this annual report to you, as it details Cavotec MSL's strong 2008 performance within this environment, and outlines the Company's preparedness for the challenges - and opportunities - of 2009 and beyond.

FINANCIAL RESULTS

Cavotec MSL delivered another excellent year for our shareholders, producing record levels of revenue, operating income, annual order intake and year-ending order book.

Our Group's annual consolidated revenue from sales of goods grew 9.0% in 2008 to EUR 141.7 million, indicating strong invoicing in 2H 2008 of EUR 75.7 million. Operating profit (EBIT) increased by 5.6% to EUR 13.3 million, with EUR 8.2 million of EBIT coming in 2H 2008 at a 10.8% margin.

Profit for the year amounted to EUR 9.2 million, representing a 24.8% increase over 2007. Excluding the gain and associated tax effects from the sale of Gantrex, 2008 net profit would have been EUR 5.9 million, or a decrease of 19.3% from 2007. Our effective tax rate this year was 33.4%; however, excluding the effects of the sale of Gantrex, our effective tax rate would have been 43.1%. This increase over 2007's level is principally due to different geographical split of our revenues and profitability in 2008.

The EBIT and net profit amounts above also include approximately EUR 0.8 million of accounts receivable and slow-moving inventory provisions we elected to take as a prudent step in the increasingly tight credit environment. While most of our customers continued making payments in the ordinary course throughout 2008, there were signs of strain in some areas towards the end of the year. Management felt a more conservative stance was appropriate, and we have implemented tighter credit controls on our financial exposure accordingly.

Additionally, the Company incurred about EUR 1.9 million of additional finance costs in 2008, related to approximately EUR 1.1 million of unrealized foreign exchange losses on financial assets and liabilities and increased interest expense from acquisition-related debt and measures taken by the Company to ensure uninterrupted access to its credit facilities worldwide.

Finally, order intake for the year totaled EUR 146.7 million, a 9.6% increase over 2007's level of EUR 133.7 million. We ended the year with our largest December order book ever, EUR 46.1 million, which is 21.4% higher than 2007's level of EUR 38.0 million.

FIXING OUR COORDINATES

Cavotec MSL's exposure to a wide range of industrial applications and close communication with our customers alerted us early in 2008 to possible delays in some of our market units. While a significant portion of our 2008 revenue was secured in our order book by Q3, our management worked hard to deliver their forecasted results in a challenging environment while simultaneously preparing the Company for an eventual slowdown.

Before the economic crisis gained traction, we were already implementing our long-term strategy of evolving from a "components manufacturer" into a "complete systems integrator". We believe this approach will position Cavotec MSL to be more versatile within our core markets, giving us the ability to deliver comprehensive and competitive solutions to our customers' infrastructure needs.

In 2008, we moved significantly further down this path in both our Airports and Ports & Maritime market units. The acquisitions of Dabico and Meyerinck, along with our new PCAir technology, equipped Cavotec MSL to be one of the few companies in the world that can deliver a complete package of ground support systems for commercial or military aircraft. Our AMP, MoorMaster and ERTG innovations complement Cavotec MSL's traditional technologies, and further bolster our connection to ports and maritime operators throughout the world. In both instances, our commitment to environmental technology R&D enables customers to reduce their carbon footprint while increasing operational efficiencies.

We continued our geographic expansion and investment into India, Qatar and Russia, providing new platforms for business opportunities and additional sources of highly-skilled, local engineering talent. In other places, we broadened our activity from one or two market areas to the full complement of Cavotec MSL's market units. For instance, in the Middle East, our earlier dependence on non-Cavotec MSL product sales in General Industry has been superseded by increased core product sales.

For the Group, the net benefit of these actions is the ability to derive a higher percentage of our revenue from internally designed and manufactured systems, leading to an increased profitability and decreased dependency on third party providers. As we look forward to the challenges of 2009, this trend will allow us to maintain tighter control on our financial resources, maximize our operational flexibility and enhance our prospects for growth.

MANAGING FOR THE FUTURE

While we remain cautiously optimistic about our near-term prospects we, like many companies in our markets, are not able to predict where 2009 will end up for our Group. We have learned from experience over the past 30 years that any economic recession brings uncertainty about the future, and the potential depth and breadth of this recession could hinder our forward-looking abilities.

We are closely monitoring our market units and following all trends, such as recent industry index (DBI) indications that international shipping is rebounding off 2H 2008 lows, or that large airport projects in Asia and the Middle East are proceeding as planned. Our presence and strength in these markets should counter what we foresee to be a challenging year for General Industry and a significantly slower one for Mining.

Yet while we cannot control the external forces we, our markets and our customers may experience, we are already managing our way internally to make Cavotec MSL a more efficient company. With the confidence that our technologies and systems will be increasingly important and relevant in future infrastructure developments, our goals in the near-term are to stay close to our customers and cultivate our primary asset - our employees - to remain at the forefront of any emerging market trends.

Our community of over 700 employees stretches across six continents and speaks over 45 languages. By working together, sharing their ideas and keeping close local contact with our regional and international customers, their collective efforts provide the foundation for Cavotec MSL's creativity and professionalism. Once the global economy has righted itself and is on the path to recovery, our ability to grow rapidly and achieve the medium and long-term expectations of our shareholders is absolutely correlated to the preservation of the key people within our Group.

As the year develops, we will adapt as necessary to challenges we encounter, acknowledging that the scale of those challenges may influence our short-term profitability. Should circumstances call for more rigorous intervention, we are prepared to make the decisions needed to preserve the future stability of the Group. In the first month of 2009, we have collectively agreed to freeze salaries from the CEO on down, implemented major cost reductions in a few companies whose markets are already trending down, and committed to evaluate all budgeted expenses on an ongoing basis to trim spending and increase efficiency. Simultaneously, our sales force is in the marketplace 'early and often', listening to our customers and anticipating their needs.

All of the above gives me great confidence that Cavotec MSL and our dedicated team will continue to lead in our markets and create future value for all of our stakeholders. We will update you regularly about market developments and our financial performance as the year progresses.

The Chairman's Perspective

Stefan Widegren
Executive Chairman

LOOKING FORWARD WITH CONFIDENCE

On behalf of the Board of Directors, I would like to express our sincere satisfaction with the final outcome of 2008, as outlined by our CEO in his preceding report. This was the second consecutive year for Cavotec as a public company on the NZX, and I am pleased that we have delivered good results and performed to the expectations of our shareholders.

As one of the founders of the Group, I am particularly happy to see that Cavotec MSL is financially solid and prudently leveraged in view of the challenging times ahead. Since starting in 1974, the Company has experienced seven major economical contractions, each of which slowed or reduced our growth for periods between three to twelve months. As the Group continued to develop and broaden its base of stakeholders, we worked to strengthen the Group's global market position and diversify our operations. Simultaneously, we introduced a series of measures to minimize our exposure to financial risks and created a strong and healthy financial platform to build upon. We greatly benefitted from these actions in the past and they will serve us well as we navigate through the current economic environment.

THE CCC SHARE PRICE

Throughout this global economic crisis, I, along with our shareholders and management, have been attentive to the decline in CCC's share price and market capitalization. Over the past year, CCC's value has decreased about 35% in NZD and, with the decline of the NZD versus the Euro, our overseas shareholders have observed an additional 24% loss on their investments. Given the strong performance of the Group during this period, I believe this negative share value trend is mainly attributable to depressed company valuations and volatile foreign currency exchange rates worldwide.

Yet despite these market conditions, I am pleased to note that virtually all of our major shareholders continue to endorse Cavotec. As included in this Report, the list of our twenty largest shareholders is basically unchanged, and collectively they account for 55.2 million shares in 2008 as compared with 55.0 million shares in 2007. We are inspired by this display of support and remain committed to our long-term goal of creating value and providing a good return on investment for our shareholders.

Considering the opportunities in our market units around the world, and combined with the developments in our new innovative systems (MoorMaster™, AMP, PCAir, E-RTG), it is my strong personal belief that Cavotec MSL will return to a period of substantial growth once this global economic slowdown is behind us.

Returns to Shareholders

SHAREHOLDERS

We are pleased to report the returns to shareholders for 2008.

	2008	2007	2006	2005	2004
Return on equity*	16.4%	18.7%	37.0%	23.4%	17.5%
Interest cover (x times)**	4.4x	5.9x	6.3x	6.2x	5.5x
Net debt/Equity ratio***	38.5%	42.6%	90.2%	85.7%	32.7%
Proposed Dividend per ordinary share (cents EUR)	-	2.1	-	-	-
(cents NZD)	-	4.0	-	-	-

** Return on equity is calculated on the average equity for the year*
*** Interest cover is calculated on the interest expense and operating profit (EBIT)*
**** Net debt/Equity ratio is calculated on the average net debt and average equity for the year*

EARNINGS PER SHARE

The profit before tax for the year represented a return of EUR 20.5 cents (NZD 42.5 cents) per share, based on 63,632,700 ordinary shares on issue during the year 2008, compared with EUR 18.3 cents in 2007 (NZD 34.9 cents) in 2007. Earnings per share after tax (Net Earnings) was EUR 14.4 cents (NZD 29.9 cents) compared with EUR 11.4 cents (NZD 21.6 cents) in 2007.
(Based on the average exchange rate 2008 equal to EUR 1.0 = NZD 2.0783, and the average exchange rate 2007 equal to EUR 1.0 = NZD 1.9025)

DIVIDENDS

The Board believes that, while the Group's year-end Balance Sheet is sound, current economic and credit market conditions require the Group to be conservative with its financial resources. Therefore, acknowledging our stated policy of paying shareholders approximately 15% of profit after tax, we have postponed any decision regarding the payment of dividends until the second half of 2009. We believe such actions are appropriate to better ensure the preservation and growth of shareholder value.

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 2008 was EUR 39.1 million (NZD 81.3 million).

	EUR	NZD
Benefits paid to employees	35,306,550	73,379,507
Taxes paid to Governments	3,814,898	7,928,708
Dividends paid to shareholders*	-	-
TOTAL	39,121,448	81,308,215

**Not yet declared*

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
1,100,000	1,109,999	1	270,000	279,999	1
870,000	879,999	1	260,000	269,999	1
680,000	689,999	1	250,000	259,999	3
620,000	629,999	1	240,000	249,999	3
590,000	599,999	1	230,000	239,999	2
530,000	539,999	2	220,000	229,999	3
490,000	499,999	1	190,000	199,999	4
470,000	479,999	1	180,000	189,999	3
460,000	469,999	2	170,000	179,999	5
370,000	379,999	1	160,000	169,999	3
350,000	359,999	1	150,000	159,999	5
340,000	349,999	1	140,000	149,999	6
320,000	329,999	2	130,000	139,999	10
300,000	309,999	1	120,000	129,999	6
290,000	299,999	1	110,000	119,999	38
280,000	289,999	2	100,000	109,999	26
SUBTOTAL		20	SUBTOTAL		119
			TOTAL		139

EMPLOYEE SATISFACTION

Cavotec MSL has always prided itself on being an open and forward-thinking company, and this philosophy is best exemplified in its approach to human resource management. We want each person to be a valued part of our global Group, while understanding the vital nature of their local role. Teamwork is an integral part of our focus and we encourage our employees to exchange ideas and co-operate globally. We believe our high rate of employee retention is proof that this approach works.

