ADVANCED PRODUCTIVITY THROUGH INNOVATION

CAVOTEC
Inspired Engineering

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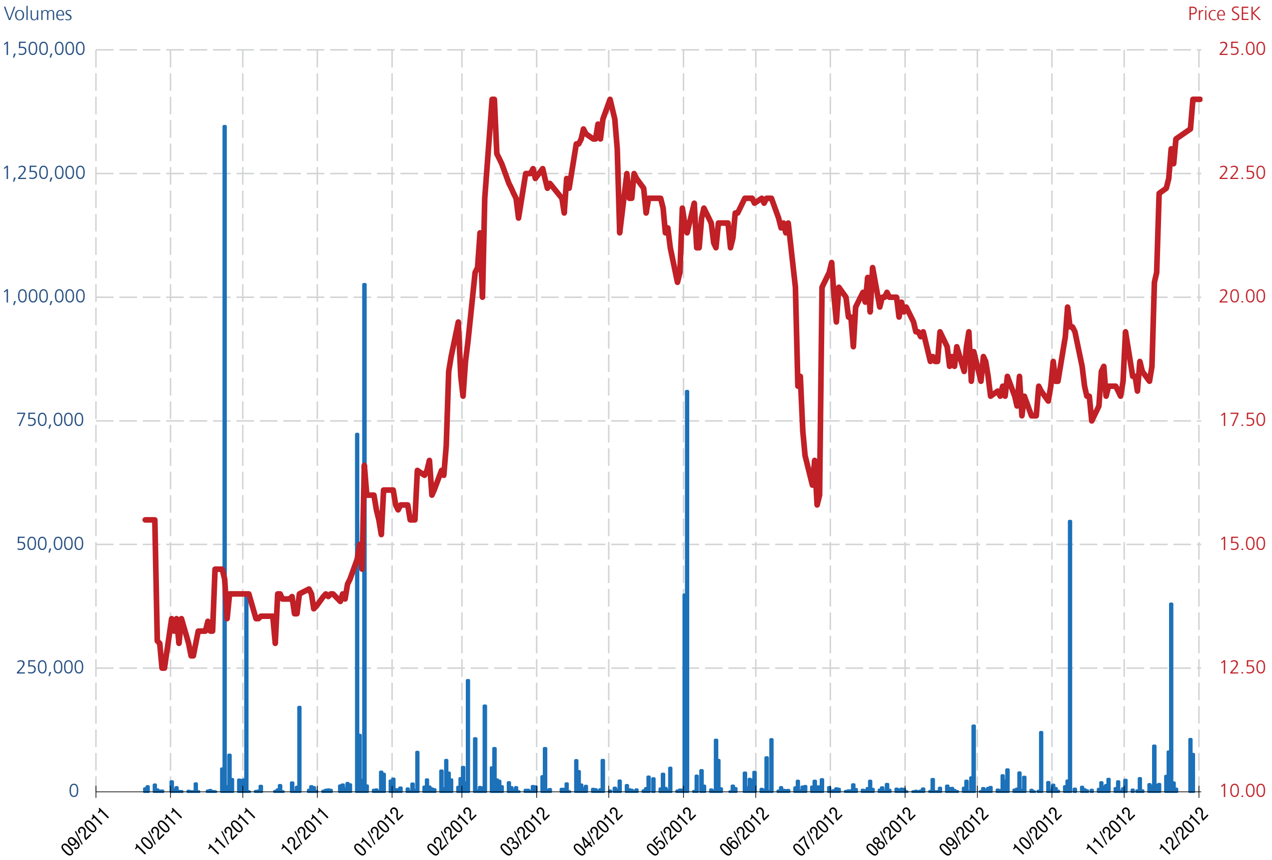
STOCK PERFORMANCE - NASDAQ OMX



Cavotec was listed on the NZX from January 2007, until delisting on 26 September 2011. The closing price for the share on that date was NZD 2.45. On 19 October 2011, Cavotec SA successfully listed on the NASDAQ OMX in Stockholm. The trade price development of its share is shown in the chart above.

		2012	2011	2010(2)	2009(2)	2008(2)
Number of shares issued		71,397,220	71,397,220	63,632,700	63,632,700	63,632,700
Closing price	SEK	24.00	13.75	-	-	-
Closing price(1)	EUR	2.80	1.54	1.95	1.29	1.22
Market cap(1) (million)	EUR	199.7	110.2	123.9	81.9	77.3
Dividend(1)	EUR	0.041	0.017	0.023	0.015	-
EPS(1)	EUR	0.173	0.089	0.125	0.082	0.145

(1) at end of the year prevailing exchange rate
(2) end of the year values on NZX

FINANCIAL INFORMATION IN SUMMARY

Cavotec SA & Subsidiaries	2012	2011	2010	2009	2008
EUR 000's					
INCOME STATEMENT ITEMS					
Revenue from sales of goods	220,072	189,969	144,960	125,258	141,724
Gross Operating Result (EBITDA)	**21,736**	**17,191**	**15,763**	**12,270**	**16,406**
Operating Result (EBIT)	**17,978**	**12,684**	**12,387**	**8,951**	**13,318**
Profit for the year	**12,192**	**5,844**	**8,006**	**5,200**	**9,198**
Total comprehensive income	13,018	7,018	11,005	6,521	6,641
BALANCE SHEET ITEMS					
Non-current assets	106,141	98,027	72,885	65,802	64,343
of which Goodwill	61,646	61,930	44,784	44,089	43,640
Current assets	94,271	78,762	62,538	57,849	59,080
Cash and cash equivalents	10,313	12,952	12,203	10,957	6,628
Total assets	**210,725**	**189,741**	**147,626**	**134,609**	**130,051**
Total equity	(106,829)	(94,873)	(76,807)	(66,917)	(60,396)
Interest-bearing liabilities	(34,828)	(36,664)	(31,878)	(32,812)	(33,919)
Non-interest-bearing liabilities	(69,067)	(58,205)	(38,941)	(34,880)	(35,736)
Total equity and liabilities	**(210,725)**	**(189,741)**	**(147,626)**	**(134,609)**	**(130,051)**
CASH FLOW ITEMS					
Cash flow from operating activities	11,900	5,164	10,951	8,594	4,648
Cash flow from financial activities	(5,035)	2,712	2,568	6,551	4,130
Cash flow from investing activities	(12,183)	(6,707)	(8,545)	(3,295)	(11,870)
Cash flow for the year	**(5,318)**	**1,169**	**4,974**	**11,850**	**(3,091)**
PROFITABILITY AND PROFITABILITY-RELATED KEY FIGURES					
Order intake	224,984	215,876	144,181	143,694	146,782
Gross operating margin	9.9%	9.0%	10.9%	9.8%	11.6%
Operating margin	8.2%	6.7%	8.5%	7.1%	9.4%
Interest coverage	14.2x	8.1x	7.0x	4.7x	8.7x
Return on average capital employed (ROACE)	8.3%	4.6%	7.3%	6.1%	11.7%
Return on equity (ROE)	12.0%	6.9%	11.0%	8.2%	16.2%
CAPITAL STRUCTURE AND CAPITAL STRUCTURE-RELATED KEY FIGURES					
Net debt	(24,511)	(23,708)	(19,651)	(21,850)	(27,264)
Net debt/equity ratio	22.9%	25.0%	25.6%	32.7%	45.1%
Equity/assets ratio	50.7%	50.0%	52.0%	49.7%	46.4%
Leverage ratio	1.1x	1.4x	1.2x	1.8x	1.7x

THE CHAIRMAN'S PERSPECTIVE

2012 was a challenging, but also an excellent year for Cavotec. Indeed, in terms of financial performance, it was our best year ever. Our CEO, our Board and management, and I are delighted that we achieved our targets for the year, and thereby met, and possibly exceeded the expectations of our shareholders and the wider market.

CHALLENGES AND ACHIEVEMENTS

In the past year our challenges came primarily in the form of some of our customers lowering volumes and delaying purchasing due to uncertainty in the global economy and financial markets.

We also engaged in an on-going legal dispute in the US, with our ex-partner and former owner of Inet. However, with a strong local Cavotec team in place, we are maintaining and building customer confidence in the US, as shown by several major Airports project wins announced in recent weeks.

It has been encouraging to see the continued success of our niche and innovative technologies that have driven substantial increases in revenues across the Group.

We have also achieved significant reductions in operational costs, relative to the increase in our revenues, further boosting margins to reach significant EBIT growth in the first 12 months after our listing on the NASDAQ OMX.

