1H 2011

Cavotec - Interim Report 2011

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CAVOTEC
Inspired Engineering

1H11 Results

1H 2011

- Accumulated revenues reached EUR 83.8 million in 1H 2011 up 33.5% versus 1H 2010
- Basic earnings per share were EUR 0.066 (0.043)
- Accumulated order intake reached a record of EUR 111.1 in 1H 2011, +59.5% versus 1H 2010
- Order book stands at EUR 89.7 million at the end of 30th June 2011, +15% versus 1H 2010
- Ports & Maritime Market Unit experienced a very strong performance in 1H 2011 accounting for one third of Group revenues

A comment from the CEO

The first half of 2011 has been very positive for the Group, with activities in our markets displaying strong overall performance. Despite recent volatility on the financial markets, we remain confident that Cavotec is well positioned to deliver strong results for FY11.

A good indicator of our overall strength is the continuing increase of our Order Book, which reached another record level of EUR 91.0 million in July. During the same month Order Intake amounted to EUR 15.0 million, an excellent achievement and a clear indication of our strong position in all four of our Market Units. I believe that in light of these figures, combined with our past performances, Cavotec is well poised to achieve and surpass the targets set at the beginning of the year, even in these times of economic uncertainty.

Our Ports & Maritime Market Unit recorded revenues for 1H11 of EUR 27.6 million, up 70.5% from EUR 16.2 million in 1H10 and accounting for 32.9% of total revenues for the period. This excellent performance is in line with our expectations for the industry based on the positive signs noted during Q1.

The Airports Market Unit, which accounts for 24.7% of total 1H11 revenues, at EUR 20.7 million, was up 81.4% from EUR 11.4 million in 1H10. Strong global growth in the sector, combined with robust performances in the Middle East and Far East were the primary drivers of this result.

Reporting 16.8% of total revenues for 1H11, our Mining & Tunnelling Market Unit also registered a strong recovery with revenues increasing 37.9% to EUR 14.1 million, compared to EUR 10.2 million for 1H10. The strength of this result is a product of sustained growth in the commodities market and the increase in activity at our large mining OEMs such as Atlas Copco and Sandvik.

The General Industry Market Unit, with 25.6% of total revenues for the period, recorded a decrease of -14.2% over the 1H11 period with the result amounting to EUR 21.4 million, down from EUR 25.0 million in 1H10. This is mainly due to a generally softer 1H11 for the general industry market, while prospects for 2H11 are looking more positive.

One of the most significant recent developments was the acquisition of INET in the US. On August 15, the Cavotec Board of Directors unanimously approved the acquisition of INET, a leading manufacturer of ground support equipment (GSE) in the airports sector. The acquisition's consideration includes the issue of 7.7 million shares at NZD 3.30 per share and an earn-out upon fulfillment of certain terms and conditions.

Established in 1967 and with revenues on yearly basis well over USD 25 million, INET is headquartered in Fullerton, California. The principal activities of the company are the design, manufacturing, installation and support of stationary and mobile aircraft servicing equipment. Via their domestic and international sales and field support offices, INET supplies 50/60 -400 Hz power conversion, preconditioned air systems, and power generation for the global aviation industry.

The acquisition of INET marks an important step for our Airports Market Unit and the Group as a whole. Thanks to their already strong position in the USA we will be well positioned to focus on further improving our service and support to customers while simultaneously adding INET systems to our existing product offering in both the Airports and Ports & Maritime Market Units.

Another milestone for the Group was made in August 2011 as we filed our Information Memorandum and Notice of Meeting, inviting our shareholders to attend the Special Meeting to be held in Christchurch on 1 September and to vote on the reorganization, which will culminate in the re-listing on Sweden's NASDAQ OMX stock exchange.

EARNINGS AND PROFITABILITY

Operating result amounted to EUR 6.0 million thanks to an increase of 33.5% in the revenues, which more than compensated the increase of employee benefit costs and operating expenses. Net financial items were EUR -0.7 million (vs. EUR 0.3 million in 1H10) with the decrease coming from less favourable exchange rate differences partially compensated by the lower effective interest rate. Profit before tax amounted to EUR 5.4 million (vs. EUR 3.9 million in 1H10) while profit for the period reached EUR 4.1 million (vs. EUR 2.8 million in 1H10).

OPERATING CASHFLOW AND INVESTMENTS

Operating cash flow was negative in 1H11 at EUR 1.1 million (vs. EUR -0.4 million in 1H10) reflecting higher seasonality and the increase in working capital due to the higher level of activity. Investment in property, plant and equipment was EUR 3.3 million.

NET FINANCIAL POSITION

The Group's net financial position increased to EUR 29.0 million compared to the same period of the previous year (vs. EUR 25.3 million in 1H10). The 12 months rolling leverage ratio (Net Financial Position/EBITDA) decreased from 2.15 to 1.57 while the debt/equity ratio slightly worsened from 34% to 37%.