HEALTH AND SAFETY

At Cavotec, Health and Safety are not just something we take seriously within the Company; they are an intrinsic component within the systems we supply. Many of the products and systems we manufacture are specifically designed to enhance the safety of our customers' personnel while they operate large mobile machines and vehicles. Internally, we at Cavotec are fully committed to following all applicable Health and Safety regulations wherever we operate around the world. Traditionally, our accident rate has been extremely low, with no fatal work-related incidents recorded since the Company was founded in 1974.

ENVIRONMENTAL MANAGEMENT

We are committed to protecting the environment and limiting our consumption of natural resources in our manufacturing and related activities. To achieve this, we strive to comply with applicable environmental legislation, rules and regulations prescribed by the cities, states and countries where Cavotec MSL is present. We continue to advance our environmental and technological leadership role by proactively developing and implementing innovative solutions to reduce our customers' environmental footprint.

Our objective is to encourage and facilitate the open exchange of ideas and technology with our customers, addressing the needs of our global environment today and in the future.

CORPORATE GOVERNANCE

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 six independent and two 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 maximize 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. Where eligible, a director may stand for re-election, subject to the following limitations:

- No director (other than the executive directors) may serve more than three terms (nine years).

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 for four to five Board meetings and additional corporate strategy workshops. 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 2008, the remuneration committee has carried out, with the support of MERCER Human Resource Consulting, 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. Two of them, namely Michael Cashin and Lakshmi C. Khanna, are Chartered Accountants while the third, 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 four times in 2008 and it received regular reports from the management. The Committee reviewed and reported to the Board on the annual report and the half-yearly 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 2008

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Michael Cashin	5	5	4	4	3	3	4	4
Jack Groesbeek	5	5	-	-	-	-	4	4
Lakshmi Khanna	5	5	4	4	-	-	4	4
Erik Lautmann	5	5	-	-	3	3	-	-
Christer Granskog	2	2	-	-	-	-	-	-
Joe Pope	5	5	4	4	3	3	-	-
Ottonel Popesco	5	5	-	-	-	-	-	-
Stefan Widegren	5	5	-	-	-	-	-	-

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 2008, six major Cavotec companies underwent a full internal audit, and no significant weaknesses or non-compliance issues were detected.

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.

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 all matters that have been entered in the interests register by individual directors are outlined in the following 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.

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.

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 2008

Board of Directors	Director Fees	Other Remuneration*	Bonus**
Executive Directors			
Peter Montgomery (resigned April 29th, 2008)	-	105,503	8,041
Ottonel Popesco	-	375,550	62,862
Stefan Widegren	-	457,700	94,292
SubTotal remuneration to Executive Directors	-	938,753	165,195
Independent Directors			
Michael Cashin	42,123	-	-
Christer Granskog	12,312	-	-
Jack Groesbeek	29,623	50,000	-
Lakshmi Khanna	37,123	70,000	-
Erik Lautmann	32,123	-	-
Joe Pope	34,623	-	-
SubTotal remuneration to Independent Directors	187,927	120,000	-
Total to Cavotec MSL Board members in EUR	187,927	1,058,753	165,195

** Other remunerations include base salary, pensions and other benefits for the Executive Directors and fees for other services for Independent Directors.*
*** Paid out in subsequent year*

DIRECTORS' SHARE DEALINGS 2008

Directors	Shares Acquired	Shares Disposed	Consideration EUR
Peter Montgomery	-	90,000	187,504
Total in EUR	-	90,000	187,504

DIRECTORS' RELEVANT INTEREST IN CAVOTEC MSL (CCC) SECURITIES

Interests per December 31st, 2008	Number of shares held
Michael Cashin (through Amato Enterprises Ltd)	305,000
Jack Groesbeek	975,000
Lakshmi Khanna (through Lonheda BV)	263,406
Erik Lautmann	87,802
Peter Montgomery	1,317,581
Joe Pope	10,000
Ottonel Popesco (through Altafin BV)	2,685,992
Stefan Widegren (through Lonheda BV)	6,766,361
Total shares held by Directors in Cavotec MSL Holdings Ltd	12,411,142

BOARD OF DIRECTORS

Michael Cashin CA, CPA (Australia), FCIS
Michael has worked for a number of large listed companies in New Zealand and overseas. He was appointed
Chairman of the Company in 2000 and remained as Chairman until the merger with Cavotec Group Holdings N.V. on 5 January 2007.
He is currently a director of Property for Industry Ltd, Ryman Healthcare Ltd and Wellington Waterfront Ltd. Past Directorships include Capital Properties NZ Ltd, Centrepoint Ltd, Allied Farmers Ltd, Housing Corporation of New Zealand, Housing New Zealand Ltd and At Work Insurance Ltd.

Christer Granskog MSc. (Helsinki University of Technology)
Christer is the past President and Chief Executive Officer of Kalmar Industries. He has previously worked as Deputy to the President and Chief Executive Officer at Partek Oy Ab and President and Chief Executive Officer of Partek Cargotek AB (1997-98), President and Chief Executive Officer of Sisu Group (1994-97) and Chief Executive Officer of Valmet Automation Oy (1990-94). He currently serves as Deputy Chairman of VR-Group Oy and is Member of the Board of Directors of Baltkran JSC, Havator Oy, Sarlin Oy and Rautaruukki Oy. He was appointed director of the Company on the 12th October 2008.

Jack Groesbeek LLB (University of Amsterdam)
Jack has worked as legal counsel/director with a number of management companies and currently operates his own practice from Amsterdam and Luxembourg. He is presently a director of several Dutch and Luxembourg holding companies including United Business Media Plc, ICAP Plc, Eon AG/Powergen Plc, Intrum Justitia AB, and Cavotec Group Holdings NV. Jack was appointed a director of the Company on 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings NV.

Lakshmi C. Khanna BA Mathematics (Punjab University, India), FCA (England & Wales), CA (India)
Lakshmi has had a distinguished career with PricewaterhouseCoopers (Italy) extending from 1966 and retiring as a partner from the practice in 2001. His career has involved client service responsibilities for the Italian operations of multinational entities including United Technologies, General Foods, Trust House Forte, and IBM amongst others. He has been President of the Rotary Club of Milano, 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. Lakshmi 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 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings N.V.

Erik Lautmann BSc (Stockholm School of Economics)
Erik's professional career has included being Managing Director of Catella AB, DHL International AB (Nordic Countries), Alfaskop AB and Jetpak Group (Nordic countries). He is currently Chairman of Paxxo AB and has held positions as a member of the Board of Association of Swedish Service Companies, Lithells, SAS Cargo Group and Multicom Security. Erik is also an Independent Director of Cavotec Group Holdings N.V. Erik was appointed a director of the Company on 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings N.V.

Joe Pope B. Comm Economics (VUW)
Joe has an extremely successful career as a Chief Executive and director of several substantial organisations, including twelve years as CEO of ENZA and ten years on the board of TradeNZ, culminating in being appointed Chair. Joe is currently Chairman of the Wellington Rugby Football Union, Team Talk Ltd and Revera Ltd., among others. He is also an Accredited Fellow of the Institute of Directors. Joe's contribution to NZ business was formally recognised by the Governor General in the Queen's Birthday Honours list of 2006 when Joe was appointed an Officer of the New Zealand Order of Merit.

Ottonel Popesco MBA (Sorbonne University), M.Sc (Bucarest)
Ottonel joined the Cavotec Group in 1988 and presently holds the position of Chief Executive Officer. Prior to this appointment he 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 PEMA (Port Equipment Manufacturers Assoc.) 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 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings N.V.

Stefan Widegren (Royal Institute of Technology, Stockholm)
Stefan studied mechanical engineering, with a specialisation in hydraulics and pneumatics, at the Royal Institute of Technology in Stockholm from 1970 to 1975. In 1972 he joined Specimas Srl (Italy), founded Cavotec AB (Sweden) in 1974 and assumed the role of Managing Director.
Cavotec acquired Specimas in 1984. Stefan was appointed Chairman & CEO of the Cavotec Group in 1990. His other interests have included Chairman of the Union of International Chambers of Commerce in Italy, Chairman Swedish Chamber of Commerce in Milan and President of the Rotary Club of Milano Sud Est. Stefan was appointed Executive Chairman of the Company on 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings N.V.

Peter Montgomery resigned his directorship on 29th April 2008.

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 Board, 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.

TWENTY LARGEST ORDINARY EQUITY HOLDERS

Shareholders	Nationality	Actual Ownership 31 December 2008	Total (%)
Lonheda BV	The Netherlands	9,018,441	14.17%
New Zealand Central Securities	New Zealand	8,543,039	13.43%
Nordea Life & Pensions Ltd (through NZ Central Securities)	Luxemburg	7,723,394	12.14%
Altafin BV	The Netherlands	6,282,298	9.87%
Nomina SA	Luxemburg	6,164,643	9.69%
Brevetti Stendalto Holdings BV	The Netherlands	3,222,869	5.06%
Hans Jeppson	Italy	1,993,420	3.13%
Dragos Foundation	Netherland Antilles	1,667,996	2.62%
Peter Montgomery	New Zealand	1,317,581	2.07%
Gema Invest AS	Norway	1,358,979	2.14%
SIMON SpA	Italy	906,258	1.42%
Jack Groesbeek	The Netherlands	975,000	1.49%
Union Live Private Foundation	Netherland Antilles	965,498	1.52%
John Cooper	China	939,474	1.48%
Granli Private Foundation	Netherland Antilles	843,843	1.33%
Robert Weber Family Trust	New Zealand	835,731	1.31%
Matepi AB (through NZ Central Securities)	Sweden	757,161	1.19%
SR International SARL	Luxemburg	743,639	1.17%
Jardin Custodians Limited	New Zealand	625,000	0.98%
Emma Jeppson	Italy	330,557	0.52%
TOTAL		55,214,821	86.72%
SHARES ON ISSUE		63,632,700	

DISTRIBUTION OF EQUITY SECURITIES

Range of equity holders	Number of holders	Number of shares held	% of issued shares
1 - 4,999	790	1,250,853	1.97%
5,000 - 9,999	145	844,978	1.33%
10,000 - 49,999	147	2,386,357	3.75%
50,000 - 99,999	20	1,242,830	1.95%
100,000 - 499,999	14	3,053,458	4.80%
500,000 - 999,999	6	6,804,403	10.69%
1,000,000 plus	11	48,049,821	75.51%
TOTAL	1,133	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, 2008:

Holder	Number of shares held
Lonheda BV, The Netherlands	9,018,441
New Zealand Central Securities Depository Ltd, New Zealand	8,543,039
Nordea Life & Pensions Ltd (through NZ Central Securities), Luxemburg	7,723,394
Altafin BV, The Netherlands	6,282,298
Nomina SA, Luxembourg	6,164,643
Brevetti Stendalto Holdings BV, The Netherlands	3,222,869

The total number of issued voting securities of the Company as at December 31st, 2008 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 at the registered office by sending an e-mail to communications@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 26 on page 43.