Another positive development is our growing profile within the financial community. This has helped drive a 70% increase in the Cavotec share price over 2012. With this increase, our capitalisation now better reflects our performance, and is more in line with our peers on the OMX.

HEADING FOR FURTHER GROWTH

To improve our service offering, we have invested substantially in our organisation in recent years. Following strong growth in 2011, we continued to invest in our employees and service and support structure, ensuring a continued high level of service to our customers.

Looking ahead, and with our published financial targets in mind, we will look to maintain significant growth momentum, further improve our operating margins and expand our offering.

We see 2013 as a year of consolidation for Cavotec. Our strength as an organisation will, however, enable us to improve our position and overall performance going forward.

INVESTING IN CAVOTEC

Introducing innovative technologies and improving industry standards takes time. I believe that we will continue to reap the benefits of investing the time and effort to do this, as we already have for many years in segments where we are now recognised as market leaders.

Nearly 10 years ago our Board asked Cavotec management to start looking for products and systems close to our core business with the potential to significantly increase average unit price. These efforts have delivered some of our most successful systems such as MoorMaster™, AMP, PCAir, and fully integrated system sales for airports. We are now seeing substantial returns on these investments, and we will continue to do so for many years to come. Furthermore, we will continue to bring new, industry-changing technologies to market.

Today, Cavotec is active in more sectors and involved in more projects than ever before. Many of these projects are in emerging markets, where we continue to concentrate our efforts and resources.

As an investment, Cavotec should be considered as a solid, long-term prospect, providing steady value creation through strong growth while improving profitability. I hope that you feel equally comfortable with Cavotec, its future and its management.

Lugano, March 2013

Stefan Widegren
Chairman

THE CEO'S REPORT

Cavotec continued to grow strongly in 2012, despite challenging global economic conditions. Our commitment to listening to customers, developing innovative technologies, establishing global operations with a local presence, and being present in a wide variety of sectors continues to drive success for the Group. These efforts saw 2012 become a record year for Cavotec.

KEY FIGURES

Cavotec ended the year with an order book worth around EUR 100 million. The Group is also meeting its published financial targets of maintaining annual revenue growth of at least 10 per cent, and in time reach an EBIT margin of 12 per cent in the business cycle.

Accumulated revenues reached just over EUR 220 million, a significant 15.8% increase compared to FY11.

Our adjusted operating profit amounted to EUR 21.5 million, after deducting 3.5 million of special items related to the on-going litigation with Mike Colaco and restructuring operations in Germany.

Profit before tax amounted to EUR 16.2 million, while Net Profit was EUR 12.2 million.

DIVERSE APPLICATIONS, GEOGRAPHICAL SPREAD

One of Cavotec's many strengths is the wide variety of sectors and applications, all over the world, which use its systems. From connecting aircraft to air, fuel, water and electrical power at airports in the Far East, to radio remote control (RRC) units used to operate machinery off the coast of Norway, Cavotec technologies are enabling our customers to operate more efficiently, more safely and more sustainably.

The diversity of the Group's applications, and wide geographical presence helps Cavotec mitigate risk across markets and sectors. For example, less than 20 per cent of Group revenues are exposed to currently weaker European end-user markets, while more than 50 per cent is derived from emerging markets.

INNOVATIVE TECHNOLOGIES

Irrespective of sector or market, our customers are looking for ways to reduce operating costs and meet environmental targets. This frequently entails the automation and the electrification of equipment. In 2012, we continued to develop our innovative technologies in these areas to satisfy growing demand for such systems.

Cavotec is increasingly recognised as an advanced technology innovator. The Group's automated mooring technology, MoorMaster™, Alternative Maritime Power (AMP) shore-to-ship power supply systems, and our electrified RTGs (rubber-tyred gantry cranes) all continued to make progress throughout the year, with a steady flow or orders for all three systems.

Similarly, our innovations and service offering for Airports – further strengthened through acquisitions (see below) – had a strong 2012, with several large orders signed for systems that will serve leading airports and carriers in the US and elsewhere.

Cavotec's Airports unit continued its development as one of the global airport sector's leading ground system equipment (GSE) integrators. In the fourth quarter, the unit also concluded the official handover of its fully integrated EUR 32-million integrated GSE project in Bahrain. This is the largest single project ever handled by the Group.

OPERATIONS

The Group made several important operational improvements to its structure during the year. These strategic decisions – acquisitions and streamlining of production among them – will ensure further progress on Cavotec's day-to-day profitability now and in the future.

In 2012, the Group oversaw the successful integration of US-based airport systems manufacturer INET. This is of particular note because the INET product range complements Cavotec's, and allows the Group to offer comprehensive and integrated solutions for airports.

The Airports unit received a substantial boost in September with the acquisition of ground support equipment manufacturer Combibox. This provided Cavotec with access to a large number of new markets in the Far East and Europe, where Combibox has strong market penetration.

The Group also implemented an up-stream organisation of Cavotec Germany, with the closing of one production site and the opening of a new facility – at Dietzenbach outside Frankfurt – that will enable the Group to expand production capacity in the years ahead.

While doubt seems set to persist over the strength of economic recovery in Europe in the short-term, it should be noted that Cavotec has a relatively low end-customer exposure here.

Furthermore, despite sluggish macroeconomic growth in recent years in Europe and elsewhere, the Group has consistently demonstrated its ability to compete successfully and to meet its revenue and earnings targets.

The year was a strong one for the Group's Ports & Maritime Market Unit (MU), with the unit's share of total Group revenues increasing to 37 per cent.

The Group also extended its credit facility by EUR 15 million, and bond capacity to EUR 50 million. These measures will ensure Cavotec continues to handle projects of greater scope and recruit and retain the high-calibre staff needed to ensure its continued development.

LOOKING AHEAD

Although the short-term global economic outlook seems uncertain, Cavotec is in a strong position, with an order book of more than EUR 110 million at January 2013. With the tenets of our success to date also firmly in place – broad product range and extensive geographic presence – I believe Cavotec is ready to grow in 2013 and beyond.

Growth is likely to come primarily from the Ports & Maritime and Airports market units, with the offshore segment being a significant source of growth.

We expect the Airports MU to continue to grow strongly, in part due to the unit now supplying fully integrated solutions – a valuable addition to its offering – and as a result of the additional markets now available to Cavotec through the Combibox acquisition.

We believe the Ports & Maritime unit is also poised for a new stage of growth. As interest in automation technologies continues to build, we expect further success for MoorMaster™ and RRC technologies, amongst others.

Furthermore, Cavotec is in a position to support a wide variety of industries to comply with increased legislative requirements on safety and the environment. One area where we see significant potential is in the ports sector, where we supply emission-reducing technologies such as E-RTGs and AMP systems. We continue to see strong interest in these systems across Europe and North America, and we are now seeing growing demand for AMP in Asia – a huge opportunity for Cavotec.

Our Mining & Tunnelling unit most likely has a tougher year ahead, at least in the hard rock mining segment. However, tunnelling and related major infrastructure projects appear set for continued growth.

General Industry is likely to remain stable for the most part, with a decrease in activity for cranes and robotics sectors offset by significantly increased activity in land rigs and defence.

We continue to recruit new talent in a large number of countries, reinforcing our presence and knowledge base in markets all around the world. Cavotec Brazil, the Group's newest company, will become fully operational in 2013, and will provide Cavotec with a presence in a market that we believe has substantial potential.

We will also continue our investment in North America, which is now one of our three largest markets by revenue; the other two being the Far East and the Middle East, where we also anticipate further growth.

We remain fully committed to the financial targets established at the time of our listing on the NASDAQ OMX. The initiatives to improve our margins have seen considerable progress, despite pressure from several exceptional items, which we do not expect to see repeated in 2013.

We will maintain our strong emphasis on cost savings and productivity improvements at our Centres of Excellence and other production facilities, while safeguarding our ability to deliver the outstanding performance expected by our customers. We will continue to explore opportunities to develop our service revenues, secure synergies from recent acquisitions, and deliver higher return on investment.

In conclusion, Cavotec is well placed – both financially and technologically – to succeed in the face of current global macro economic conditions. Supported by the Group's strong innovative edge, worldwide operations and local presence, Cavotec is set to meet its stated financial targets and continue to succeed in 2013, and in the years ahead.