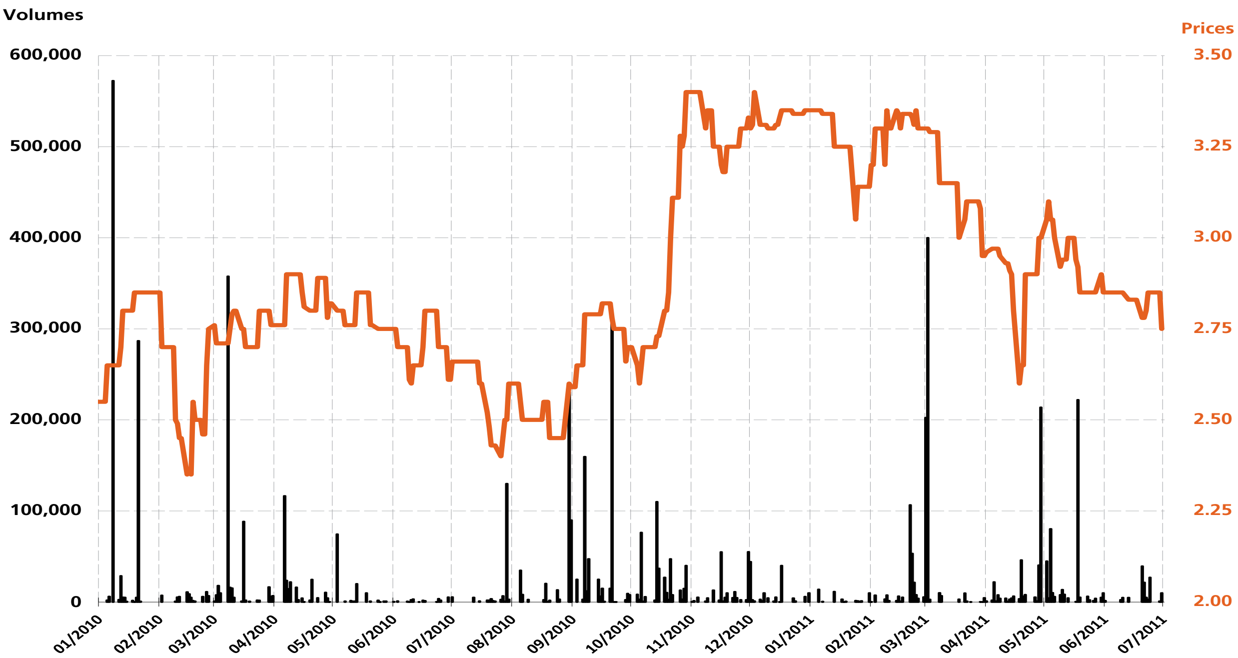
EMPLOYEES

In 1H11 many new faces joined the Group from all around the world, underlining not only our operational strength but also our diverse backgrounds. On June 30, 2011, the number of employees was 768, the total workforce increased by 79 since June 30, 2010 and with 49 since December 31, 2010.

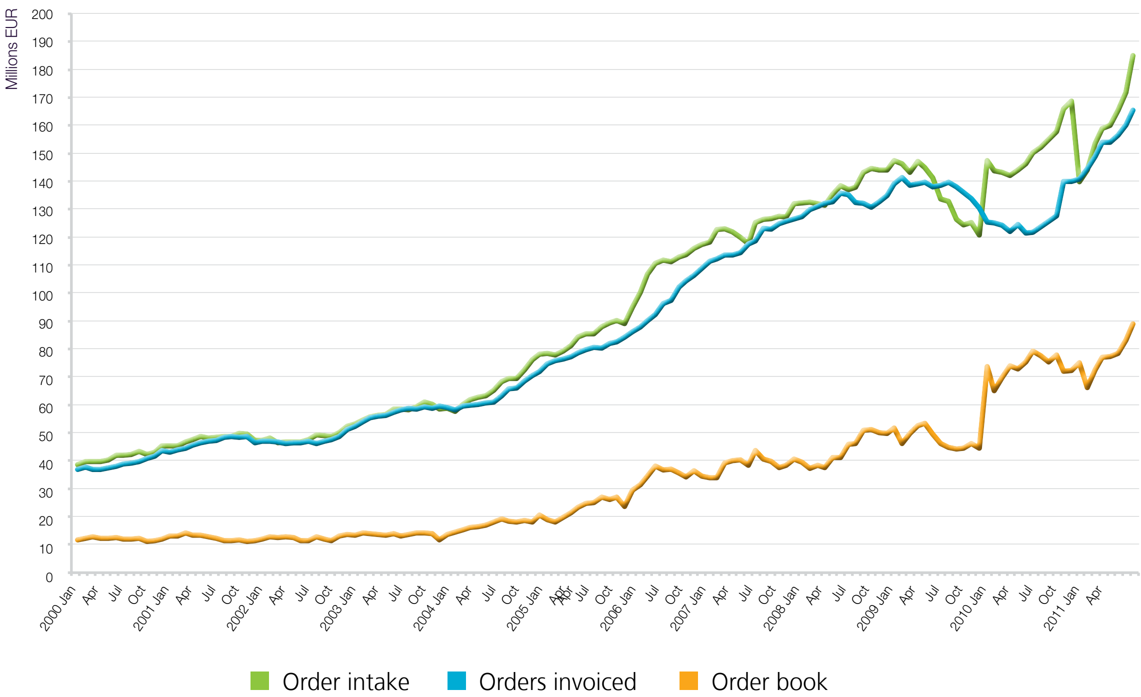
There are many opportunities in the market for Cavotec to continue growing despite the ongoing global economic unrest. I am convinced that we have the right people, the right systems and the right mentality to make 2011 an outstanding success for the Group.