The Board of Directors of Cavotec MSL consists of eight members and two associate directors. All members have a proven track record and long-standing experience in global business.

From left to right:

Michael Cashin, Independent Director
Jack Groesbeek, Independent Director
Lars Hellman, Associate Director
Erik Lautmann, Independent Director
Stefan Widegren, Executive Chairman
Ottonel Popesco, Chief Executive Officer
Lakshmi C. Khanna, Independent Director
Christer Granskog, Independent Director
Joe Pope, Independent Director
Fabio Cannavale, Associate Director

The Board of Directors of Cavotec MSL Holdings Ltd. is pleased to present the Consolidated Financial Statements for 2008.

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

This report is dated 25 February 2009 and is signed on behalf of the Board of Cavotec MSL Holdings Limited by

Stefan Widegren
Executive Chairman

Ottonel Popesco
Chief Executive Officer

Financial Reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Income Statement
for the year ended 31 December, 2008

		Consolidated		Parent	
	Notes	2008	2007	2008	2007
Revenue from sales of goods		141,724,004	129,993,276	300,754	303,663
Other income	7	3,547,761	3,289,249	1,759,910	3,652
Total revenue		**145,271,765**	**133,282,525**	**2,060,664**	**307,315**
Change in inventory		1,605,271	5,819,232	-	-
Raw material and consumables used		67,091,938	57,931,046	-	-
Employee benefit costs	8	35,306,550	32,287,046	-	-
Transportation expenses		2,981,886	3,555,536	-	2,801
External services	9	11,311,310	9,976,080	239,731	199,854
Travelling expenses		3,217,957	2,608,182	21,719	10,127
General expenses	10	7,350,716	5,923,679	165,820	187,907
Depreciation and amortisation		3,088,233	2,578,711	52,610	30,218
Operating expenses		**131,953,861**	**120,679,512**	**479,880**	**430,907**
OPERATING PROFIT / (LOSS) BEFORE FINANCE COSTS AND INCOME TAX		13,317,904	12,603,013	1,580,784	(123,592)
Finance income		1,037,640	1,152,885	8,553	1,871
Finance costs		(4,050,793)	(2,135,126)	(219,324)	(35,854)
Finance costs - net	11	**(3,013,153)**	**(982,241)**	**(210,771)**	**(33,983)**
Share in profit of associates		-	40,710	-	-
Gain on sale of subsidiary / associate	6	2,708,453	-	-	-
PROFIT / (LOSS) BEFORE INCOME TAX		13,013,204	11,661,482	1,370,013	(157,575)
Income taxes	12	3,814,898	4,320,392	175,279	-
PROFIT / (LOSS) FOR THE YEAR		9,198,306	7,341,090	1,194,734	(157,575)
Profit / (loss) for the year comprises:					
Profit / (loss) from continuing operations		9,198,306	7,425,390	1,194,734	(157,575)
Profit from discontinued operations		-	(84,300)	-	-
		9,198,306	7,341,090	1,194,734	(157,575)
Attributable to					
Equity holders of the Group		9,161,010	7,235,525	1,194,734	(157,575)
Minority interest		37,296	105,565	-	-
Basic and diluted earnings per share attributed to the equity holders of the Group	23	0.144	0.114	0.019	(0.002)

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Balance Sheet
at 31 December, 2008

		Consolidated		Parent	
Assets	Notes	2008	2007	2008	2007
Current assets					
Cash and cash equivalents		6,628,104	4,149,455	-	-
Short term investments		27,276	8,798	-	-
Trade and other receivables	14	33,039,900	27,744,480	203,812	343,916
Inventories	15	26,709,365	22,235,787	-	11,338
		66,404,645	54,138,520	-	-
Discontinued operations - assets held for sale		-	5,584,547	-	-
TOTAL CURRENT ASSETS		66,404,645	59,723,067	203,812	355,254
Non-current assets					
Property, plant and equipment	16	12,593,537	10,997,342	59,364	101,972
Intangible assets	17	50,943,033	38,712,827	1,601,199	1,971,822
Investments in subsidiary companies		-	-	77,878,089	99,749,692
Investments equity accounted		-	335,065	-	-
Deferred tax assets	20	338,000	151,000	-	-
Other long term receivables		468,254	300,860	85,711	-
TOTAL NON-CURRENT ASSETS		64,342,824	50,497,094	79,624,363	101,823,486
TOTAL ASSETS		130,747,469	110,220,161	79,828,175	102,178,740

Liabilities	Notes	2008	2007	2008	2007
Current liabilities					
Bank overdrafts	19	11,418,867	6,304,655	551,036	501,743
Short term debt	19	6,923,909	4,261,773	57,390	25,076
Trade payables		22,205,549	18,285,990	16,792	16,226
Other current liabilities	18	8,510,646	8,320,714	15,800	55,634
Current income tax liabilities		1,166,851	(36,630)	(114,446)	(330,206)
		50,225,822	37,136,502	-	-
Discontinued operations - liabilities held for sale		-	2,214,656	-	-
TOTAL CURRENT LIABILITIES		50,225,822	39,351,158	526,572	268,473
Non-current liabilities					
Long-term debt	19	15,576,404	11,131,156	-	-
Deferred tax liabilities	20	1,591,172	1,679,897	-	-
Provision for tax		360,655	871,817	-	-
Provisions for other liabilities and charges	21	1,901,712	1,505,190	-	-
TOTAL NON-CURRENT LIABILITIES		19,429,943	15,188,060	-	-
TOTAL LIABILITIES		69,655,765	54,539,218	526,572	268,473
NET ASSETS		61,091,704	55,680,943	79,301,603	101,910,267

Equity	Notes	2008	2007	2008	2007
Contributed equity	22	42,577,669	42,577,669	105,066,154	105,066,154
Currency exchange reserve		(3,728,912)	(1,259,303)	(24,300,849)	(1,565,183)
Retained earnings		22,025,682	14,019,039	(1,463,702)	(1,590,704)
		60,874,439	55,337,405	79,301,603	101,910,267
Minority interest part of equity		217,265	343,538	-	-
TOTAL EQUITY		61,091,704	55,680,943	79,301,603	101,910,267
TOTAL EQUITY AND LIABILITIES		130,747,469	110,220,161	79,828,175	102,178,740

Financial Reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Changes in Equity

for the year ended 31 December, 2008

Group	Notes	Share capital	Currency reserves	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2007		17,301,385	(1,680,792)	6,653,930	22,274,523	1,461,567	23,736,090
Currency translation differences		-	421,489	129,584	551,073	(149,325)	401,748
Discontinued operations		-	-	-	-	(1,074,269)	(1,074,269)
Profit for the year		-	-	7,235,525	7,235,525	105,565	7,341,090
Total recognised income and expenses		-	421,489	7,365,109	7,786,598	(1,118,029)	6,668,569
Issue of share capital		25,276,284	-	-	25,276,284	-	25,276,284
BALANCE AS AT 31 DECEMBER 2007		42,577,669	(1,259,303)	14,019,039	55,337,405	343,538	55,680,943
Balance as at 1 January 2008		42,577,669	(1,259,303)	14,019,039	55,337,405	343,538	55,680,943
Dividends		-	-	(1,154,367)	(1,154,367)	-	(1,154,367)
Reduction in minority interest		-	-	-	-	(75,375)	(75,375)
Currency translation differences		-	(2,469,609)	-	(2,469,609)	(88,194)	(2,557,803)
Profit for the year		-	-	9,161,010	9,161,010	37,296	9,198,306
Total recognised income and expenses		-	(2,469,609)	8,006,643	5,537,034	(126,273)	5,410,761
Issue of share capital		-	-	-	-	-	-
BALANCE AS AT 31 DECEMBER 2008		42,577,669	(3,728,912)	22,025,682	60,874,439	217,265	61,091,704

Parent	Notes	Share capital	Currency reserves	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2007		3,961,128	-	(1,433,129)	2,527,999	-	2,527,999
Currency translation differences		-	(1,565,183)	-	(1,565,183)	-	(1,565,183)
Profit for the year		-	-	(157,575)	(157,575)	-	(157,575)
Total recognised income and expenses		-	(1,565,183)	(157,575)	(1,722,758)	-	(1,722,758)
Issue of share capital		101,105,026	-	-	101,105,026	-	101,105,026
BALANCE AS AT 31 DECEMBER 2007		105,066,154	(1,565,183)	(1,590,704)	101,910,267	-	101,910,267
Balance as at 1 January 2008		105,066,154	(1,565,183)	(1,590,704)	101,910,267	-	101,910,267
Dividends		-	-	(1,067,732)	(1,067,732)	-	(1,067,732)
Currency translation differences		-	(22,735,666)	-	(22,735,666)	-	(22,735,666)
Profit for the year		-	-	1,194,734	1,194,734	-	1,194,734
Total recognised income and expenses		-	(22,735,666)	127,002	(22,608,664)	-	(22,608,664)
Issue of share capital		-	-	-	-	-	-
BALANCE AS AT 31 DECEMBER 2008		105,066,154	(24,300,849)	(1,463,702)	79,301,603	-	79,301,603

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows - Direct Method
for the year ended 31 December, 2008

	Consolidated		Parent	
Operating activities	2008	2007	2008	2007
Cash was provided from:				
Receipts from customers	140,416,999	126,491,910	611,874	100,630
Income tax refund	-	-	-	-
Interest received	1,389,422	1,078,532	8,553	1,871
TOTAL CASH INFLOWS	141,806,421	127,570,442	620,427	102,501
Cash was applied to:				
Payment to suppliers	93,954,548	82,290,028	423,587	411,037
Payment to employees	36,249,961	30,048,195	-	-
Income tax paid	4,112,855	4,339,198	3,256	303,134
Interest paid	2,840,810	2,073,323	33,509	35,854
TOTAL CASH OUTFLOWS	137,158,174	118,750,744	460,352	750,025
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	4,648,247	8,819,698	160,075	(647,524)

	Consolidated		Parent	
Financing activities	2008	2007	2008	2007
Cash was applied to:				
Borrowings	10,275,899	2,200,000	(20,132)	-
Repayment of loans	(4,991,547)	(6,397,385)	(309,149)	-
Dividends paid	(1,154,366)	-	(1,067,732)	-
NET CASH INFLOW / (OUTFLOW) FROM FINANCIAL ACTIVITIES	4,129,986	(4,197,385)	(1,397,013)	-