Ottonel Popesco
Chief Executive Officer

MORE THAN 30 YEARS OF FRIENDSHIP AND COOPERATION

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

1974

Incorporation of Specimas AB in Sweden

1976

Specimas AB renamed Cavotec AB

1984

Incorporation of Cavotec sales company in Finland

Acquisition of Specimas SpA in Italy

1986

Incorporation of Cavotec sales company in the United Kingdom

1988

Incorporation of Cavotec sales companies in Canada, Italy and Norway

1989

Incorporation of Cavotec Group Holdings NV in the Netherlands

1990

Incorporation of Cavotec sales company in the Netherlands

Acquisition of CTA Srl in Italy

Incorporation of ET Power Connectors AB in Sweden

1991

Incorporation of Cavotec sales companies in Australia, France and the US

1993

Incorporation of Cavotec sales companies in Germany and the UAE

1995

Incorporation of Cavotec sales companies in Hong Kong and Shanghai

1996

Incorporation of Cavotec sales company in Argentina

1997

Acquisition of Alfo Apparatebau GmbH in Germany

Incorporation of Cavotec sales company in Singapore

1999

Acquistion of Metool Pty Ltd. in Australia

Acquisition of RMS Enrouleurs SA in France

Incorporation of Cavotec sales company in Denmark

2002

Acquisition of Gantrex Group in Canada, South Africa and the US

2004

Acquisition of Fladung GmbH in Germany

Cavotec Group and Mooring Systems Ltd. sign sales agreement

Acquisition of Micro-control AS in Norway

Cavotec marks 30-year anniversary

2005

Incorporation of Cavotec sales company in India

2007

Listing of Cavotec MSL on the New Zealand Stock Exchange

Group Corporate Office is established in Switzerland

Reverse acquisition with MSL

Incorporation of Cavotec sales company in Russia

2008

Acquisition of the Dabico Group in the US and UK

Acquisition of Meyerinck GmbH in Germany

Divestment of Gantrex operations

2009

Milestone order received for PCAir at Bahrain International Airport

February 2011

Announcement of Scheme of Arrangement and listing of a Swiss holding company on NASDAQ OMX