Ottonel Popesco
Chief Executive Officer

Cavotec MSL share price development from beginning 2010 to end 1H 2011



12 Months Running Turnover 2000-2011

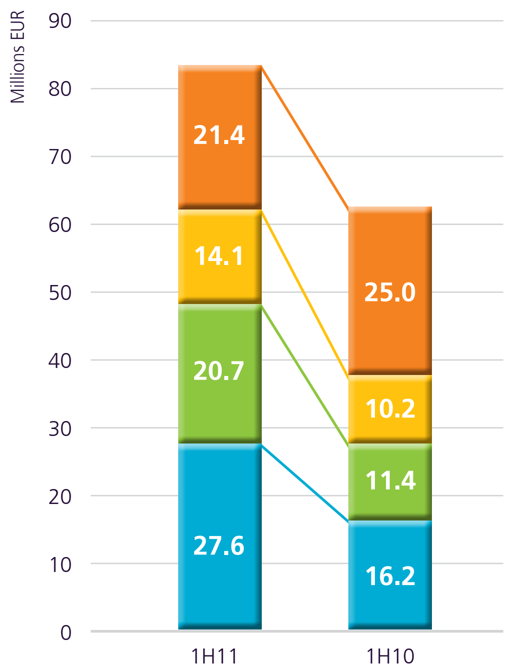


Revenue from sales of goods

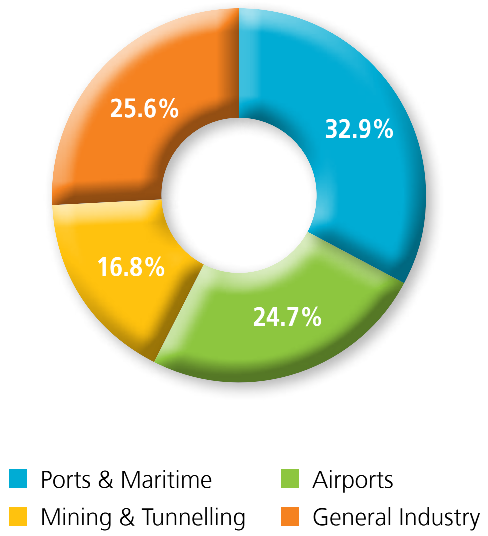
	Three months 30 June 2011	Three months 30 June 2010	Six months 30 June 2011	Six months 30 June 2010	Year 31 Dec 2010
Revenue from sales of goods	46,056,557	34,422,443	83,774,650	62,756,831	144,959,917
Increase/decrease	11,634,114	(941,281)	21,017,819	(1,371,886)	19,702,021
Percentage change	33.8%	-2.7%	33.5%	-2.1%	15.7%
Of which					
- Volumes and prices	35.0%	-7.1%	32.0%	-7.6%	8.9%
- Acquisitions/divestments	0.0%	0.0%	0.0%	0.0%	0.0%
- Currency effects	-1.2%	4.5%	1.5%	5.4%	6.8%

Market Units

Millions EUR	2Q11	2Q10	Change %	1H11	1H10	Change %
Ports & Maritime	17.4	7.9	119.8%	27.6	16.2	70.5%
Airports	10.3	5.1	102.6%	20.7	11.4	81.4%
Mining & Tunnelling	7.2	6.0	19.4%	14.1	10.2	37.9%
General Industry	11.1	15.4	-27.6%	21.4	25.0	-14.2%
Total	46.0	34.4	33.8%	83.8	62.8	33.5%



Market Units as a percentage of Revenue



Ports & Maritime

Our Ports & Maritime Market Unit benefited from a continued resurgence in investment in port infrastructure in several markets throughout the period, with a resulting flurry of orders that extended gains made in Q1. In particular, our automated mooring technology, MoorMaster™, continued its recent strong showing, with one of the largest orders to date for the system.

In June, we announced news of one of our largest orders on record for MoorMaster™; Cavotec will manufacture, engineer and commission 24 MoorMaster™ MM200C units, specifically for use at an exposed container handling berth at a Mediterranean Sea port. This is the second application for our MM200C units at a container application, following an order from the Port of Salalah in Oman for 12 similar systems in 2009. The period also saw an existing MoorMaster™ customer, the St. Lawrence Seaway Management Corporation, (SLSMC); invest in upgrades for the automated mooring units in use at one of the Seaway's locks.

The upgrades will enhance the units' hydraulic motion dampening systems, enabling them to absorb more energy and thus hold vessels in position more effectively. The improvements will also limit the amount of splash water that enters the units' connectors and cables. Delivery is due at the start of September to ensure a minimum of three months testing before entering into service in December. The St Lawrence is the world's first inland waterway to consider replacing mooring ropes with MoorMaster™. We continue to work with potential customers on adapting MoorMaster™ for applications where safety is an especially critical issue, such as at LNG berths.

Q2 also brought positive developments for our AMP systems. Sungdong Shipbuilding in Korea ordered 14 AMP systems for use with container vessels operated by the MSC shipping group. Deliveries are scheduled for completion in January 2013. The Danaos Shipping Company ordered eight AMP cable reels, while Terasaki Electric ordered four sets of AMP units for Nakcs-Cosco ships, and a single AMP unit for installation on an OOCL container vessel.

Also in the Far East, Costamare Shipping ordered AMP systems and related cables for three new vessels, while Singapore-based Darby-Draycort-Dover Park Shipping ordered a further six units. We also continued to conduct testing and installation work on several AMP projects in Canada and the US.

We experienced strong demand throughout the period from our long-term partners such as Sandvik Materials Handling, for whom we are supplying Cavotec Specimas cable reels for tripper cars that will load coal on to vessels at the Port of Beira in Mozambique. Another of our major industrial partners, ABB, ordered an Azipod slip ring ship propulsion system.

ZPMC (Shanghai Zhenhua Heavy Industries) placed orders for a range of port equipment during Q2, including spreader reels, cable reels, power cables, level wind spreader reels and monospiral spreader cables for port applications as widespread as Australia, Argentina, China, Egypt and Italy. Dalian Huarui ordered Tratos power cables for a ship unloader application in China, and we are to supply Dalian Heavy Crane Group with cable reels for a 1,800 tonne ship unloader.

In April, we received an order for four sets of motorised cable reels and motorised hose reels and related cables and hoses from port equipment manufacturer, Felguera Gruas for stacker reclaimer machines that will be used at a coal handling berth at Krishnapatnam Port on the south east coast of India.

Some of our major customers in this segment:

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

Airports

Our Airports Market Unit continued to grow strongly in the period, with projects registered for new equipment and upgrades of existing facilities worldwide. Once again, the Middle East was especially strong, where, among other orders, we were awarded a major project for our pre-conditioned air and electrical supply pit systems at Dubai International Airport.

Our expertise in fuelling systems also continued to deliver results in the period, a trend we anticipate will continue going forward. Aircraft manufacturers' and industry bodies' positive forecasts on growth and investment in the sector, especially in emerging markets, suggest that Cavotec Airport's unit will have opportunities to extend its recent strong performance in the months and years ahead.