	Consolidated		Parent	
Investing activities	2008	2007	2008	2007
Cash was applied to:				
Dividends received	-	-	1,251,892	-
Purchase of intangible assets	(1,571,487)	(919,329)	(101,219)	(68,102)
Purchase of property, plant and equipment	(4,071,124)	(6,013,096)	-	-
Purchase of goodwill	(11,985,114)	(264,950)	-	-
Purchase of financial assets	(499,914)	-	(110,492)	-
Sale of property, plant and equipment	179,791	-	-	-
Sale of other assets	6,078,344	-	9,973	-
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(11,869,504)	(7,197,375)	1,050,154	(68,102)
Net (decrease) / increase in cash held	(3,091,271)	(2,575,062)	(186,784)	(715,626)
Cash at beginning of year	(2,155,200)	1,153,768	(501,743)	203,535
Currency exchange differences	455,708	(733,906)	137,491	10,348
CASH AT END OF YEAR	(4,790,763)	(2,155,200)	(551,036)	(501,743)
Cash comprises:				
Cash and cash equivalents	6,628,104	4,149,455	-	-
Bank overdrafts	(11,418,867)	(6,304,655)	(551,036)	(501,743)
TOTAL	(4,790,763)	(2,155,200)	(551,036)	(501,743)

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows - Indirect Method
for the year ended 31 December, 2008

	Consolidated		Parent	
	2008	2007	2008	2007
Reconciliation of profit / (loss) for the year to				
Net cash from operating activities				
REPORTED PROFIT / (LOSS) FOR THE YEAR	9,198,306	7,341,090	1,194,734	(157,575)
Items not involving cash flows				
Depreciation and amortisation	3,088,233	2,578,711	52,610	30,218
Share in profit of associates	-	40,710	-	-
Deferred tax	(275,725)	-	-	-
Profit from sale	(2,708,453)	-	-	-
Investing activities				
Dividends received	-	-	(1,755,190)	-
Impact of changes in working capital				
Inventories	(620,546)	(4,216,295)	11,338	-
Trade debtors	(4,283,834)	(3,272,579)	334,718	(144,884)
Other current assets	(968,668)	(346,312)	(6,191)	(122,990)
Trade creditors	869,639	4,190,438	328,056	(241,945)
Non-current liabilities	349,295	2,503,935	-	(10,348)
	(4,654,114)	(1,140,813)	(667,921)	(520,167)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	4,648,247	8,819,698	160,075	(647,524)

Notes to the Financial Statements for the year
ended 31 December, 2008

Note 1. General information

Cavotec MSL Holdings Limited (the 'Company') and its subsidiaries (together 'the Group') design 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 take over 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 25 February 2009.

Note 2. 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 2008 and 2007.

(a) 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).

Historical Cost Convention

These Financial Statements have been prepared under the historical cost convention.

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 other standards, amendments and interpretations which are not yet effective. The following are the ones that are deemed to be relevant to the Group:

NZ IAS 1 "Presentation of Financial Statements (revised)" was approved effective for periods beginning on or after 1 January 2009. This is a disclosure standard and the revisions are not expected to signficationly impact the Group but will result in some amended presentation within the Financial Statements. The Group intends to adopt the revised standard in the 2009 financial year.

NZ IFRS 3 "Business Combinations (revised)" was approved for periods beginning on or after 1 July 2009. This standard revises the nature of costs that can be capitalised in a business combination. NZ IAS 27 Consolidated and Separate Financial Statements (revised) requires, inter alia, that changes in ownership interests of a subsidiary be accounted for as an equity transaction. The impact of this to the Group will be dependent of the level of acquisition or disposal activity in any given year. The Group intends to adopt this standard in the 2010 financial year.

NZ IFRS 8 "Operating Segments" was approved effective for periods beginning on or after 1 January 2009. This is a disclosure standard replacing NZ IAS 14 "Segmental Reporting". This will result in increased disclosure around segmental reporting. The Group intends to adopt the standard in the 2009 financial year.

Notes to the Financial Statements for the year
ended 31 December, 2008

NZ IAS 23 "Borrowing Costs (revised)" is effective for periods beginning on or after 1 January 2009. This revised standard removes the option to expense borrowing costs incurred in respect of qualifying assets. This standard is unlikely to have a material impact as the Group does not routinely purchase or construct what is defined as a qualifying asset. The Group intends to adopt this standard in the 2009 financial year.

Critical accounting estimates

The preparation of 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 Company'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.

(b) 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 it 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 Income Statement, 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 Income Statement 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 and other financial instruments designated as hedges of such investments, 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 Income Statement, 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.

(c) 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. 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 Income Statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the Income Statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired in the carrying value of net assets of the subsidiary.

(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 Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. 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.

(d) Revenue recognition

Revenue comprises the fair value 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 delivered a product to the customer. The recorded revenue is the gross amount of sale.

(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.

(e) 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 or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in 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.

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

The Income Statement 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.

(g) 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 Income Statement 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 Income Statement on a straight-line basis over the period of the lease.

(h) 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).

(i) 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. Bank overdrafts are shown in current liabilities on the Balance Sheet. Cash and cash equivalents are classified as loans and receivables.

(j) Loans and receivables - trade receivables

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 ongoing 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 Income Statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first - in, first - out (FIFO) method. The cost of finished goods and work in process 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.

(l) 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement 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	20
Plant and machinery	10 to 20
Laboratory equipment and miscellaneous tools	20
Furniture and office machines	20
Motor vehicles	20
Computer hardware	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 Income Statement.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company'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 for the purpose of impairment testing. Each of those cash generating units represents the Company's investment in each country of operation by each primary reporting segment (Note 13).

(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

A part of the excess of cost over the fair value of the net assets of the subsidiaries and associate entities may be recorded as patents on purchase accounting. 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.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are normally paid in accordance with commercial practice in the territory where they originate and in accordance with contractual obligations.

(o) 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 Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Notes to the Financial Statements for the year
ended 31 December, 2008

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the Balance Sheet date.

(p) 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.

(q) 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.

(r) 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.

(s) 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. In Italy employees are entitled to deferred compensation which vests immediately and is determined in accordance with local legislation and national labour regulations. Based on recent legislation employees have the right to have the amounts accrued from 1 January 2007 transferred to certain Government approved funds and such amounts are considered as comprising a defined contribution plan.

(t) 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 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.

(u) Segment reporting

A business segment is a group of assets and operations engaged in providing products of services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risk and returns that are different from those of segments operating in other economic environments.

(v) Changes in accounting policies

There have been no material changes in accounting policies during the period. The Company and Group have not adopted early any New Zealand Equivalents International Financial Reporting Standards.

Note 3. Financial 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.

The Group does not make use of derivative financial instruments. As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities. The Group does not use foreign exchange contracts to manage its foreign currency risk exposures. The Group does not speculatively trade in derivative instruments.

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, foreign exchange and ageing analyses for credit to determine market risk.

Risk management is carried out by a central finance department (Group Finance) under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges the financial risks of the Group.

(a) Market risk

- Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currencies.

An area of potential market risk arises from the fact that the Group's major manufacturing units, except for the recently acquired 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 and Argentina. Sales to all these territories and to Australia and Canada represent some 36.5% of the Group's total sales and there is a risk that a significant reduction in the relative strength of the respective currency versus the Euro would require substantial price increases to maintain profitability. 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. It is the assessment of management that a 10% change in the parity of the US dollar to the Euro would have no significant impact on the results of the Group from this market risk.

Another area of foreign exchange risk is related to inter company purchases from manufacturing companies located in Euro jurisdictions. Such inter company payables are, under the terms, generally settled within sixty days. Each group company maintains a pool bank account denominated in Euros and thirty days prior to the due date Euros are purchased, under the direction of central Treasury, and transferred to the pool account to cover the settlement of payables becoming due within the next thirty days. In addition the balance of purchasing and sales in various currencies provides a natural currency hedge. Because of this the Group adheres to a policy, approved by the Board, of not taking out any foreign currency derivatives. 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. The Group is exposed to foreign exchange risk related to exposures on transactions in various currencies, primarily with respect to:

UAE Dirham
United States Dollar
Australian Dollar
Canadian Dollar
Swedish Kroner
Norwegian Kroner
New Zealand Dollar
Chinese Renminbi
Hong Kong Dollar

At 31 December 2008, 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 337,000 lower/higher (2007: 41,000). This is mainly as a result of foreign exchange gains/losses on translation of trade receivables and borrowings denominated in currencies other than the Euro and in respect of operations in non Euro jurisdictions for receivables and borrowings 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 2008 EUR (000's)	**Foreign exchange risk**				
	Carrying	EUR +10%		EUR -10%	
	amount	Profit	Equity	Profit	Equity
Cash and cash equivalents	9,556	956	956	(956)	(956)
Trade receivables	7,564	756	756	(756)	(756)
Trade payables	11,360	(1,136)	(1,136)	1,136	1,136
Borrowings	10,403	(1,040)	(1,040)	1,040	1,040
TOTAL INCREASE / (DECREASE)	-	**(464)**	**(464)**	**464**	**464**
Tax effect	-	127	127	(127)	(127)
INCREASE / (DECREASE) NET	-	**(337)**	**(337)**	**337**	**337**

Notes to the Financial Statements for the year
ended 31 December, 2008

As at 31 December 2007 EUR (000's)		Foreign exchange risk			
	Carrying amount	EUR +10%		EUR -10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	3,181	318	318	(318)	(318)
Trade receivables	6,108	611	611	(611)	(611)
Trade payables	8,387	(839)	(839)	839	839
Borrowings	254	(25)	(25)	25	25
TOTAL INCREASE / (DECREASE)	-	**65**	**65**	**(65)**	**(65)**
Tax effect	-	(24)	(24)	24	24
INCREASE / (DECREASE) NET	-	**41**	**41**	**(41)**	**(41)**

All major credit facilities are entered into and managed by Central Treasury with the active involvement of top management, including the CEO. The Group has three long term financing facilities which are denominated in Euro. Of these financings, one bears interest at a fixed rate, while the remaining two are variable rate loans. Variable rate borrowings relate to overdrafts and short term debt in various jurisdictions which are normally authorized by the CEO or the Regional Manager. The impact of a 1% increase/decrease in interest rate will result in an increase/decrease on profit for the year and equity of EUR 190,000 (2007: 90,000)

(b) Credit risk

Credit risk is managed on a Group basis. 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. 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 authorized by at the level of 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 more stringent practices to evaluate exposure to doubtful debts. Previously provisions were recorded to cover exposure relative to specific accounts in difficulty. The current policy requires that provisions be recorded for accounts receivable balances which are past due for periods in excess of normal trading terms.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Group Finance aims at maintaining flexibility in funding by keeping committed credit lines available. Group Finance maintains rolling forecasts of the Group's liquidity reserves on the basis of expected cash flows.