March 2011

Incorporation of Cavotes sales company in Spain

May 2011

Incorporation of Cavotec sales company in Brazil

August 2011

Acquisition of INET Group in the US

October 2011

Cavotec SA listed on NASDAQ OMX Stockholm

September 2012

Acquisition of Combibox in Sweden

October 2012

1st Anniversary of the listing on NASDAQ OMX


HIGH VOLTAGE

INSPIRED ENGINEERING

OUR DIVERSE MARKET UNITS

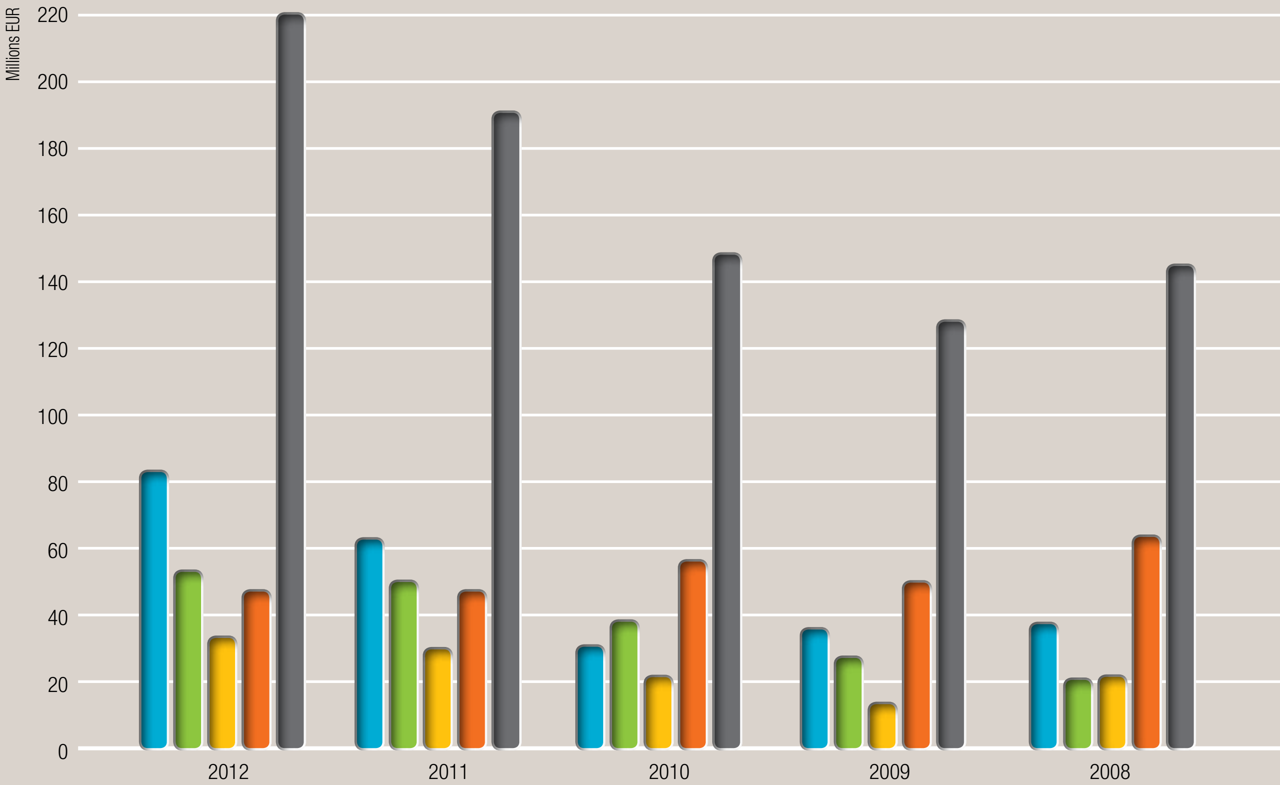
Ports & Maritime

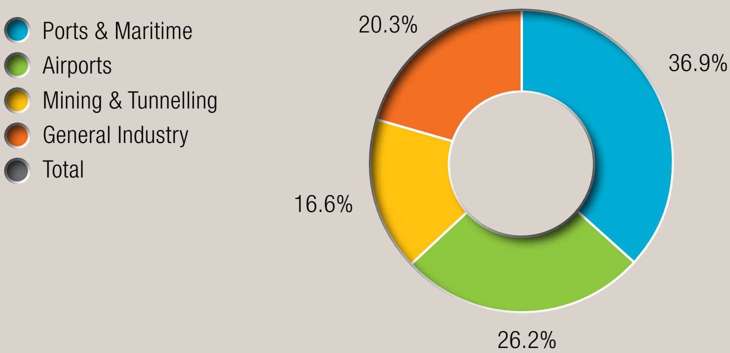
Airports

Mining & Tunnelling

General Industry

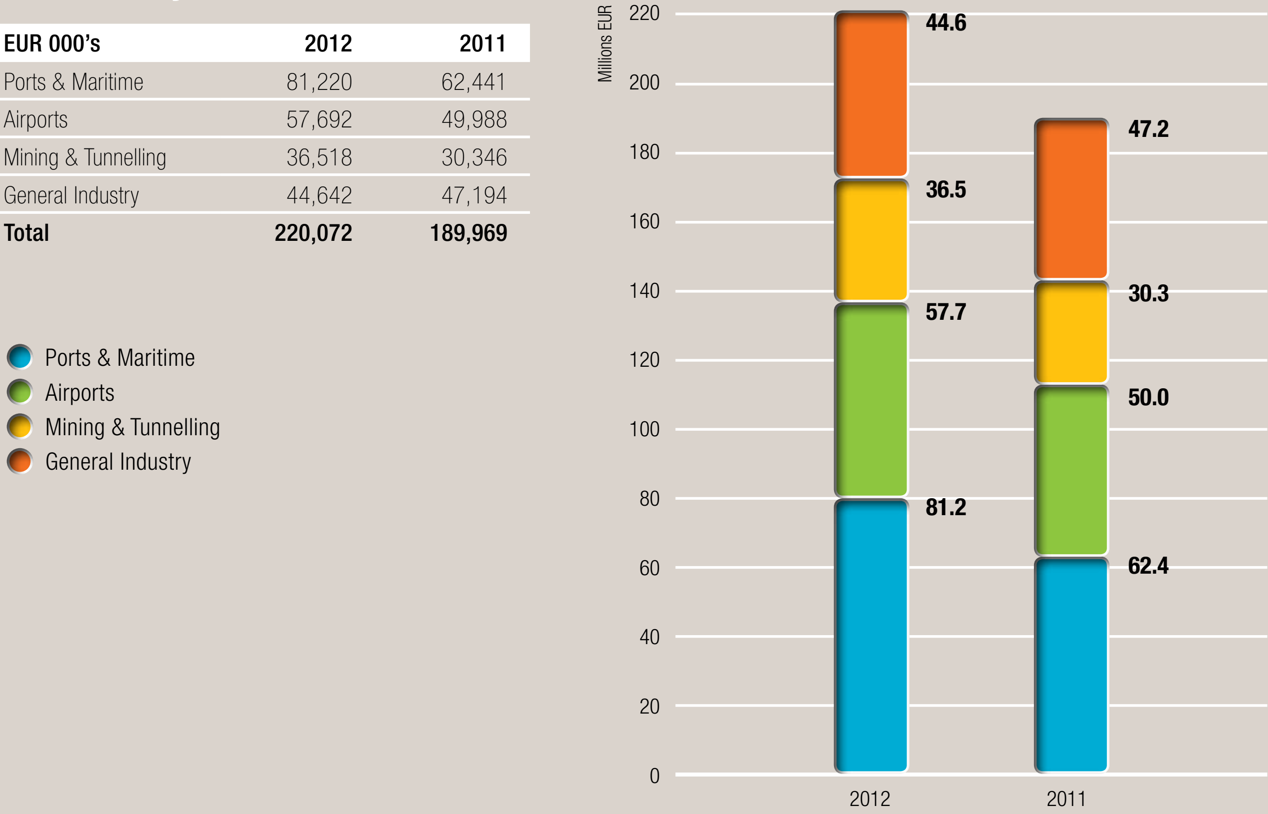
Revenues by Market Units





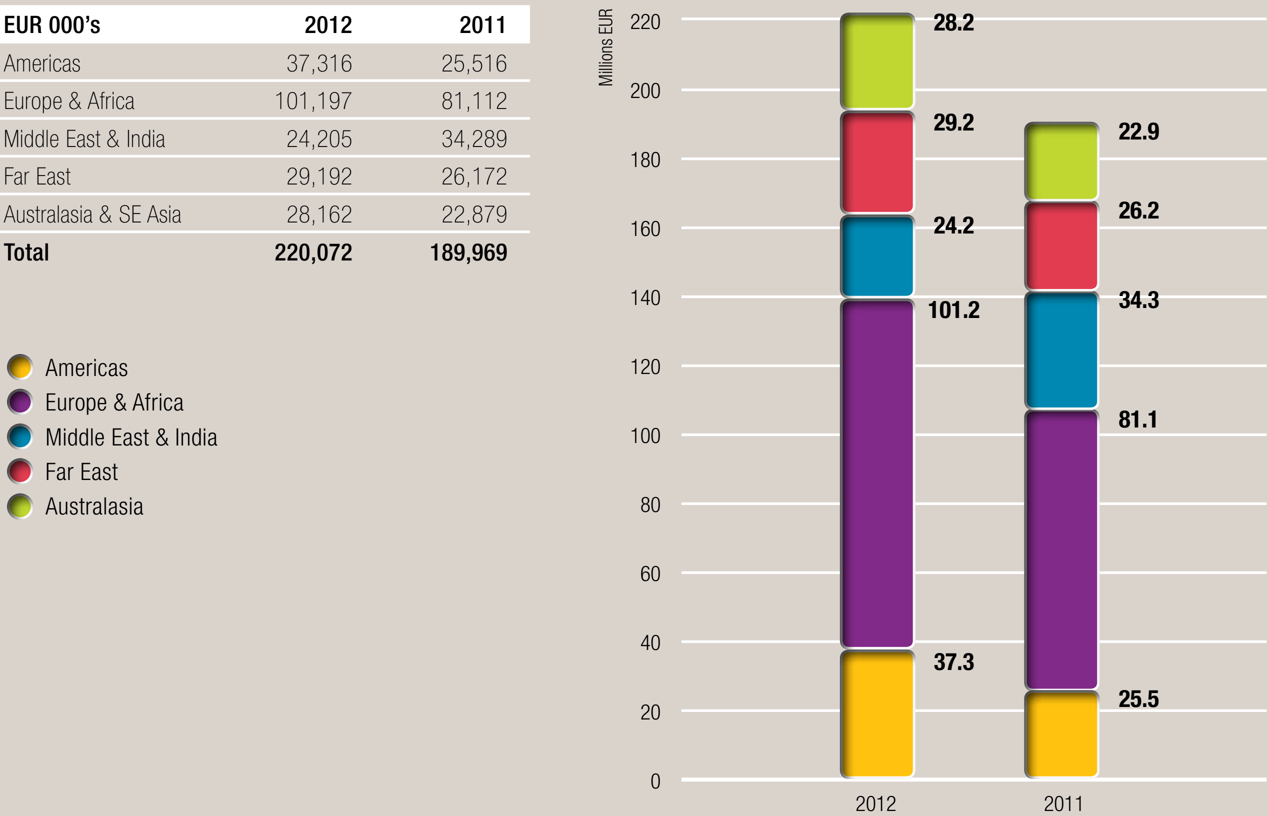
Revenues by Market Units

EUR 000's	2012	2011
Ports & Maritime	81,220	62,441
Airports	57,692	49,988
Mining & Tunnelling	36,518	30,346
General Industry	44,642	47,194
Total	**220,072**	**189,969**



Revenues by Regions

EUR 000's	2012	2011
Americas	37,316	25,516
Europe & Africa	101,197	81,112
Middle East & India	24,205	34,289
Far East	29,192	26,172
Australasia & SE Asia	28,162	22,879
Total	**220,072**	**189,969**



PORTS & MARITIME

"We have a strong focus on the environment, and MoorMaster™ will make our operations more sustainable by improving air quality in and around the port — this is very important to us. We also anticipate making significant savings on fuel."

Cees de Waal, Director of Dutch passenger ferry company TESO.

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

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 • PSA • SLSMC • Statoil • ZPMC

Cavotec's Ports & Maritime unit is a key supplier of innovative technologies to the global ports and shipping sectors. The unit develops systems that enable ports and shipping lines to minimise risk, improve operational efficiency and reduce environmental impact.

With the global ports sector showing signs of tentative growth overall, Cavotec's Ports & Maritime unit performed strongly in 2012. Impressive results were registered for all of the unit's main product areas, including its Alternative Maritime Power (AMP) shore-to-ship power systems, and MoorMaster™ automated mooring for ships. Demand was also strong for power supply and spreader cable reel systems for container cranes.

HIGHLIGHTS

The year was extremely positive for Cavotec's MoorMaster™ automated mooring systems. The unit registered a number of major projects for the technology, including one for a sophisticated ship-to-ship application in North America that highlights the adaptability of the technology, and suggests further growth potential for this unique innovation.

The Ports & Maritime unit booked an order for three specially lock-adapted MoorMaster™ MM400LC units for installation at the St. Lawrence Seaway that links the Atlantic Ocean and the Great Lakes in Canada.

In December, the Group announced news of a MoorMaster™ project at a passenger ferry application in the Netherlands. Once installed, MoorMaster™ will hold ferries in place safely and securely during loading operations, reducing the amount of time ships will need to use their engines at the berth. This will enable the port to make substantial reductions in emissions, thus improving air quality in and around the port, and cut fuel costs.

The unit won a second substantial order for MoorMaster™ at an application in the Mediterranean, the first being in 2011. Cavotec is supplying 18 MoorMaster™ MM200C units for installation at an exposed container handling berth. The demanding characteristics of the berth mean that MoorMaster™ will result in considerable safety and productivity improvements over conventional mooring.

The year saw impressive results for Cavotec's AMP systems. These systems enable ships in port to switch off their engines and connect to land-based electricity supply. It offers substantial environmental benefits and reduced fuel costs.

Throughout the year, Cavotec announced AMP projects at three of the largest ports in the US – the Port of Long Beach, the Port of Los Angeles and the Port of Oakland.

As the national and international regulatory framework pertaining to the environment continues to expand, Cavotec is able to work with port authorities, shipping lines and others to meet their sustainability targets.

The equipment supplied under these contracts includes shore power systems built into the quayside incorporating Cavotec's innovative spring-assisted One-Hand-Lift Access Covers. These units allow safe and quick connection of ships to shore-side electrical supply.