The undoubted highlight for Cavotec's Airport's unit in the period was our major order for 58 PCAir and 400Hz power pop-up pit systems for Dubai International Airport's new Concourse 3. The systems will supply air and power to Emirates Airlines' A380 superjumbo aircraft. Deliveries are due to get under way in the third quarter of the year, and commissioning is scheduled for 2012. This project, alongside a similar application at Bahrain International Airport, will serve as excellent references in the region and further afield.

Our fuelling systems continued to register success throughout Q2. Cavotec Middle East received several orders for 'Six-swivel' bottom-loading arms for fuel trucks. Cavotec fuelling systems are now in use at applications across the Middle Eastern region.

Our mature markets also continued to report pleasing progress throughout Q2. One particular highlight for the period was a project for pop up pit systems at a new maintenance hangar for budget airline AirBerlin, at Berlin's new Brandenburg International Airport, due to open in June 2012. We also received a substantial order for pop-up pit systems from German industrial conglomerate, Siemens, for an apron extension project at Leipzig Halle Airport. Cavotec engineers will support the customer with installation, start-up and commissioning. Delivery is scheduled for September.

At Munich Airport, we received an order for the upgrade of a rail car unloading facility from German industrial company ROTAN. Under the terms of the contract, Cavotec will modify 27 Cavotec Meyerinck loading arms originally delivered in 1990. The upgrade will ensure these units conform to the latest industry standards and the applications' growing capacity requirements.

In an example of how our engineering expertise builds our position in the market, ThyssenKrupp ordered cable coil systems for Lanzarote Airport. These units offer specialised functions such as temperature sensors. And in Portugal, we registered further success with our aviation fuelling systems.

A project at London's Heathrow Airport, to which we referred in our Q1 report, for ground support systems for Airbus A380 and Boeing 787 Dreamliner aircraft, was confirmed during the period. Under this contract, Cavotec will deliver hatch pit systems, converter caddies, power units and cable crocodiles.

Some of our major customers in this segment:

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

Mining & Tunnelling

Cavotec's Mining & Tunnelling Market Unit continued to register strong growth in Q2, with demand increasing in all markets. With the economic outlook remaining robust in emerging markets, we are seeing sustained call for our automation and power supply systems that enable operators to limit environmental impact and improve productivity. In an indication of the overall buoyancy of the segment, our long-term preferred relationships with OEMs were especially strong in the period, with customers such as Sandvik and Atlas Copco returning to 2008 production levels.

In an indication of our growing presence in Africa, we won an order to supply Pinch Bubenzer rail clamps for stacker reclaimer machines for use at a platinum mine in the Northern Cape, South Africa. Elsewhere, we were awarded an order for several hundred power connector outlet boxes for a Kazakhstan-based mining company. Cavotec Singapore also reported several orders for power cables to support mining applications.

Cavotec Latin America won a major order for connectors for low and medium voltage applications. Our customer on this project is ThyssenKrupp, which will supply a complete package to Sandvik. The end user is Brazilian mining group Vale.

Beyond the scale of the order itself, this project represents a potential breakthrough for Cavotec, as Vale is considering phasing out the use of vast mining trucks in favour of large mobile conveyor belts – a move that would potentially provide a substantial surge in demand for Cavotec systems and expertise in the sector. Vale currently uses mining trucks at the majority of its mines.

Uhde GmbH, a part of ThyssenKrupp, ordered four medium voltage cable reels, and two hose reels for new coke batteries. The end user is the United States Steel Corporation. The equipment is for use at their Clairton facility, some 30 kilometres south of Pittsburgh, Pennsylvania.

Another German industrial company, FAM GmbH, ordered several types of medium voltage cable reels – each with the capacity to reel 900m of cable – for multiple conveyer bridges, hopper cars, and stackers, for use at an AGL Angren coal mine in Uzbekistan.

In May, our tunnelling unit secured a radio remote control (RRC) order from an existing customer, Finnish mining and tunnelling group, Normet. The order includes MC-3300 RRC units that will be used to support tunnelling operations to charge the drilling holes with explosives. This project also includes an option on an additional seven units.

The bulk of demand in this segment, by its very nature is for a large number of smaller orders, rather than a small number of large orders. We registered a substantial jump in demand from our key OEM partners, primarily with orders for cable reels, cables and plugs. These key accounts have returned to demand levels last seen in 2008, prior to the downturn, and many of them are forecasting increasing needs in the coming year.

Some of our major customers in this segment:

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

General Industry

After a soft start of the year our most varied market unit, General Industry, recorded a healthy increase in demand for the Q2 period, with growth in both emerging and mature markets. The geographical and product diversity of this segment, which frequently see our expertise applied in critical, niche applications suggests that this segment will continue to mark gains for the remainder of 2011.

We saw clear signs that our expertise in the oil and gas industry is increasingly valued, particularly in the US, where we received an order for radio remote controls units from Canrig Drilling Technology, based in Houston, Texas. This is the single largest order for our RRC units in the US to date. The project includes an additional order for radio pedestal units.

This order is particularly significant because it is our first major order in the US oil and gas segment following the establishment of our office in Houston, specifically to focus on this growing market. Given the strong demand in this sector in the US, and our niche product profile and expertise, we have focused resources in the US, where we continue to successfully partner with OEMs to meet their growing needs. One element of this strategy is our recent expansion of equipment assembly at our Mooresville facility in North Carolina.

Also in the US, we continued with development work on cable reel mechanisms for electric car recharging stations; a project that we believe offers great potential in the future.

Asia-Pacific was also strong for offshore RRC and other applications. For example, during Q2 leading industrial power solutions provider, Wärtsilä, ordered cable reels for a range of offshore applications.