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. The amounts disclosed in the table below are the contractual undiscounted cash flows, as the impact of discounting is not material.

At 31 December 2008, EUR (000's)	Less than 1 year	1 and 5 years
Bank overdrafts and short term debt*	18,801	-
Long term debt*	-	16,355
Trade payables	22,206	-

**short term debt includes the current portion of long term debt*

At 31 December 2007, EUR (000's)	Less than 1 year	1 and 5 years
Bank overdrafts and short term debt*	10,567	-
Long term debt*	-	11,131
Trade payables	18,286	-

**short term debt includes the current portion of long term debt*

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of the fixed interest rate loan is different from the nominal value carried in the Financial Statements by an insignificant amount.

(d) Assets

(i) Trade receivables

A summarised analysis of the Group exposure to foreign exchange and interest rate movements can be found in the sensitivity table in (a) above.

Due to the short term nature of trade and other receivables, their carrying amount is assumed to approximate their fair value. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed. The maximum exposure to credit risk at the reporting date is carrying value of the receivables. At 31 December 2008, the total of trade receivables assessed as being impaired amounted to EUR 594,772 for which provisions for impairment have been recognised; of this amount EUR 501,176 was recognised in the Income Statement for 2008. As at 31 December 2008, trade receivables of EUR 9,753 thousand were past due 30 days and over. These relate, in principal part, to independent customers for whom there is no recent history of default. Other than the amounts impaired referred to above, these accounts do not demonstrate any signs of specific impairment. The ageing of these balances is as follows:

EUR (000's)	2008	2007
Overdue up to 30 days	6,121	4,972
Overdue up to 30 and 60 days	1,444	1,910
Overdue up to 60 and 90 days	1,032	608
Overdue up to 90 and 120 days	751	2,221
Overdue more than 120 days	405	-
TOTAL	9,753	9,711

Provision for doubtful debts by segment EUR (000's)	2008	2007
America	(17)	-
Asia Pacific	(111)	(88)
Europe, Middle East, Africa	(467)	-
TOTAL	(595)	(88)

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

EUR (000's)	Consolidated		Parent	
	2008	2007	2008	2007
EUR	9,667	7,740	-	-
AED	5,047	5,201	-	-
HKD	2,857	2,608	-	-
SEK	1,644	2,218	-	-
USD	2,342	1,977	-	-
NOK	2,204	1,504	-	-
AUD	2,082	1,381	-	-
NZD	55	39	-	335
Chinese RMB	2,288	1,023	-	-
Other	2,380	1,570	-	-
TOTAL	30,566	25,261	-	335

(ii) Cash and cash equivalents

Cash and cash equivalents held at year end are held in the following currencies:

EUR (000's)	Consolidated		Parent	
	2008	2007	2008	2007
EUR	1,298	(1,446)	-	-
AED	904	1,066	-	-
HKD	380	184	-	-
SEK	651	841	-	-
USD	1,502	2,126	-	-
NOK	374	408	-	-
AUD	30	445	-	-
NZD	92	108	-	204
Chinese RMB	-	81	-	-
Other	1,397	336	-	-
TOTAL	6,628	4,149	-	204

Notes to the Financial Statements for the year
ended 31 December, 2008

(e) Assets/liabilities held at fair value through the Income Statement Derivative Financial Instruments

There are no foreign exchange contracts in place 2008 (2007: Nil)

Instruments used by the Group

The Group is party to a fixed interest rate loan agreement 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 policies. The Group does not enter into interest rate derivatives.

(f) Liabilities

(i) Trade payables

The Group's trade payables are subject to foreign exchange risk. The carrying amounts of the Groups and Company's trade payables are held in the following currencies:

EUR (000's)	Consolidated		Parent	
Currency	2008	2007	2008	2007
EUR	11,300	8,733	-	-
AED	2,535	2,839	-	-
HKD	640	558	-	-
SEK	635	919	-	-
USD	799	484	-	-
NOK	1,506	1,464	-	-
AUD	1,451	1,072	-	-
NZD	43	75	17	16
Chinese RMB	1,236	737	-	-
Other	2,061	1,404	-	-
TOTAL	22,206	18,285	17	16

For an analysis of sensitivity of trade payables to foreign currency risk, refer to note (a).

(ii) Borrowings

The Group's borrowings are subject to interest rate risk as indicated in the sensitivity analysis in (a). Of the total amount of borrowings of EUR 33,919,000 except for EUR 725,000, all borrowings are denominated in Euro and are therefore not subject to material foreign currency risk.

(g) 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 ongoing attention is given by management to the level of interest cover. During 2008, the Group's strategy, which was unchanged from 2007, 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 Company was in compliance with all of its financial covenants at 31 December 2008 (2007: also compliant).
The debt equity ratios at 31 December 2008 and 31 December 2007 were as follows:

EUR (000's)	Consolidated	
	2008	2007
Total interest bearing liabilities	33,919	21,698
Less: cash and cash equivalents	6,628	4,149
Net debt	**27,291**	**17,549**
Total equity	**61,092**	**55,681**
Debt equity ratio	44.7%	31.5%

At 31 December 2008, the Group had unutilised lines of credit with with various partner banks totalling approximately EUR 14 million. Of these amounts, EUR 5.5 million are due to expire between 1 April and 30 June 2008. The Company is currently in negotiations to secure replacement financing facilities.

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.

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. Estimated impairment of intangible assets: The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy (m). A significant part of the goodwill at 31 December 2008 arose from the reverse acquisition of Mooring Systems Limited on 5 January 2007 and was supported by independent valuations. Similarly, patents are examined for any indications of impairment and the majority of these were subject to an independent valuation. In 2008 goodwill amounting to EUR 8,589,833 was recorded relative to the acquisition of the Dabico Group on 23 April 2008 and of EUR 3,849,081 relative to the acquisition of the Meyerinck Group on 30 October 2008. Further details related to these acquisitions are included in Note 5 below. See Note 29 for further details and assumptions supporting the carrying value of goodwill at 31 December 2008.

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 (refer to accounting policy j.), inventory (refer to accounting policy k.) and provisions (refer to accounting policy q.) Given the global turmoil in the international markets, in 2008 the Company has introduced more stringent practices to evaluate potential exposure to doubtful debts (see also note 3 above), to slow moving inventories and on warranties. The effect in 2008 of introducing these more stringent policies was to reduce the reported profit before taxes by EUR 800,000.

Note 5. Business acquisitions

(a) Dabico

On 23 April 2008 the Group acquired the Dabico Group comprising of two companies: Dabico Inc., USA and Dabico Europe, UK. The acquired business contributed EUR 5,610,934 in total revenues and EUR 537,590 in profit before income tax from the date of acquisition to 31 December 2008. If the acquisition had occurred on 1 January 2008, the combined Group's total revenues up to December 31 2008 would have amounted to EUR 146,644,918 and the profit before tax would have amounted to EUR 12,464,590. These amounts have been calculated using the Group's accounting policies.

Details of the net assets acquired and goodwill are as follows:

EUR (000's)	
Total purchase consideration	9,999,874
Direct costs relating to the acquisition	424,150
Total purchase consideration	**10,424,024**
Fair value of net assets acquired	1,834,191
Goodwill acquired (Note 17)	8,589,833

The goodwill is attributable to the Group's reputation as a manufacturer of quality products built up over forty years of successful business, the engineering expertise, trained staff and an established customer base.

The assets and liabilities as of 23 April 2008 arising from the acquisition are as follows:

EUR (000's)	Fair value	Acquirer's carrying amount
Cash and cash equivalents	586,202	586,202
Trade and other receivables	571,008	571,008
Inventories of raw materials and work in process	1,145,386	1,145,386
Property, plant and equipment	382,973	382,973
Intangible assets	25,358	25,358
Deferred taxes	(3,070)	(3,070)
Trade payables	(396,440)	(396,440)
Other current liabilities	(477,226)	(477,226)
NET ASSETS ACQUIRED	1,834,191	1,834,191

As can be seen from the table above, the fair values of the assets and liabilities acquired were in line with the carrying amounts in the acquirer's books at the acquisition date.

The purchase consideration for this acquisition was settled in cash.

Notes to the Financial Statements for the year
ended 31 December, 2008

(b) Meyerinck

On 30 October 2008 the Group acquired the Meyerinck Group comprising of two companies: System-Verladetechnik GmbH and Meyerinck GmbH. The acquired business contributed EUR 4,072,831 in total revenues and EUR 994,204 in profit before income tax from the date of acquisition to 31 December 2008. If the acquisition had occurred on 1 January 2008, the combined Group's total revenues up to December 31 2008 would have amounted to EUR 149,810,457 and the profit before tax would have amounted to EUR 11,889,166. These amounts have been calculated using the Group's accounting policies. These amounts have been calculated using the Groups accounting policies.

Details of the net assets acquired and goodwill are as follows:

EUR (000's)	
Total purchase consideration	3,613,800
Direct costs relating to the acquisition	17,637
Total purchase consideration	**3,631,437**
Fair value of net assets acquired	(217,644)
Goodwill acquired (Note 17)	3,849,081

The goodwill is attributable to the Group's reputation as a manufacturer of quality products built up over thirty-five years of successful business, the engineering expertise, trained staff and an established customer base.

The assets and liabilities as of 30 October 2008 arising from the acquisition are as follows:

EUR (000's)	Fair value	Acquirer's carrying amount
Cash and cash equivalents	(469,664)	(469,664)
Trade and other receivables	252,155	252,155
Inventories of raw materials and work in process	2,707,645	2,707,645
Property, plant and equipment	438,651	438,651
Trade payables	(2,653,480)	(2,653,480)
Other current liabilities	(492,951)	(492,951)
NET ASSETS ACQUIRED	(217,644)	(217,644)

As can be seen from the table above, the fair values of the assets and liabilities acquired were in line with the carrying amounts in the acquirer's books at the acquisition date.

The purchase consideration for this acquisition comprises of cash paid at closing and deferred obligations. At 31 December 2008, EUR 492,951 was included in other current liabilities.