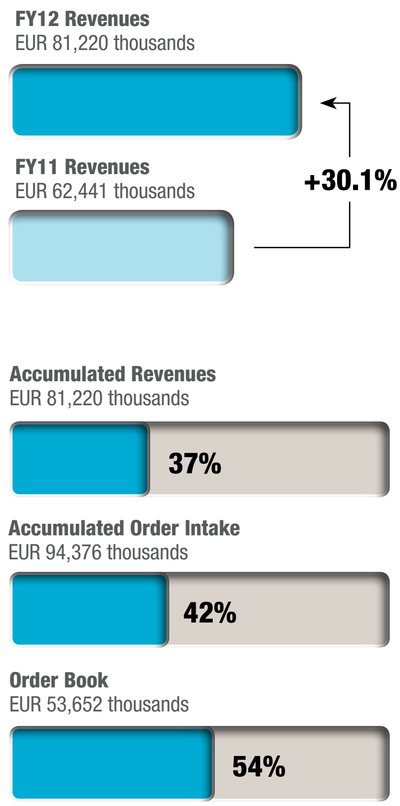
The Group's shore power systems are increasingly widely used at ports in North America, Europe and the Far East. Indeed, Cavotec secured several orders for AMP systems in China and Taiwan throughout the year. One of these projects was for bulk handling applications, something of a first for the industry.

A third area of particular success for Ports & Maritime in 2012 was electrical power supply and spreader cable reels for container cranes. The unit received several orders for large numbers of crane cable systems from major OEMs, primarily ZPMC, one of the world's largest industrial conglomerates. Cavotec also has long-term relationships with OEMs such as Hyundai, Mitsui, Hyundai Samho and TCM.

Orders this year included systems for Ship-to-Shore (STS) and Rail-Mounted Gantry (RMG) cranes destined for ports in Australia, Brazil, the Netherlands, Malaysia, Singapore, Sri Lanka, the UAE and the UK.

KEY FIGURES

Ports & Maritime had a strong 2012, with revenues up 30.1 per cent on the year to EUR 81,220 thousands. The unit's Order Book stood at EUR 53,652 thousands at the end of December 2012, an increase of 31.2 per cent on the previous year.



HOW CAVOTEC MAKES THE WORLD'S PORTS AND SHIPS SAFER AND CLEANER

The following descriptions provide a brief overview of selected Ports & Maritime systems. For full details of all our technologies, visit: www.cavotec.com

MARINE PROPULSION SLIP RINGS

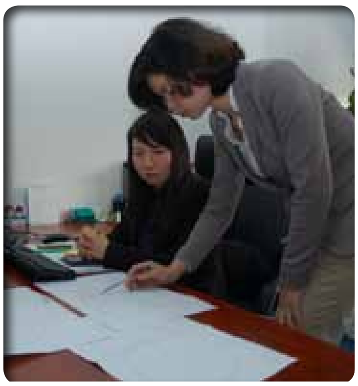
In close partnership with ABB, Cavotec has developed advanced marine propulsion slip rings that help power ships efficiently and cleanly.

MoorMaster™

MoorMaster™ is an automated mooring technology that moors and releases ships in seconds.

E-RTGs

Cleaner, faster, quieter: Cavotec E-RTGs help ports all around the world make environmental and productivity gains.



CUSTOMISED ENGINEERING

Working closely with customers over the long-term, we develop innovative solutions tailored to the specific challenges they face.

PANZERBELT

Cavotec's Panzerbelt cable protection system ensures the safe transmission of electrical power to quay cranes at more than 800 applications globally.

MOTORISED CABLE REELS

Cavotec's motorised cable reels ensure safe and efficient cargo handling at ports worldwide.

AMP

AMP systems enable ships in ports to switch off their engines and connect to shore side electricity.

SLIP RINGS

The Group's slip ring systems supply data and electrical power in a diverse range of maritime and other industrial applications.

AIRPORTS

"Airlines, together with manufacturers and governments, must step up their investment in new technology. It has been the main driver of progress so far and it has the greatest potential for future progress."

Philippe Rochat, former Director Aviation Environment, International Air Transport Association.

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

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

Cavotec is a leading system integrator for the global airports sector. Working closely with airports, airlines and industry bodies, Cavotec's Airports Market Unit enhances passenger experience at airports worldwide. Its systems allow airports to service aircraft quickly, efficiently and cost-effectively.

As air travel continues to grow, so does Cavotec Airports, with revenues up 15.4 per cent on the year. The unit continued to work on large, long-term projects for new-build airports in the Middle East and the Far East, as well as improving existing infrastructure at airports in mature markets such as Europe and North America. Airports' offering and customer base was substantially strengthened in 2012 with the Group's acquisition of equipment manufacturer Combibox.

HIGHLIGHTS

The year featured several highlights for the unit. Progress in India was particularly significant where Cavotec received two substantial orders for fuelling systems at Mumbai Chatrapati Shivaji International Airport and at Delhi International Airport. The Mumbai project follows the successful installation of similar systems at the airport.

Remaining in India, at Rajiv Gandhi Hyderabad International Airport, Cavotec is expanding the airport's cargo apron and modernising remote cargo aircraft stands with electrical converters, hatch pits supply cables. This is the first time that Cavotec is supplying aircraft converter systems to the Indian market.

These projects demonstrate Cavotec's growing presence on a market that is set for rapid growth in the years ahead.

The unit also reported a strong performance in other emerging markets such as Africa, where Cavotec won an order to supply fuelling systems for Ghana's Kotoka International Airport.

Cavotec already has ground support equipment in operation in many parts of Africa, including Kenya, Nairobi, Senegal and South Africa.

On the crucial US market, the unit won a major project for air and electrical power supply systems for wide-body aircraft at Washington Dulles International Airport.

The order shows the trust customers have in Cavotec systems to service larger aircraft such as the Boeing 787 and the Airbus A380. The Group has previously supplied systems that serve the A380 at several airports in Europe and the Middle East.

The year also saw the successful completion of the largest project ever undertaken by Cavotec: a EUR 32-million integrated ground support equipment solution for Bahrain International Airport. A useful reference for the unit, that demonstrates to the market that Cavotec has the capacity to successfully carry out orders of this scale.

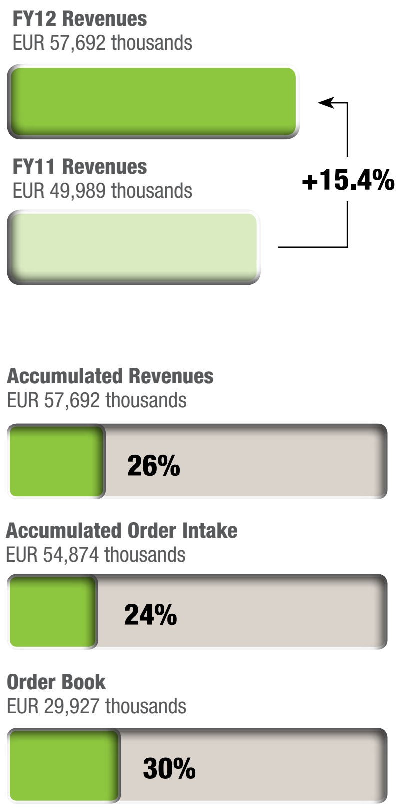
In September, Cavotec acquired Swedish airport equipment manufacturer Combibox. This was a significant strategic step to support the continued expansion of the Airports unit and the Group as a whole.

Combibox brings to Cavotec 30 years' experience of the airports industry and an extensive customer base, much of which is located in markets where Cavotec was not previously present in Asia, the Baltics, Scandinavia, Eastern Europe and India. Combibox is extremely active here, and indeed was Cavotec's main competitor in these and other markets.

Combibox's product range — in-ground systems that supply aircraft with air, fuel, electrical power, and fresh and blue water — complements Cavotec's offering. Similar to Cavotec, Combibox has generated added value for customers by successfully introducing "cross-over" technologies from the Airports sector to maritime applications.

KEY FIGURES

Airports performed well in 2012, with revenues up 15.4 per cent on the year to EUR 57,692 thousands. The unit's Order Book stood at EUR 29,927 thousands at the end of December 2012, an increase of 30.2 per cent on the previous year.



INTEGRATED SYSTEMS FOR MORE EFFICIENT AIRPORTS

These are selected product highlights of Cavotec's Airports Market Unit. For full details of all our technologies, visit: www.cavotec.com

PRE-CONDITIONED AIR SYSTEMS

Cavotec Pre-Conditioned Air (PCAir) systems supply cooled and heated air to aircraft and passenger bridges to ensure optimal ambient temperatures.

CADDIES, COILERS, CROCODILES

The staple equipment at any airport, Cavotec manufactures a range of caddy, coiler and crocodile systems.

FUELLING
The unit's in-ground and pantograph fuelling systems transfer fuel to aircraft safely and efficiently at airports all around the world.

IN-GROUND, TUNNEL SYSTEMS
Air, fuel, power, waste, potable and blue water: all via pit and tunnel systems safely and efficiently under the tarmac.

CONVERTERS
Cavotec INET electrical converters enable aircrews to connect to electrical power at the gate, thus reducing APU use. The result? Reduced emissions and reduced fuel costs.