Our Cavotec Meyerinck unit continued to make encouraging progress in the period. In Finland, for example, against tough local competition, we received an order for three folding stair units for Algol Chemicals, a major chemical supplier on the Finnish market. In neighbouring Russia, Cavotec Meyerinck reported its first order for 48 swivel joints for chemical loading arms. Our sales engineers continue to work closely with potential chemical industry clients in Finland and elsewhere.

In France, a traditionally tough market for Meyerinck, fuel systems producer, XL Techniques ordered one loading arm and two floating suction arms marking a milestone. We are also supplying a specially designed drinking water-loading arm to fluids distribution and management systems manufacturer, ERLA Technologies.

Some of our major customers in this segment:

ABB

Alimak

Arcelor – Mittal

Al Habtoor

Costain

Fisia Italimpianti

GE International

Konecranes

Liebherr

Linde

Manitowoc

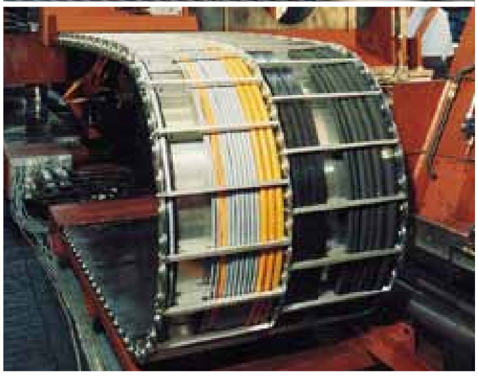
Palfinger

Rocktec

Siemens

Terex

Vahle



Consolidated Statement of Comprehensive Income

	Unaudited three months 30 June 2011	Unaudited three months 30 June 2010	Unaudited six months 30 June 2011	Unaudited six months 30 June 2010	Audited year 31 Dec 2010
Revenue from sales of goods	46,056,557	34,422,443	83,774,650	62,756,831	144,959,917
Other income	807,325	145,916	1,717,932	468,048	3,662,599
Raw materials and change in inventory	(22,556,583)	(15,608,376)	(40,812,052)	(28,203,790)	(65,801,455)
Employee benefit costs	(12,120,936)	(10,207,226)	(23,453,879)	(19,482,575)	(42,030,869)
Operating expenses	(7,247,384)	(5,581,669)	(13,347,831)	(10,397,167)	(25,027,341)
Gross Operating Result	**4,938,979**	**3,171,088**	**7,878,820**	**5,141,347**	**15,762,851**
Depreciation and amortisation	(1,040,102)	(837,364)	(1,834,952)	(1,596,350)	(3,375,919)
Operating Result	**3,898,877**	**2,333,724**	**6,043,868**	**3,544,997**	**12,386,932**
Interest expenses - net	(344,247)	(489,692)	(683,509)	(890,726)	(1,757,286)
Currency exchange difference - net	(71,668)	1,527,360	6,105	1,215,338	784,291
Profit before income tax	**3,482,962**	**3,371,392**	**5,366,464**	**3,869,609**	**11,413,937**
Income taxes	(773,589)	(1,042,480)	(1,265,836)	(1,103,351)	(3,408,220)
Profit for the period	**2,709,373**	**2,328,912**	**4,100,628**	**2,766,258**	**8,005,717**
Other comprehensive income:					
Exchange differences on translation of foreign operations	(882,661)	2,417,446	(2,725,425)	4,920,121	3,465,353
Fair value adjustment: to available for sale financial assets	-	(17,241)	-	(17,241)	(466,273)
Total comprehensive income for the period	**1,826,712**	**4,729,117**	**1,375,203**	**7,669,137**	**11,004,798**
Total comprehensive income attributable to:					
Equity holders of the Group	1,875,348	4,722,271	1,502,540	7,663,431	10,933,966
Minority interest	(48,636)	6,846	(127,337)	5,706	70,832
Total	**1,826,712**	**4,729,117**	**1,375,203**	**7,669,137**	**11,004,798**
Profit / (loss) attributed to:					
Equity holders of the Group	2,783,468	2,301,942	4,197,908	2,753,250	7,931,535
Minority interest	(74,095)	26,970	(97,280)	13,008	74,182
Total	**2,709,373**	**2,328,912**	**4,100,628**	**2,766,258**	**8,005,717**
Basic and diluted earnings per share attributed to the equity holders of the Group	0.044	0.036	0.066	0.043	0.125

Consolidated Balance Sheet

	Unaudited 30 June 2011	Unaudited 30 June 2010	Audited 31 Dec 2010
Assets			
Current assets			
Cash and cash equivalents	9,752,202	13,094,551	12,203,021
Trade receivables	37,387,186	33,171,476	31,298,002
Tax assets	599,483	799,588	554,512
Other current receivables	3,814,376	4,555,136	2,801,546
Inventories	29,466,206	26,789,390	28,580,569
Assets held for sale	-	642,243	-
Total current assets	**81,019,453**	**79,052,384**	**75,437,650**
Non-current assets			
Property, plant and equipment	23,517,334	16,962,248	20,259,600
Intangible assets	49,460,950	51,757,955	50,739,096
Non-current financial assets	316,136	-	429,005
Deferred tax assets	2,072,102	973,953	1,181,334
Other non-current receivables	464,068	622,614	275,980
Total non-current assets	**75,830,590**	**70,316,770**	**72,885,015**
Total assets	**156,850,043**	**149,369,154**	**148,322,665**
Liabilities			
Current liabilities			
Bank overdrafts	(111,302)	-	-
Current financial liabilities	(3,533,935)	(3,660,291)	(3,558,836)
Trade payables	(25,989,457)	(23,322,803)	(23,645,263)
Other current liabilities	(8,933,689)	(9,237,229)	(10,082,369)
Total current liabilities	**(38,568,383)**	**(36,220,323)**	**(37,286,468)**
Non-current liabilities			
Non-current financial liabilities	(35,141,963)	(34,777,153)	(28,318,940)
Deferred tax liabilities	(2,911,610)	(1,806,253)	(2,698,045)
Other non-current liabilities	(42,376)	(25,189)	(43,501)
Provision for risks and charges	(2,701,679)	(2,317,279)	(2,471,658)
Total non-current liabilities	**(40,797,628)**	**(38,925,874)**	**(33,532,144)**
Total liabilities	**(79,366,011)**	**(75,146,197)**	**(70,818,612)**
Net assets	**77,484,032**	**74,222,957**	**77,504,053**
Equity			
Share Capital	(42,577,669)	(42,577,669)	(42,577,669)
Currency exchange reserve	2,099,745	(2,032,411)	(595,623)
Available for sale reserve	-	(470,962)	-
Retained earnings	(36,785,787)	(28,869,124)	(33,983,103)
	(77,263,711)	**(73,950,166)**	**(77,156,395)**
Minority interest part of equity	(220,321)	(272,791)	(347,658)
Total equity	**(77,484,032)**	**(74,222,957)**	**(77,504,053)**
Total equity and liabilities	**(156,850,043)**	**(149,369,154)**	**(148,322,665)**