Note 6. Divestment of Gantrex operations

During the last quarter of 2007 management decided to sell the Gantrex operations as the Gantrex product line did not offer the Group adequate opportunities for growth which would justify its continuance as a core product. Gantrex operations included a manufacturing facility in Canada, modest sales operations in the US and modest investments in associated companies in China, Hong Kong and Singapore. The Gantrex operations were sold on 8 January 2008. Income Statement data relative to this discontinued operation for 2007 may be summarised as follows:

EUR (000's)	2007
Total revenue	6,411,526
Operating expenses	6,428,256
Profit / (loss) before income tax	(16,730)
Income taxes	67,571
Profit / (loss) for the year	(84,301)

Net assets relative to this discontinued operation at 31 December 2007 are summarised below:

EUR (000's)	2007
Trade and other receivables	930,860
Inventories	863,525
Fixed assets	956,795
Goodwill and intangible assets	2,275,324
Investment in associates	558,043
TOTAL	5,584,547

EUR (000's)	2007
Trade payable and other liabilities	2,214,656
Net assets	**3,369,891**
Sale proceeds	**6,078,344**
Gain on sale	**2,708,453**
Operating cash flows	1,259,781
Financing cash flows	(618,144)
Investing cash flows	162,575
Total cash flows	804,212

Note 7. Other income

	Consolidated		Parent	
	2008	2007	2008	2007
Carriage, insurance and freight	1,780,902	1,818,051	-	-
Foreign exchanges gains on sales	925,361	388,851	4,720	3,652
Royalties	237,087	196,395	-	-
Grants received	5,120	-	-	-
Dividend received	-	-	1,755,190	-
Other miscellaneous income	599,291	885,952	-	-
TOTAL	3,547,761	3,289,249	1,759,910	3,652

Note 8. Employee benefit costs

	Consolidated		Parent	
	2008	2007	2008	2007
Salaries and wages	26,839,460	24,911,129	-	-
Social security contributions	4,971,130	4,293,215	-	-
Other employee benefits	3,495,960	3,082,702	-	-
TOTAL	35,306,550	32,287,046	-	-

Note 9. External services

	Consolidated		Parent	
	2008	2007	2008	2007
This caption includes purchased services as summarised below				
Occupancy costs	3,638,553	2,984,483	-	132
Telecommunications and postal services	1,720,049	1,693,550	192	200
Administration costs including	1,841,683	1,738,788	146,745	81,350
Repairs and maintenance	568,990	262,197	-	-
Costs of temporary employees	441,111	270,313	-	-
Other external services	3,100,924	3,026,749	92,794	118,172
TOTAL	11,311,310	9,976,080	239,731	199,854

Note 10. General expenses

EUR (000's)	Consolidated		Parent	
	2008	2007	2008	2007
Advertising and public relations	1,596,190	1,645,970	95,892	126,080
Insurance	1,940,486	1,084,183	-	1,260
Licence fee and royalites	320,208	808,521	-	-
Sales commission and other selling expenses	1,277,301	730,881	-	-
Office supplies and consumables	930,352	830,372	-	(7,242)
Losses on sales of fixed assets	20,621	59,207	-	2,067
Donations and gifts	34,358	26,770	-	268
Provision for doubtful debts	142,624	81,692	-	-
Other	1,088,576	656,083	69,928	65,474
TOTAL	7,350,716	5,923,679	165,820	187,907

Notes to the Financial Statements for the year
ended 31 December, 2008

Note 11. Finance cost - net

	Consolidated		Parent	
	2008	2007	2008	2007
Interest income	1,329,719	600,629	8,553	1,871
Currency exchange difference on assets	(292,079)	552,256	-	-
TOTAL	**1,037,640**	**1,152,885**	**8,553**	**1,871**
Interest expenses	(2,865,703)	(1,899,815)	(35,278)	(35,854)
Currency exchange difference on liabilities	(1,185,090)	(235,311)	(184,046)	-
TOTAL	**(4,050,793)**	**(2,135,126)**	**(219,324)**	**(35,854)**
TOTAL	**(3,013,153)**	**(982,241)**	**(210,771)**	**(33,983)**

Note 12. Income taxes

EUR (000's)	Consolidated		Parent	
	2008	2007	2008	2007
Current tax	4,091	4,662	175	-
Deferred tax	(276)	(342)	-	-
TOTAL	**3,815**	**4,320**	**175**	**-**

The tax on the Group's 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:

EUR (000's)	Consolidated		Parent	
	2008	2007	2008	2007
Profit / (loss) before income tax	13,013	11,661	1,370	(158)
Tax calculated at domestic tax rates applicable to profits in the respective countries	4,334	3,586	411	-
Tax effect of non taxable income included in profit before tax	(894)	-	(527)	-
Taxes on non deductible expenses	313	-	288	-
Provision for new tax legislation in China	-	450	-	-
Additional regional tax in Italy	379	290	-	-
Deferred taxes	(276)	-	-	-
Other	(41)	(6)	3	-
TOTAL	**3,815**	**4,320**	**175**	**-**
Imputation credits				
Imputation credit account balance	297,127	325,036	296,260	323,411
Movements				
Balance at 1 January 2008	325,036	17,164	323,411	17,164
Imputation loss from continuity breach	-	(17,164)	-	(17,164)
RWT deducted from interest	-	2,168	-	508
Tax payments net of refunds	(451)	329,609	106	329,609
Exchange difference	(27,458)	(6,741)	(27,257)	(6,707)
BALANCE AT 31 DECEMBER 2008	**297,127**	**325,036**	**296,260**	**323,411**

Note 13. Segment information

Segment report - Primary reporting format - geographical areas
31 December, 2008

EUR (000's)	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from sales of goods	15,752	36,816	89,156	-	141,724
Operating profit (EBIT)	1,635	4,393	7,290	-	13,318
Net financial items	355	(635)	(25)	-	(305)
Income taxes	(221)	(430)	(3,674)	511	(3,815)
PROFIT OF THE YEAR	**1,769**	**3,328**	**3,591**	**511**	**9,198**
Non cash expenses					
Depreciation and amortisation	133	593	2,362	-	3,088
Segment assets	(3,874)	32,279	102,342	-	130,747
of which goodwill	8,293	20,654	9,971	4,722	43,640
TOTAL ASSETS	**(3,874)**	**32,279**	**102,342**	**-**	**130,747**
Segment liabilities	5,101	8,732	56,334	(511)	69,656
TOTAL LIABILITIES	**(5,101)**	**8,732**	**56,334**	**(511)**	**69,656**
Total capital expenditure	6,033	459	11,579	-	18,071
excluding goodwill	297	459	4,876	-	5,632
Goodwill acquired	5,736	-	6,703	-	12,439
Impairment of goodwill	-	-	-	-	-

Segment report - Primary reporting format - geographical areas
31 December 2007

EUR (000's)	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from sales of goods	14,198	27,061	88,734	-	129,993
Operating profit (EBIT)	329	581	11,693	-	12,603
Net financial items	120	201	(1,987)	724	(942)
Income taxes	(321)	(767)	(3,332)	100	(4,320)
PROFIT FOR THE YEAR	**128**	**15**	**6,374**	**824**	**7,341**
Profit for the year comprises					
Profit from continuing operations	212	15	6,374	824	7,425
Loss from discontinued operations	(84)	-	-	-	(84)
TOTAL	**128**	**15**	**6,374**	**824**	**7,341**
Non cash expenses					
Depreciation and amortisation	261	542	1,776	-	2,579
Segment assets	4,922	31,423	69,153	4,722	110,220
of which goodwill	2,557	21,172	3,184	4,722	31,636
Investment in associated companies	153	24	158	-	335
TOTAL ASSETS	**4,922**	**31,423**	**69,153**	**4,722**	**110,220**
Segment liabilities	3,451	5,659	34,791	10,638	54,539
TOTAL LIABILITIES	**3,451**	**5,659**	**34,791**	**10,638**	**54,539**
Total capital expenditure	3,052	27,117	3,493	4,722	38,384
excluding goodwill	3,052	5,945	3,224	4,722	17,206
Goodwill aquired	-	21,178	-	-	21,178
Impairment of goodwill	-	-	-	-	-

Notes to the Financial Statements for the year
ended 31 December, 2008

Secondary reporting format - business segments
Revenue from sales of goods

EUR (000's)	Consolidated		Parent	
	2008	2007	2008	2007
Ports and Maritime	31,948	34,399	301	304
Mining and Tunnelling	20,948	18,186	-	-
Airport Industry	20,726	23,111	-	-
Energy and Offshore	11,608	8,318	-	-
Steel and Aluminium	3,640	5,567	-	-
General Industry	52,854	40,412	-	-
TOTAL	141,724	129,993	301	304

Assets and capital expenditure by business segments are unavailable as this information has not been reported previously in this format.

Note 14. Trade and other receivables

	Consolidated		Parent	
	2008	2007	2008	2007
Trade receivables	30,566,454	25,260,917	-	-
Trade receivables - subsidaries	-	-	-	334,718
Provision for doubtful debts	(594,772)	(88,387)	-	-
Trade receivables, net	**29,971,682**	**25,172,530**	-	**334,718**
Other receivables	1,376,952	1,457,518	188,423	-
Prepayments	1,691,266	1,114,432	15,389	9,198
TOTAL	33,039,900	27,744,480	203,812	343,916

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

	Consolidated		Parent	
	2008	2007	2008	2007
Balance at 1 January 2008	(88,387)	(6,695)	-	-
Bad debts written off during the year	-	-	-	-
Provision recorded in the year	(142,624)	(81,692)	-	-
Reclassification	(358,552)	-	-	-
Currency exchange difference	(5,209)	-	-	-
BALANCE AT 31 DECEMBER 2008	(594,772)	(88,387)	-	-

Note 15. Inventories

	Consolidated		Parent	
	2008	2007	2008	2007
Raw materials	3,334,186	2,754,629	-	-
Work in progress	1,732,623	1,173,129	-	-
Finished goods	22,528,582	18,815,731	-	11,338
Provision for slow moving inventories	(886,026)	(507,702)	-	-
TOTAL	26,709,365	22,235,787	-	11,338

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

	Consolidated		Parent	
	2008	2007	2008	2007
Balance at 1 January 2008	(507,702)	-	-	-
Provision recorded in the year	(423,727)	(507,702)	-	-
Currency exchange difference	45,403	-	-	-
BALANCE AT 31 DECEMBER 2008	(886,026)	(507,702)	-	-

Note 16. Property, plant and equipment

Group	Land & buildings	Plant & equipment	Fixtures & fittings	Total
At 31 December 2007				
Opening net book value	3,336,239	2,832,560	652,552	6,821,351
Acquired through business combination	-	121,286	12,983	134,269
Additions	4,728,722	1,983,523	736,817	7,449,062
Disposals	(927,639)	(441,793)	(125,875)	(1,495,307)
Depreciation	(212,592)	(1,258,155)	(251,214)	(1,721,961)
Currency exchange differences	(119,664)	(52,147)	(18,261)	(190,072)
NET BOOK AMOUNT	6,805,066	3,185,274	1,007,002	10,997,342
Held for sale	898,414	53,799	4,582	956,795
At 31 December 2007				
Cost or valuation	7,706,158	11,347,546	1,469,277	20,522,981
Accumulated depreciation	(901,092)	(8,162,272)	(462,275)	(9,525,639)
NET BOOK AMOUNT	6,805,066	3,185,274	1,007,002	10,997,342
Year ended 31 December 2008				
Opening net book value	6,805,066	3,185,274	1,007,002	10,997,342
Acquired through business combination	15,211	654,732	151,680	821,623
Additions	432,895	2,288,965	518,093	3,239,953
Disposals	(1,459)	(139,011)	(71,168)	(211,638)
Depreciation	(274,003)	(1,470,418)	(312,841)	(2,057,262)
Currency exchange differences	(7,196)	(186,135)	(3,150)	(196,481)
CLOSING NET BOOK VALUE	6,970,514	4,333,407	1,289,616	12,593,537
At 31 December 2008				
Cost or valuation	8,146,424	13,720,169	2,064,195	23,930,788
Accumulated depreciation	(1,175,910)	(9,386,762)	(774,579)	(11,337,251)
NET BOOK AMOUNT	6,970,514	4,333,407	1,289,616	12,593,537