MINING & TUNNELLING

"With its commitment to just-in-time delivery, Cavotec enables us to streamline our supply chain management and maximise our operational efficiencies."

Hans Rimmerfors, VP Purchasing, Atlas Copco Rock Drills.

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

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

Cavotec's Mining & Tunnelling market unit supplies leading mining, tunnelling and construction groups with innovative systems that ensure the world's most challenging working environments are safe, efficient and keep environmental impact to a minimum.

While the mining sector in 2012 experienced uncertainty, Cavotec's Mining & Tunnelling unit maintained steady growth throughout the year. The unit continued to develop its long-term relationships with OEMs and other customers – typical of the Group's approach to ensure continued growth. The unit noted stronger demand in several markets in 2012, such as Australia, the Far East, North America and Scandinavia.

HIGHLIGHTS

Of particular note in 2012, was the unit's expanding presence on the US market where the Group continues to build strong relationships with OEMs such as ThyssenKrupp, the Robbins Company and other suppliers of mining and construction machinery.

From ThyssenKrupp, the unit won an order for the manufacture of specialised medium voltage cables, hose reels and related equipment for indoor stacker and reclaimer machines at an application in Saudi Arabia.

For the Robbins Company, the unit manufactured hose reels for an application in Singapore. The work is being carried out in the US, reinforcing the Group's manufacturing presence in this important market.

Remaining in North America, the unit secured an order for large level wind cable reels and special cable for Sandvik. The equipment was fitted to stacker reclaimer machines for use at a coal handling application in British Columbia.

Despite periodic dips in demand, the Australian mining sector remained a strong performer for the unit's products and services in 2012.

The unit won orders for cable reels, radials, drums and hoses for stacker reclaimer machines at a ship loading application in Western Australia, and secured several orders for power supply equipment from leading OEMs such as Sandvik and major operators such as BMA. The majority of these orders were for cable reel systems for installation on stacker reclaimer machines and hopper cars.

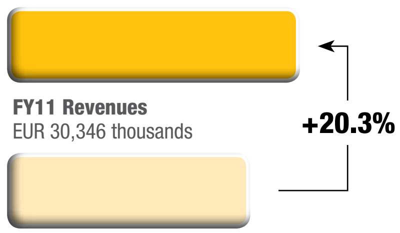
The MU also continued its on-going work with various customers on the SEK 17-billion Stockholm City Line in the Swedish capital. This major infrastructure project involves the construction of a six kilometre-train line deep under the city. Cavotec is supplying cable management systems, RRC units and electrical connectors to several contractors such as Bilfinger Berger, NCC, Zublin and PEAB.

As indicated in previous reports, the bulk of demand for this MU's products and services is characterised by large numbers of small-scale and frequent orders. The unit's long-established relationships with major mining groups, such as Sandvik, Vale, Atlas Copco and many others, ensured its continued strong position in the market throughout the year. The unit received large numbers of orders for power connectors, cables and hoses, motorised cable reels, RRC units and spring driven cable reels from customers worldwide.

KEY FIGURES

Despite an uncertain outlook in the mining sector, the Mining & Tunnelling sector reported strong growth in 2012, with revenues up 20.3 per cent on the year to EUR 36,518 thousands. The unit's Order Book stood at EUR 7,062 thousands at the end of December 2012, a decrease of 0.8 per cent on the previous year.

FY12 Revenues
EUR 36,518 thousands



FY11 Revenues
EUR 30,346 thousands

Accumulated Revenues
EUR 36,518 thousands

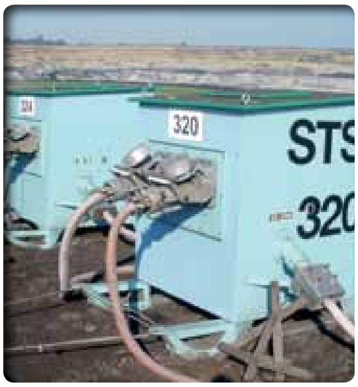
Accumulated Order Intake
EUR 35,299 thousands

Order Book
EUR 7,062 thousands

THE SMARTEST ENGINEERING FOR THE TOUGHEST ENVIRONMENTS

Here are selected examples of Cavotec Mining & Tunnelling systems. For full details of all our technologies, visit: www.cavotec.com

MOTORISED CABLE REELS
Used by leading OEMs, Cavotec cable reels ensure the safe and efficient transfer of electrical power to mining and tunnelling equipment worldwide.



POWER CONNECTORS
A critical element to Mining & Tunnelling, Cavotec connectors guarantee the secure transfer of electrical current to machinery at applications the world over – and deep into the Earth.

CABLES

Right at the very core of the Cavotec Group, the supply of cables and cable reels to a large number of long-standing customers remains one of this unit's most important activities.

RADIO REMOTE CONTROLS (RRC)

Cavotec´s explosion-proof RRCs enable the use of machinery in the world´s most demanding environments.

GENERAL INDUSTRY

"Working closely with Cavotec, we have optimised our control system for the mast and substructure raising / lowering cylinders and the jacking systems on our land rig. Cavotec supported NOV with their engineering expertise to meet the specific requirements of the application, and developed an innovative radio remote control system that enables personnel to operate the draw-works at a safe distance from the drilling rig."

Elie J. Chedade, General Manager, National Oilwell Varco.

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

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

Cavotec's General Industry market unit is the Group's most product- and sector-diverse. It is a key supplier of niche technologies to customers all over the world.

The unit's broad offering and global presence shielded it from those markets that slowed in 2012. Furthermore, the unit grew sharply in several areas, especially where customers sought Cavotec's advanced solutions for specialist applications.

HIGHLIGHTS

Throughout the year, the unit secured positive results across the many sectors and broad customer base in which it operates. The Nordics, North America, the Middle East and the Far East were areas where performance was especially strong.

A particularly strong growth area in 2012 was radio remote control (RRC) systems. Cavotec has created a name for itself as an expert manufacturer of RRC units. The year saw a large number of orders registered for these systems, especially in Asia and the US. Cavotec continues to expand its market share in this important, highly niche market, on which customers place considerable value.

The US energy sector proved especially strong for the unit's RRC systems – an area that is expected to deliver further progress going forward.

The unit received several orders for its advanced explosion-proof RRC systems. For example, a fluid power service company in the US ordered Cavotec RRC systems for a high explosive (EX Zone 1) application to operate crane winch systems on land-based oilrigs.

In the Middle East, the unit secured a repeat order from a Saudi Arabia-based customer for RRC units that will be used to operate crane loading arms for an application in the oil and gas segment.

Long-standing Cavotec customer ABB purchased a number of RRC systems that will be used to operate a cable production application in Sweden. Also in Sweden, the unit won an RRC project for units for use with large water cannon at a chemical handling berth at Petroport on the west coast of the country.

In May, the unit launched a new lightweight RRC terminal – the MC-3-5 – that has already attracted interest from several customers. The model extends Cavotec's offering into new segments such as forestry, where lighter units are used more widely.

Elsewhere, Cavotec won orders for a number of specially adapted motorised cable reels for a major offshore energy project in Qatar. In the second quarter, the MU received an order for large floating suction units for a leading industrial fuelling customer. At 24 inches these are the largest such systems ever produced by Cavotec.

The unit also manufactured two 12-inch floating suction units for the same customer for use at an application in Australia – another first for Cavotec.

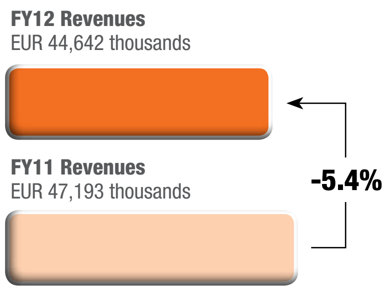
In an example of the extraordinarily varied applications that use the Group's products and services, the MU won an order for a number of power and signal cables for giant digital screens for use at a new multi-purpose arena in the Swedish capital Stockholm.

Again in Europe, the unit received an order for pneumatic and electrically heated twin loading arms that will transfer high viscosity liquids to tankers trucks. These systems are designed to Ex-Zone 1 safety requirements.

And in Germany, a leading chemicals group has purchased a number of advanced loading arms for LPG barges. Amongst several features, these systems incorporate mechanical counterweights and highly sensitive proximity sensors to ensure that they conform to stringent safety and environmental protection requirements in Germany.