Consolidated Statement of Changes in Equity

	Share Capital	Currency reserves	Available for sale reserve	Retained earnings	Total	Minority interest	Total equity
Unaudited							
Balance as at 1 January 2010	(42,577,669)	2,857,193	(450,385)	(27,175,177)	**(67,346,038)**	(267,085)	**(67,613,123)**
Profit for the period	-	-	-	(2,753,250)	**(2,753,250)**	(13,008)	**(2,766,258)**
Exchange differences on translation	-	(4,889,604)	(37,819)	-	**(4,927,423)**	7,302	**(4,920,121)**
Fair value adjustment - to available for sale financial assets	-	-	17,241	-	**17,241**	-	**17,241**
Total comprehensive income and expenses	**-**	**(4,889,604)**	**(20,577)**	**(2,753,250)**	**(7,663,431)**	**(5,706)**	**(7,669,137)**
Dividends	-	-	-	1,059,303	**1,059,303**	-	**1,059,303**
Transactions with shareholders	**-**	**-**	**-**	**1,059,303**	**1,059,303**	**-**	**1,059,303**
Balance as at 30 June 2010	**(42,577,669)**	**(2,032,411)**	**(470,962)**	**(28,869,124)**	**(73,950,166)**	**(272,791)**	**(74,222,957)**
Audited							
Balance as at 1 January 2010	(42,577,669)	2,857,193	(450,385)	(27,175,177)	**(67,346,038)**	(267,085)	**(67,613,123)**
Profit for the period	-	-	-	(7,931,535)	**(7,931,535)**	(74,182)	**(8,005,717)**
Exchange differences on translation	-	(3,452,816)	(15,888)	-	**(3,468,704)**	3,351	**(3,465,353)**
Fair value adjustment - to available for sale financial assets	-	-	466,273	-	**466,273**	-	**466,273**
Total comprehensive income and expenses	**-**	**(3,452,816)**	**450,385**	**(7,931,535)**	**(10,933,966)**	**(70,832)**	**(11,004,798)**
Dividends	-	-	-	1,113,867	**1,113,867**	-	**1,113,867**
Reduction in minority interest	-	-	-	9,742	**9,742**	(9,742)	**-**
Transactions with shareholders	**-**	**-**	**-**	**1,123,609**	**1,123,609**	**(9,742)**	**1,113,867**
Balance as at 31 December 2010	**(42,577,669)**	**(595,623)**	**-**	**(33,983,103)**	**(77,156,395)**	**(347,658)**	**(77,504,053)**
Unaudited							
Balance as at 1 January 2011	(42,577,669)	(595,623)	-	(33,983,103)	**(77,156,395)**	(347,658)	**(77,504,053)**
Profit for the period	-	-	-	(4,197,908)	**(4,197,908)**	97,280	**(4,100,628)**
Exchange differences on translation	-	2,695,368	-	-	**2,695,368**	30,057	**2,725,425**
Total comprehensive income and expenses	**-**	**2,695,368**	**-**	**(4,197,908)**	**(1,502,540)**	**127,337**	**(1,375,203)**
Dividends	-	-	-	1,395,224	**1,395,224**	-	**1,395,224**
Transactions with shareholders	**-**	**-**	**-**	**1,395,224**	**1,395,224**	**-**	**1,395,224**
Balance as at 30 June 2011	**(42,577,669)**	**2,099,745**	**-**	**(36,785,787)**	**(77,263,711)**	**(220,321)**	**(77,484,032)**