Property, plant and equipment Parent	Land & buildings	Plant & equipment	Fixtures & fittings	Total
At 31 December 2007				
Opening net book value	-	121,283	12,986	134,269
Disposals	-	(2,749)	-	(2,749)
Depreciation	-	(26,016)	(4,202)	(30,218)
Currency exchange differences	-	587	83	670
NET BOOK AMOUNT	-	93,105	8,867	101,972
At 31 December 2007				
Cost or valuation	-	254,106	27,449	281,555
Accumulated depreciation	-	(161,001)	(18,582)	(179,583)
NET BOOK AMOUNT	-	93,105	8,867	101,972
Year ended 31 December 2008				
Opening net book value	-	93,105	8,867	101,972
Depreciation	-	(20,692)	(3,050)	(23,742)
Currency exchange differences	-	(17,370)	(1,496)	(18,866)
CLOSING NET BOOK VALUE	-	55,043	4,321	59,364
At 31 December 2008				
Cost or valuation	-	198,394	21,431	219,825
Accumulated depreciation	-	(143,351)	(17,110)	(160,461)
NET BOOK AMOUNT	-	55,043	4,321	59,364

Notes to the Financial Statements for the year
ended 31 December, 2008

Note 17. Intangible assets

Group	Research & development	Patents & trademarks	Goodwill	Total
At 31 December 2007				
Opening net book value	867,561	627,641	12,845,518	14,340,720
Acquired through business combination	382,000	5,250,000	21,178,500	26,810,500
Additions	1,353,400	-	-	1,353,400
Disposals	(444,535)	(101,920)	(2,385,678)	(2,932,133)
Amortisation	(403,357)	(453,393)	-	(856,750)
Currency exchange differences	6,389	(5,944)	(3,355)	(2,910)
NET BOOK AMOUNT	1,761,458	5,316,384	31,634,985	38,712,827
Held for sale	22,505	-	2,252,819	2,275,324
At 31 December 2007				
Cost or valuation	2,726,198	6,437,741	31,634,986	40,798,925
Accumulated depreciation	(964,741)	(1,121,357)	-	(2,086,098)
NET BOOK AMOUNT	1,761,457	5,316,384	31,634,986	38,712,827
Year ended 31 December 2008				
Opening net book value	1,761,457	5,316,384	31,634,986	38,712,827
Acquired through business combination	-	25,358	12,438,914	12,464,272
Additions	1,439,459	106,670	-	1,546,129
Disposals	(98,682)	-	(1,893)	(100,575)
Amortisation	(615,284)	(415,688)	-	(1,030,972)
Currency exchange differences	(132,551)	(84,418)	(431,679)	(648,648)
CLOSING NET BOOK VALUE	2,354,399	4,948,306	43,640,328	50,943,033
At 31 December 2008				
Cost or valuation	3,963,739	6,472,791	43,640,328	54,076,858
Accumulated depreciation	(1,609,340)	(1,524,485)	-	(3,133,825)
NET BOOK AMOUNT	2,354,399	4,948,306	43,640,328	50,943,033

Intangible assets parent	Research & development	Patents & trademarks	Goodwill	Total
At 31 December 2007				
Opening net book value	102,253	274,017	1,529,617	1,905,887
Additions	-	67,300	-	67,300
Currency exchange differences	(1,574)	209	-	(1,365)
NET BOOK AMOUNT	100,679	341,526	1,529,617	1,971,822
At 31 December 2007				
Cost or valuation	131,963	378,939	1,529,617	2,040,519
Accumulated depreciation	(31,285)	(37,412)	-	(68,697)
NET BOOK AMOUNT	100,678	341,527	1,529,617	1,971,822
Year ended 31 December 2008				
Opening net book value	100,678	341,527	1,529,617	1,971,822
Additions	-	101,219	-	101,219
Amortisation	-	(28,869)	-	(28,869)
Currency exchange differences	(22,075)	(85,528)	(335,370)	(442,973)
CLOSING NET BOOK VALUE	78,603	328,349	1,194,247	1,601,199
At 31 December 2008				
Cost or valuation	103,028	383,412	1,194,247	1,680,687
Accumulated amortisation	(24,425)	(55,063)	-	(79,488)
NET BOOK AMOUNT	78,603	328,349	1,194,247	1,601,199

Note 18. Other current liabilities

	Consolidated		Parent	
	2008	2007	2008	2007
Tax and social security	506,291	811,861	29,279	33,198
Employee entitlements	4,666,879	4,668,686	-	-
Accrued expenses and other	3,337,476	2,840,167	(13,479)	22,436
TOTAL	8,510,646	8,320,714	15,800	55,634

Note 19. Bank overdrafts, short and long term debt

	Consolidated		Parent	
	2008	2007	2008	2007
Bank overdrafts	11,418,867	6,304,655	551,036	501,743
Short term debt	6,923,909	4,261,773	57,390	25,076
Long term debt	15,576,404	11,131,156	-	-
TOTAL	33,919,180	21,697,584	608,426	526,819

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

Note 20. Deferred tax assets and liabilities

EUR (000's)	Deferred tax assets	Deferred tax liabilities	Total deferred tax
Balance at 1 January 2007	-	190	190
Tax effect of timing differences recognised in the year	151	1,490	1,339
BALANCE AT 31 DECEMBER 2007	151	1,680	1,529
Balance at 1 January 2008	151	1,680	1,529
Transfer to current taxes	(151)	-	151
Additional amounts recorded	338	20	(318)
Utilisation of provision	-	(109)	(109)
BALANCE AT 31 DECEMBER 2008	338	1,591	1,253

The deferred tax assets arise as a consequence of the recognition of timing differences on provisions relative to doubtful debts, slow moving inventories and warranties which are not tax deductible currently and become deductible for tax purposes when utilized.

The deferred tax liabilities relate almost entirely to timing differences on the recognition of patents. Other than EUR 110,000 these are all long term in nature.

Note 21. Provisions for other liabilities and charges

Group	Deferred compensation	Warranty	Total
Balance at 1 January 2007	1,296,314	151,026	1,447,340
Additional provision	465,177	174,500	639,677
Used during the year	(379,962)	(198,210)	(578,172)
Currency exchange difference	(6,339)	2,684	(3,655)
BALANCE AT 31 DECEMBER 2007	1,375,190	130,000	1,505,190

Group	Deferred compensation	Warranty	Total
Balance at 1 January 2008	1,375,190	130,000	1,505,190
Acquired through business combination	280,291	40,617	320,908
Additional provision	373,272	476,391	849,663
Used during the year	(601,087)	(170,683)	(771,770)
Currency exchange difference	6,453	(8,732)	(2,279)
BALANCE AT 31 DECEMBER 2008	1,434,119	467,593	1,901,712

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, long term nature. The warranty provision is based on historical experience of warranty costs.

Notes to the Financial Statements for the year
ended 31 December, 2008

Note 22. Contributed equity

	Consolidated 2008	2007	Parent 2008	2007
Share capital - Group				
Ordinary shares - Value	42,577,669	42,577,669	-	-
Ordinary shares - Number	63,632,700	63,632,700	-	-

Ordinary Shares

As at 31 December 2008 there were 63,632,700 shares issued and fully paid (2007: 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.

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

Ordinary Shares

As at 31 December 2008 there were 63,632,700 shares issued and fully paid (2007: 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.

Note 23. Earnings per share

	Consolidated 2008	2007	Parent 2008	2007
Both the basic and diluted earnings per share are calculated using the net results attributable to shareholders of Cavotec MSL Holdings Ltd and Subsidiaries as the numerator.				
Profit / (loss) for the year	9,198,306	7,341,090	1,194,734	(157,575)
Profit / (loss) for the year comprises				
Profit / (loss) from continuing operations	9,198,306	7,425,390	1,194,734	(157,575)
Profit / (loss) from discontinued operations	-	(84,300)	-	-
Attributable to				
Equity holders of the Group	9,161,010	7,235,525	1,194,734	(157,575)
Minority interest	37,296	105,565	-	-
Shares on issue	63,632,700	63,632,700	63,632,700	63,632,700
Basic and diluted earnings per share attributed				
to the equity holders of the Group	-	-	-	-
Continuing activites	0.144	0.115	0.019	(0.002)
Discontinued activities	-	(0.001)	-	-

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

Note 24. Currency translation reserve

The currency translation reserve comprises all foreign exchange difference arising from the translation of the Financial Statements of foreign operations into Euro.

Note 25. Related party disclosure

Total compensation costs paid to key management, comprising of forty-one people including the Chairman and the CEO, amounted to EUR 6.8 million. Compensation paid to members families of the Board of Directors under normal employment contracts with Group companies amounted to EUR 60,000. These payments related to salaries and other short term employment benefits. At 31 December 2008, the Company had loans outstanding to management totalling EUR 130,250 (2007: 0), bearing interest at 6-Month Euribor plus 1.5%. Cavotec MSL Holdings Limited is the legal parent of the Group. Details of Cavotec MSL Holdings subsidiaries and associates can be found on page 46 in the Cavotec Major Subsidiaries and Participations Chart.

	Parent 2008	2007
The following transactions were carried out with related parties:		
Sales of goods and services to subsidiaries	300,754	303,663
Interest paid to subsidiaries	-	(13,209)
Dividend received from subsidiaries	1,755,190	-
Year-end balances arising from sale/purchases of goods and services:		
Receivables from subsidiaries:	-	334,718
Payables to subsidiares:	-	(10,095)

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

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

Note 26. Remuneration of auditors

	Consolidated 2008	2007	Parent 2008	2007
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.				
Audit services				
PricewaterhouseCoopers	302,493	157,147	78,976	23,653
Other auditor firms	207,678	122,544	-	-
TOTAL	**510,171**	**279,691**	**78,976**	**23,653**
Other assurance services:				
IFRS				
PricewaterhouseCoopers	57,378	15,243	30,197	15,243
Other auditor firms	-	1,918	-	-
Total	**57,378**	**17,161**	**30,197**	**15,243**
Taxation				
PricewaterhouseCoopers	33,751	50,346	33,751	46,235
Other auditor firms	31,712	11,633	-	-
Total	**65,463**	**61,979**	**33,751**	**46,235**
Other assurance services				
PricewaterhouseCoopers	129,127	6,672	6,872	-
Other auditor firms	364,728	50,231	-	-
Total	**493,855**	**56,903**	**6,872**	-
TOTAL	**616,696**	**136,043**	**70,820**	**61,478**

Included in other assurance services are capitalised costs of EUR 448,750 related to acquistions completed in 2008.