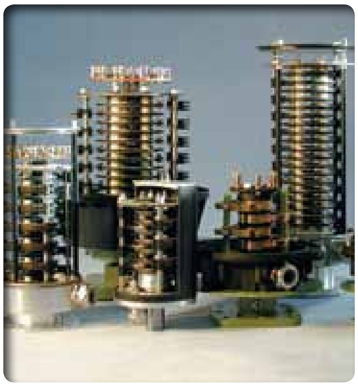
KEY FIGURES

In a challenging economic environment, General Industry posted modest decrease in 2012, with revenues down 5.4 per cent on the year to EUR 44,642 thousands. The unit's Order Book stood at EUR 8,504 thousands at the end of December 2012, a decrease of 1.5 per cent on the previous year.

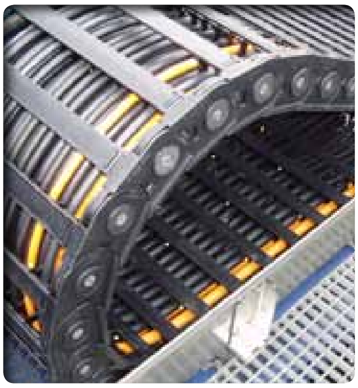


PRODUCTIVITY AND SUSTAINABILITY ALL OVER THE WORLD

Below are just a few of our General Industry systems. For full details of all our technologies, visit: www.cavotec.com



SLIP RING COLUMNS
Cavotec slip ring systems ensure the safe and efficient flow of data and electrical power between fixed and mobile structures, such as wind turbines and ship propellers.



CABLE, POWER, DRAG CHAINS
Cavotec chains are used in a huge variety of industrial and automation applications worldwide.

SPRING DRIVEN REELS
From heavy industrial machinery to major sporting and cultural events – Cavotec spring-driven reels automate and optimise functionality.

CONNECTORS
With a long-established track record serving OEM customers such as Sandvik and Atlas Copco, our connectors are a common site at industrial applications all over the world.

LOADING ARMS
Cavotec loading arms transfer hazardous chemicals and foodstuffs at applications all over the world.

RADIO REMOTE CONTROLS (RRC)
From niche offshore energy applications, to a huge variety of industrial sites, Cavotec RRCs enable our customers to operate equipment around the clock and around the world.

SMARTER, CLEANER TECHNOLOGIES

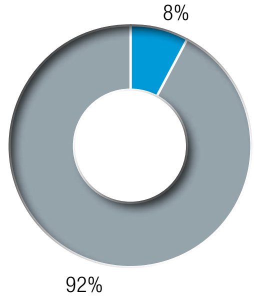
Cavotec's innovative technologies ensure a wide variety of industries all over the world operate cleanly and efficiently. Our systems enable customers to reduce environmental impact at ports and airports, in the mining and tunnelling sector, and at a huge variety of general industry applications.

Working closely with customers, industry bodies and government agencies, Cavotec develops innovative power control and distribution systems that allow customers to achieve their environmental targets. We also play a vital role in supporting industries in their efforts to meet increasingly stringent legislation regarding emissions, re-use of resources and energy consumption.

For example, our Alternative Maritime Power (AMP) shore-to-ship power systems, which allow ships in port to connect to land-based electricity supply, are helping ports and shipping lines reduce emissions across Europe, North America and Asia. The emissions comparison below shows how grid-produced electricity produces substantially fewer pollutants than ships running their engines.

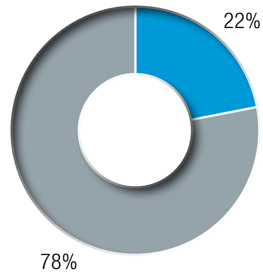
Percentage of containerships in service (over 4,000 TEU) using Cavotec AMP

Source: Boxfile 1 Dec 2010, container vessel 4000-ULCS TEU



Percentage of containerships on order (over 7,500 TEU) using Cavotec AMP

Source: Alphaliner 1 Sept 2011, Cellular Fleet



Cavotec AMP

This is an area that Cavotec sees expanding significantly in the years ahead: in 2007 the European Union agreed to reduce greenhouse gas emissions 30 per cent by 2020 [1]. And in 2008, the International Maritime Organization announced a reduction in permitted SOx emissions from ships with effect from January 1, 2012. The global sulphur cap was initially lowered to 3.50 per cent (from 4.50 per cent) and will be cut again to 0.50 per cent from January 1, 2020 [2].

Cavotec also helps ports reduce their environmental impact with the electrification of quay and yard cranes that were previously diesel-driven. Furthermore, our automated mooring technology, MoorMaster™, holds vessels in place more effectively than conventional mooring lines, resulting in ships no longer having to re-position along the berth, thus cutting ship emissions. MoorMaster™ also reduces reliance on tugs, thus further lowering emissions. These benefits, alongside those of increased safety and efficiency, are growing as the use of automated mooring steadily expands, (see opposite page).

At airports, Cavotec has pioneered pre-conditioned air (PCAir) systems that enable pilots to switch off aircraft auxiliary power units (APUs) when at the gate. APUs use between 200 and 600 litres of fuel per hour, so shutting them off produces considerable falls in emission levels and substantial savings in fuel costs.

Cavotec manufactures a range of advanced ground support equipment – including fuel, water and power supply units, tunnel systems, aircraft connectors and caddies – that reduce tarmac congestion, improve efficiency and reduce aircraft fuel consumption.

According to the International Air Transport Association, airlines are aiming for at least an additional 25 per cent improvement in fuel efficiency and CO_2 emissions by 2020, through technological and operational enhancements. [3]

Cavotec makes segments such as mining and tunnelling, the offshore energy sector and industrial production efficient and sustainable with automated systems and electrically powered technologies that help operators reduce their use of diesel-driven machinery.

Cavotec cable reels, radio remote controls, slip ring columns, power connectors, cables and cable chains ensure precious metals and minerals are extracted and transported as efficiently as possible.

We will continue to work closely with customers, and the wider community, to ensure that our world functions cleanly, safely and efficiently. We will continue to deliver the expertise and innovative systems that drive these initiatives forward to ensure a cleaner, better future for all.

(1) *Official Journal of the European Union, DIRECTIVE 2005/33/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, L 191/65 http://www.westpandi.com/Documents/News/EUSulphurDirective.pdf*
(2) *IMO Briefing 36/2010, July 1, 2010: Air pollution from ships cut, with entry into force of MARPOL amendments. http://www.imo.org/MediaCentre/PressBriefings/Pages/MARPOL-Annex-VI-EIF.aspx*
(3) *IATA website: http://www.iata.org/whatwedo/environment/Pages/index.aspx*