Consolidated Statement of Cash Flows - Indirect Method

	Unaudited three months 30 June 2011	Unaudited three months 30 June 2010	Unaudited six months 30 June 2011	Unaudited six months 30 June 2010	Audited year 31 Dec 2010
Profit for the period	2,709,373	2,328,912	4,100,628	2,766,258	8,005,717
Items not involving cash flows					
Depreciation and amortisation	1,040,102	837,364	1,834,952	1,596,350	3,375,919
Deferred tax	(209,888)	(6,866)	(673,400)	(47,430)	(1,249,886)
Provision for risks and charges	194,561	353,601	230,020	108,049	335,554
Capital gain or loss on assets	(27,669)	(3,114)	(39,342)	(7,202)	(458,050)
Capital interest and finance cost	75,746	76,809	151,663	-	-
Fair value adjustment	-	-	-	66,200	-
Other items not involving cash flows	-	-	-	959,382	3,514,246
Items not involving cash flows	1,072,852	1,257,794	1,503,893	2,675,349	5,517,783
Impact of changes in working capital					
Inventories	(911,310)	(2,831,023)	(715,838)	(3,632,428)	(5,423,607)
Trade receivables	(8,131,935)	(6,980,418)	(6,089,184)	(1,527,812)	345,662
Other current receivables	(320,128)	(99,516)	(1,057,801)	(2,252,219)	(219,350)
Trade payables	7,075,231	6,773,093	2,344,195	2,544,446	2,866,906
Other current liabilities	(1,608,112)	82,869	(1,148,680)	(987,672)	(142,531)
Impact of changes not involving working capital	(3,896,254)	(3,054,995)	(6,667,308)	(5,855,685)	(2,572,919)
Net cash inflow / (outflow) from operating activities	(114,029)	531,711	(1,062,787)	(414,078)	10,950,580
Financing activities					
Repayment of loans and borrowings	867,430	1,182,152	6,646,460	11,437,236	3,682,300
Dividend	(1,395,224)	-	(1,395,224)	(1,200,192)	(1,113,867)
Net cash inflow from financial activities	(527,794)	1,182,152	5,251,236	10,237,044	2,568,433
Investing activities					
Investments in property, plant and equipment	(3,596,104)	(1,744,453)	(5,008,981)	(3,445,353)	(7,954,396)
Investments in intangible assets	(31,098)	(224,318)	(87,769)	(278,148)	(525,206)
Change in non-current financial assets	(183,171)	(89,613)	(75,218)	(32,950)	(176,082)
Disposal of property, plant and equipment	63,459	(182,821)	130,688	20,224	109,561
Disposal of other assets	24,986	20,192	17,867	-	-
Net cash outflow from investing activities	(3,721,928)	(2,221,013)	(5,023,413)	(3,736,227)	(8,546,123)
Cash at the beginning of the period	13,454,219	12,709,435	12,203,023	6,508,501	6,508,501
Cash flow for the period	(4,363,751)	(507,150)	(834,965)	6,086,739	4,972,891
Currency exchange differences	550,432	892,266	(1,727,158)	499,311	721,629
Cash at the end of the period	9,640,900	13,094,551	9,640,900	13,094,551	12,203,021
Cash comprises:					
Cash and cash equivalents	9,752,202	13,094,551	9,752,202	13,094,551	12,203,021
Bank overdrafts	(111,302)	-	(111,302)	-	-
Total	9,640,900	13,094,551	9,640,900	13,094,551	12,203,021

Segment information

	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Inter-Group elimination	Total
Unaudited three months ended 30 June 2011							
Revenue from sales of goods	3,607,988	31,940,622	12,362,736	6,299,785	4,449,636	(12,604,210)	**46,056,557**
Other income	103,751	1,633,798	(100,663)	253,648	147,683	(1,230,892)	**807,325**
Operating expenses before depreciation and amortisation	(3,709,828)	(32,421,595)	(8,844,521)	(5,600,873)	(4,703,734)	13,355,648	**(41,924,903)**
Gross Operating Result	1,911	1,152,825	3,417,552	952,560	(106,415)	(479,454)	4,938,980
Unaudited three months ended 30 June 2010							
Revenue from sales of goods	5,159,359	26,488,894	3,521,643	4,626,187	4,678,436	(10,052,076)	**34,422,443**
Other income	209,512	662,119	26,177	(16,073)	(114,373)	(621,445)	**145,917**
Operating expenses before depreciation and amortisation	(4,337,082)	(25,496,193)	(3,480,408)	(4,017,012)	(4,260,898)	10,194,321	**(31,397,272)**
Gross Operating Result	1,031,789	1,654,820	67,412	593,102	303,165	(479,200)	3,171,088
Unaudited six months ended 30 June 2011							
Revenue from sales of goods	7,266,754	63,238,557	18,984,750	10,046,336	11,980,219	(27,741,966)	**83,774,650**
Other income	82,466	2,666,093	75,993	211,969	261,189	(1,579,778)	**1,717,932**
Operating expenses before depreciation and amortisation	(7,094,450)	(63,795,128)	(15,452,286)	(9,391,211)	(12,136,454)	30,255,767	**(77,613,762)**
Gross Operating Result	254,770	2,109,522	3,608,457	867,095	104,954	934,022	7,878,820
Unaudited six months ended 30 June 2010							
Revenue from sales of goods	7,068,773	49,161,717	7,875,015	6,732,768	12,913,695	(20,995,137)	**62,756,831**
Other income	345,353	1,123,908	62,377	(31,213)	53,399	(1,085,776)	**468,048**
Operating expenses before depreciation and amortisation	(6,638,585)	(47,838,882)	(7,100,601)	(6,190,535)	(11,734,665)	21,419,736	**(58,083,532)**
Gross Operating Result	775,541	2,446,743	836,791	511,020	1,232,429	(661,177)	5,141,347
Audited year ended 31 December 2010							
Revenue from sales of goods	17,275,967	111,506,944	27,805,799	16,307,914	19,508,273	(47,444,980)	**144,959,917**
Other income	354,491	4,950,375	429,598	561,911	436,060	(3,069,836)	**3,662,599**
Operating expenses before depreciation and amortisation	(15,203,514)	(107,038,608)	(25,673,052)	(15,177,543)	(18,741,967)	48,975,019	**(132,859,665)**
Gross Operating Result	2,426,944	9,418,711	2,562,345	1,692,282	1,202,366	(1,539,797)	15,762,851

General information

Cavotec MSL Holdings Limited (the 'Company') and its subsidiaries (together 'the Group') designs and manufactures a wide range of innovative mobile power supply solutions. The Group has 8 Centres of Excellence located in Germany, Italy, New Zealand, Norway, Sweden and the United States of America. Sales and distribution is achieved through 29 sales companies and branch offices and a network of distributor partners spread throughout the world. The Company is a limited liability Company incorporated and domiciled in New Zealand. The Company is listed on the New Zealand stock exchange.

These Financial Statements have been approved for issue by the Board of Directors on 22 August 2011.