Note 27. Contingencies

At 31 December 2008 there were contingent liabilities relative to guarantees provided by banks and insurance companies on behalf of the Group of EUR 1,779,000. The contents of the contingencies are mainly performance bonds to customers in the United Arab Emirates, Italy and Germany.

Notes to the Financial Statements for the year
ended 31 December, 2008

Note 28. Commitments

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

	Consolidated 2008	Consolidated 2007	Parent 2008	Parent 2007
(a) Rental commitments				
Within one year	2,091,446	1,013,212	-	-
Later than one, not later than two years	1,635,029	886,092	-	-
Later than two, not later than five years	2,203,975	2,766,723	-	-
Later than five years	1,905,749	4,895	-	-
TOTAL	7,836,199	4,670,922	-	-

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

	Consolidated 2008	Consolidated 2007	Parent 2008	Parent 2007
(b) Operating lease commitments				
Within one year	452,306	192,180	-	-
Later than one, not later than two years	373,964	226,258	-	-
Later than two, not later than five years	199,755	587,297	-	-
Later than five years	-	194,549	-	
TOTAL	1,026,025	1,200,284	-	-

(c) Capital commitments

There were no significant capital commitments at 31 December 2008 (2007: nil),

Note 29. Goodwill impairment test

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to country of operating and business segment.

Business segments - 2008

EUR (000,000's)	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Ports and Maritime	2.6	20.7	0.1	-	23.4
Mining and Tunnelling	-	-	-	-	-
Airport Industry	5.7	-	4.9	-	10.6
Energy and Offshore	-	-	0.5	-	0.5
Steel and Aluminium	-	-	-	-	-
General Industry	-	-	4.4	-	4.4
Non Allocated	-	-	4.7	-	4.7
TOTAL	8.3	20.7	14.6	-	43.6

Business segments - 2007

EUR (000,000's)	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Ports and Maritime	2.6	21.2	0.1	-	23.9
Mining and Tunnelling	-	-	-	-	-
Airport Industry	-	-	2.0	-	2.0
Energy and Offshore	-	-	0.5	-	0.5
Steel and Aluminium	-	-	-	-	-
General Industry	-	-	0.5	-	0.5
Non Allocated	-	-	4.7	-	4.7
TOTAL	2.6	21.2	7.8	-	31.6

Goodwill is not amortised but tested for impairment annually. Value in use calculation is used to calculate the recoverable amount. Value in use is calculated as the net present value of the projected risk adjusted, pre tax, free cash flows of the cash generating unit in which the goodwill is contained applying a discount rate equivalent to the weighted average cost of capital estimated as amounted to 12.0%. These cash flows are based on five year forecasts made by management and zero growth has been assumed in perpetuity. The projected growth rate over the five year period is related to the maturity of the product, is 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. These projections are deemed by management as being conservative.

The significant part of goodwill relates primarily to recently acquired businesses including Mooring Systems Ltd. These recently acquired companies are in various stages of development and their actual revenues in 2008 were modest. In the five year forecasts used to determine the cash flows the growth for 2009 has been included based on orders in hand and specific commercial negotiations currently in place. The expected growth incorporated for the subsequent four year period approximates 7.5%. The projected growth rate for MoorMaster, which is based on specific commercial negotiations, is higher, expressed as a percentage, but because of its very low initial base is limited to approximately EUR 3.0 million per annum.

Based on the above analysis, the carrying value of Goodwill at 31 December 2008 is deemed not to be impaired.

Note 30. Securities and collaterals

Cavotec Specimas

Long term debt, including amounts repayable within one year, with Banca Intesa amounting in total to EUR 12,800,000 at 31 December 2008 is secured by a pledge on hundred percent of the wholly owned subsidiary, Cavotec Specimas, Italy. Net assets of this company at 31 December 2008 amounted to EUR 5,569,555.

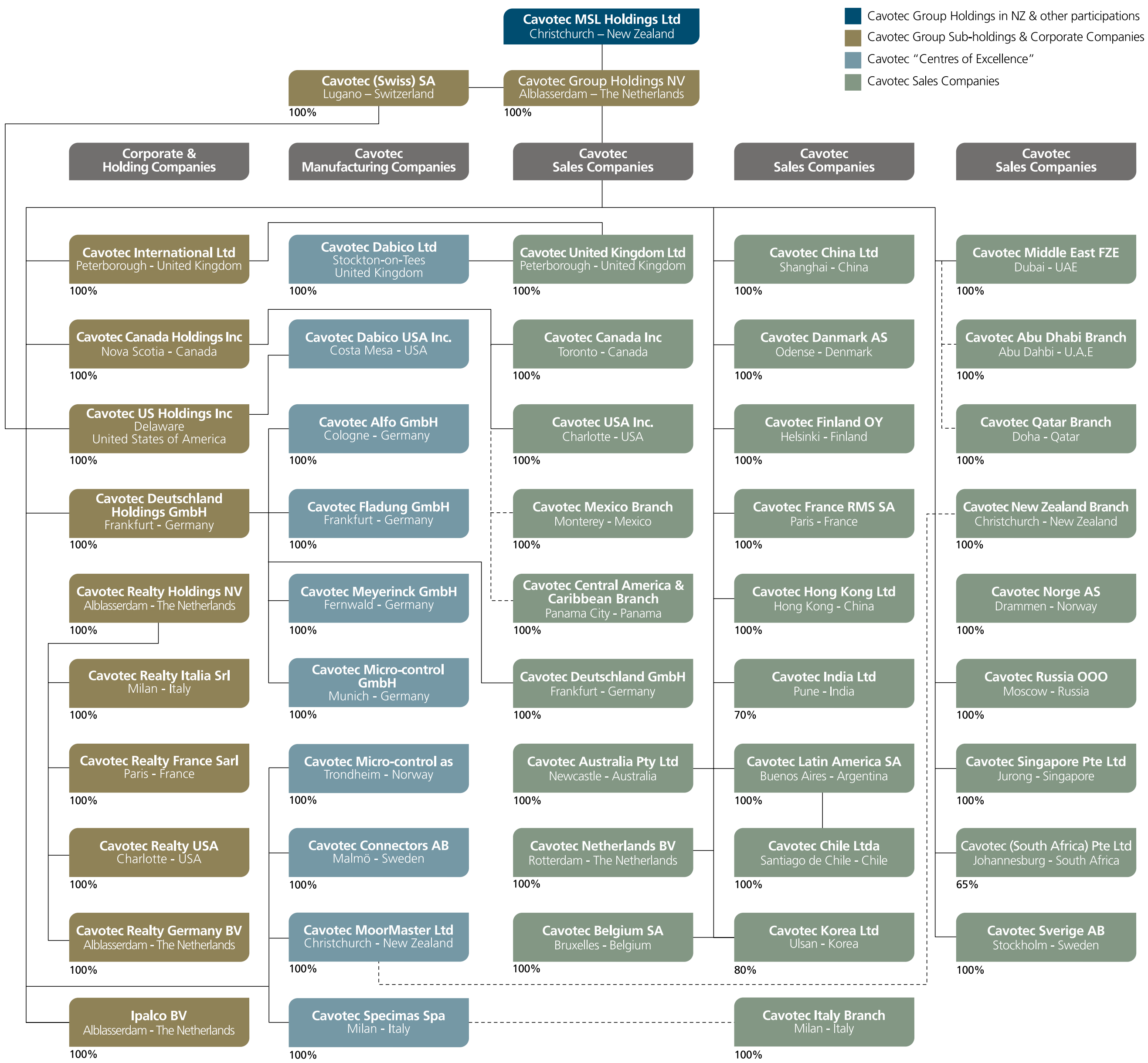
Real estate related loans amounting in total to EUR 3,075,000 at 31 December 2008 are secured by mortgages on land and buildings in Italy, Germany and France.

Note 31. Subsequent events

There were no post balance date events which required reporting relative to the Financial Statements for the year ended 31 December, 2008.

CAVOTEC MAJOR SUBSIDIARIES AND PARTICIPATIONS

Cavotec MSL Organisation Chart as per 31 December 2008



PricewaterhouseCoopers
119 Armagh Street
PO Box 13244
Christchurch, New Zealand
www.pwc.com/nz
Telephone +64 3 374 3000
Facsimile +64 3 374 3001

Auditors' Report
to the shareholders of Cavotec MSL Holdings Limited

We have audited the financial statements on pages 18 to 45. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 December 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 23 to 28.

Directors' Responsibilities
The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 December 2008 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities
We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:
(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or its subsidiaries other than in our capacities as auditors and taxation advisors.

Unqualified Opinion
We have obtained all the information and explanations we have required.

In our opinion:
(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
(b) the financial statements on pages 18 to 45:
  (i) comply with generally accepted accounting practice in New Zealand;
  (ii) comply with International Financial Reporting Standards; and
  (ii) give a true and fair view of the financial position of the Company and Group as at 31 December 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 25 February 2009 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants — Christchurch

WE ARE PRESENT IN

Abu Dhabi • Argentina • Australia • Belgium • Brazil
Canada • Chile • China • Denmark • Egypt • Finland
France • Germany • Hong Kong • India • Ireland
Italy • Japan • Korea • Luxembourg • Malaysia • Mexico
The Netherlands • New Zealand • Norway • Panama
Qatar • Russia • Saudi Arabia • Singapore • South Africa
Sweden • Switzerland • Taiwan • Turkey • U.A.E.
U.K. • U.S.A. • Vietnam

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

Head Office

Cavotec MSL Holdings Ltd.
P.O. Box 13811
8141 Christchurch, New Zealand
Phone: +64 3 377 1226
Fax: +64 3 377 0553

Corporate Office

Cavotec (Swiss) SA
Via Serafino Balestra 27
CH-6900 Lugano, Switzerland
Phone: +41 91 911 40 10
Fax: +41 91 922 54 00

Project coordination: Cavotec Corporate Communications (communications@cavotec.com)
Graphic realisation: Winning Associati (www.winningassociati.it)

Paper: Garda Matt gm^2 300 (cover) - Garda Matt gm^2 150 (inside pages)
Fonts: Frutiger - Helvetica Neue

Printing: A.G. Bellavite (Missaglia, Lecco)

This publication has been printed on FSC certified paper.

CAVOTEC

Inspired Engineering