Basis of preparation of financial statements

These general purpose consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34, Interim Financial Reporting. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of Cavotec MSL Holdings Limited for the year ended 31 December 2010 which have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of Cavotec MSL Holdings Limited for the year ended 31 December 2010.

Investments

Property, Plant and Equipment at June 30, 2011 amounted to EUR 23.5 million (EUR 20.3 million as of 31 December 2010) with the increase mainly related to the acquisition of the Cavotec Meyerink premises in Germany for EUR 2.3 million, and to the completion of works on the premises for Cavotec Micro control in Norway and for Cavotec US in the USA for EUR 1 million.

Segment information

There have been no relevant changes to the assets and liabilities for segment information as shown in the Annual Report for 2010.

Company acquisitions and divestments

No acquisitions and divestments were performed during the first six months of the year.

Noteworthy risks and uncertainties

There have been no changes to what was stated by Cavotec in its Annual Report for 2010 under Risk management (pages 139-142).

Subsequent events

On the 5 August Cavotec announced the successful renegotiation of the EUR 50 Million Term Loan and Revolving Credit Facilities signed at the end of 2009 and maturing in December 2012. The new agreement extends the maturity to 2016 at improved pricing and includes an option to increase the facilities up to EUR 80 million at any time during the term of the Credit Facilities.

On 16 August 2011 Cavotec announced the acquisition of INET as described in further detail on page 2 and 3.

On behalf of the Board
22 August 2011

Stefan Widegren
Executive Chairman

Ottonel Popesco
Chief Executive Officer

Independent Accountants' Report

To the shareholders of Cavotec MSL Holdings Limited

Report on the Interim Financial Statements

We have reviewed the interim financial statements ("financial statements") of Cavotec MSL Holdings Limited on pages 14 to 19, which comprise the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and other explanatory information for the Group.

Directors' Responsibility for the Interim Financial Statements

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 30 June 2011 and its financial performance and cash flows for the period ended on that date.

Accountants' Responsibility

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 30 June 2011 in accordance with International Standard on Review Engagements 2410 (Review of interim financial information by an independent auditor of the entity).

We have no relationship with, or interests in Cavotec MSL Holdings Limited other than in our capacities as accountants conducting this review, auditors, tax advisors, and providers of other assurance related services. These matters have not impaired our independence as accountants of the Group.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Group as at 30 June 2011 and its financial performance and cash flows for the period ended on that date.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an accountant's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review procedures, for this report, or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants | Christchurch

22 August 2011

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Parent Company - Condensed Statement of Comprehensive Income

	Unaudited three months 30 June 2011	Unaudited three months 30 June 2010	Unaudited six months 30 June 2011	Unaudited six months 30 June 2010	Audited year 31 Dec 2010
Other income	93,928	82,457	175,360	159,339	336,556
Operating expenses	(175,842)	(137,600)	(380,586)	(206,561)	(372,648)
Gross Operating Result	**(81,914)**	**(55,143)**	**(205,226)**	**(47,222)**	**(36,092)**
Depreciation and amortisation	(43,592)	(21,558)	(59,652)	(31,757)	(164,928)
Operating Result	**(125,506)**	**(76,701)**	**(264,878)**	**(78,979)**	**(201,020)**
Net financial costs	191,158	107,313	53,995	121,980	194,739
Profit before income tax	**65,652**	**30,612**	**(210,883)**	**43,001**	**(6,281)**
Income taxes	-	-	-	-	(32,311)
Profit for the period	**65,652**	**30,612**	**(210,883)**	**43,001**	**(38,592)**
Other comprehensive income:					
Exchange differences on translation of foreign operations	(7,517,292)	7,117,232	(1,771,172)	11,195,729	14,661,897
Total comprehensive income for the period	**(7,451,640)**	**7,147,844**	**(1,982,055)**	**11,238,730**	**14,623,306**

Parent Company - Condensed Balance Sheet

	Unaudited 30 June 2011	Unaudited 30 June 2010	Audited 31 Dec 2010
Assets			
Current assets			
Cash and cash equivalents	34,581	-	43,901
Other current assets	176,139	169,006	40,143
Total current assets	**210,720**	**169,006**	**84,044**
Non-current assets			
Property, plant and equipment	27,040	42,769	35,652
Intangible assets	2,227,221	2,262,126	2,257,822
Other non-current assets	108,735,772	107,114,162	110,335,358
Total non-current assets	**110,990,033**	**109,419,057**	**112,628,832**
Total assets	**111,200,754**	**109,588,063**	**112,712,876**
Liabilities			
Current liabilities			
Bank overdrafts	(3,520,297)	(1,991,675)	(1,556,829)
Other current liabilities	(107,142)	(65,892)	(143,581)
Total current liabilities	**(3,627,439)**	**(2,057,567)**	**(1,700,410)**
Non-current liabilities			
Other non-current liabilities	-	-	(61,872)
Total non-current liabilities	**-**	**-**	**(61,872)**
Total liabilities	**(3,627,439)**	**(2,057,567)**	**(1,762,282)**
Net assets	**107,573,313**	**107,530,496**	**110,950,594**
Equity			
Equity	(111,720,067)	(110,175,782)	(113,476,286)
Retained earnings	4,146,752	2,645,286	2,525,692
Total equity	**(107,573,315)**	**(107,530,496)**	**(110,950,594)**
Total equity and liabilities	**(111,200,754)**	**(109,588,063)**	**(112,712,876)**
Net tangible asset per share	1.656	1.654	1.708

Reporting dates 2011

It is the responsibility of Cavotec Group Management to disclose any and all information that might impact the Cavotec share price to the market in a timely manner. Group Management is ultimately responsible for determining whether information will impact the Cavotec share.

Reporting date for 3Q11 Quarterly Report:
the 3Q11 Quarterly Report will be published on 9 November 2011.

Forward-looking statements

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialisation and technological difficulties, interruptions in supply, and major customer credit losses.

Analysts & Media

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Notes

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