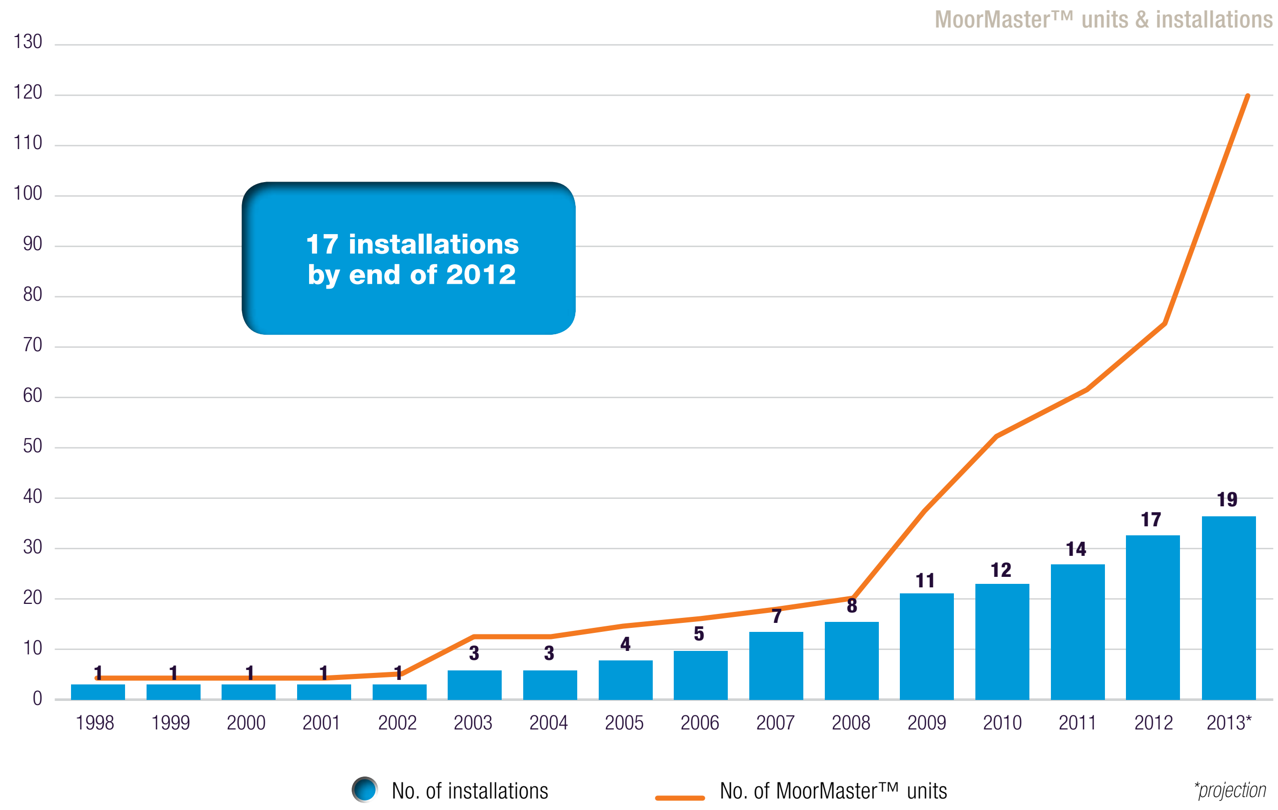
EMISSION COMPARISON

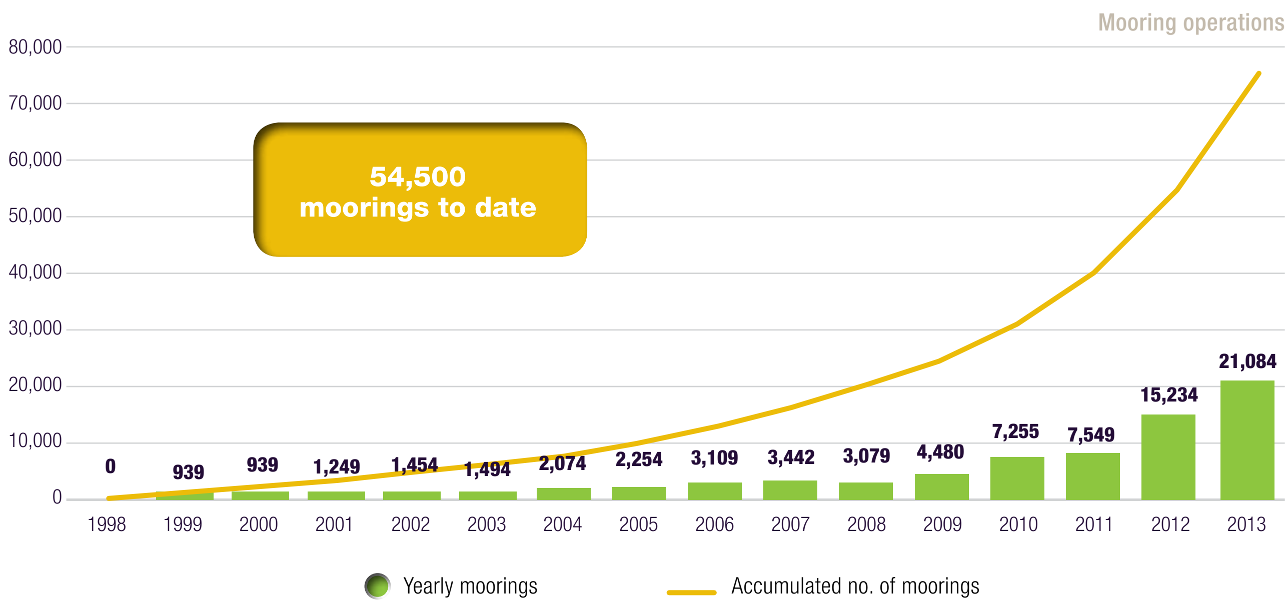
ELECTRICITY PRODUCED BY DIESEL SHIP ENGINES IN PORT:		ELECTRICITY PRODUCED BY POWER PLANTS (EU AVERAGE):
12.47 NOx (g/kWh)	*35 times lower nitrogen oxide emissions with AMP*	0.35 NOx (g/kWh)
12.30 SO_2 (g/kWh)	*26 times lower sulphur dioxide emissions with AMP*	0.46 SO_2 (g/kWh)

Source: Entec UK Ltd.

MOORMASTER™ AUTOMATED MOORING CONTINUES TO GAIN EXCEPTANCE

MoorMaster™ is a vacuum-based automated mooring technology that eliminates the need for conventional mooring lines. Use of the system reduces ship and tug emissions. As ports and shipping lines see the environmental benefits of the technology, it is becoming increasingly widely used. The top graph shows the gradual increase in the number of MoorMaster™ installations. The bottom graph shows the number of mooring operations (annual and cumulative totals).





CAVOTEC'S CENTRES OF EXCELLENCE

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

All design and manufacture of Cavotec systems takes place at these centres, where our engineers challenge and improve existing practice, daring to explore the potential advanced technologies have to offer.

CAVOTEC ALFO
Location: Overath, Germany
Established: 1991
Size: 7,000 sqm

Cavotec Alfo specialises in the design and manufacturing of spring reels and slip ring columns, used in many different industry sectors.

CAVOTEC MEYERINCK
Location: Fernwald, Germany
Established: 1968
Size: 3,000 sqm

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

CAVOTEC CONNECTORS
Location: Staffanstorp, Sweden
Established: 1991
Size: 2,000 sqm

Cavotec Connectors' sophisticated power supply systems are used in a wide variety of applications including material handling, mining and tunnelling, transport, automation and industrial production.

CAVOTEC FLADUNG
Location: Dietzenbach, Germany
Established: 1968
Size: 7,700 sqm

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

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

Cavotec Dabico´s advanced in-ground fuelling systems are used at airports and other installations all over the world.

CAVOTEC INET
Location: Fullerton, CA, USA
Established: 1967
Size: 5,000 sqm

Cavotec INET manufactures power conversion 50/60Hz to 400Hz systems, static transfer switches, Uninterruptible Power Systems (UPS), specialised Group Power Units (GPU) and Pre-conditioned Air Systems. INET is also the beneficiary of several certifications as preferred contractor for federal and various local governments in the USA.

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

Cavotec Micro-control supplies a comprehensive range of industrial RRC for a vast range of applications in the offshore, mining, and maritime sectors, as well as general and process industries around the world.

CAVOTEC MOORMASTER
Location: Christchurch, New Zealand
Established: 1999
Size: 500 sqm

Based in Christchurch, New Zealand, the Cavotec MoorMaster technical team consists of experienced maritime personnel, naval architects and mechanical and electrical engineers who design and develop Cavotec's vacuum-based, automated mooring system, MoorMaster™.

CAVOTEC SPECIMAS
Location: Nova Milanese, Italy
Established: 1963
Size: 10,000 sqm

Cavotec Specimas engineers design and manufacture AMP systems, motorised cable reels, patented Panzerbelt cable protection system, power cables and electric marine propulsion slip rings.

HUMAN RESOURCES

Cavotec's ambition is to offer challenging and rewarding careers in a fast-moving and diversified business. We hire exceptional, motivated individuals and invest in their future, building a culture of continuous learning through education and training.

Management continually seeks to develop employees' integrity, and create an environment where our people are proud to do business around the world on our behalf with transparency and professionalism. We actively seek to assure employees' health and well-being by creating an inspirational work environment and encouraging a healthy balance between work and private life.

Cavotec is flexible and dynamic, yet never abandons responsibilities and commitments. Our open working environment fosters the free exchange of ideas and mutual respect.

Following the restructuring of Cavotec's Corporate Communications and Finance departments in 2012, priority was given to further develop and structure our HR and Marketing departments. One way the Group has invested in HR is through structured projects that provide greater clarity to the Board and top management about the workforce's need for training programmes and competence development plans. Our initiative to map key positions both in business and support functions has substantially improved the visibility of opportunities in the organisation, and our ability to match career paths with the aspirations of employees in line with the operational needs and expectations of the Group.

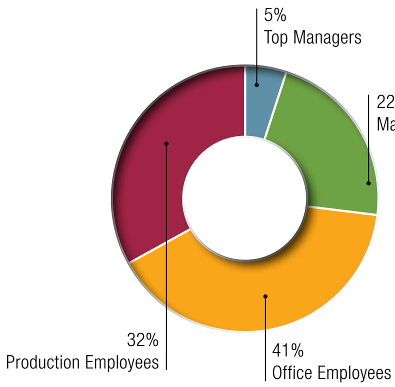
The continued development of the support function at corporate level is an important leverage point providing increased scope and visibility to our local companies through the implementation of support tools and structured processes, especially in areas such as corporate communications and marketing.

Number of employees (end of period)

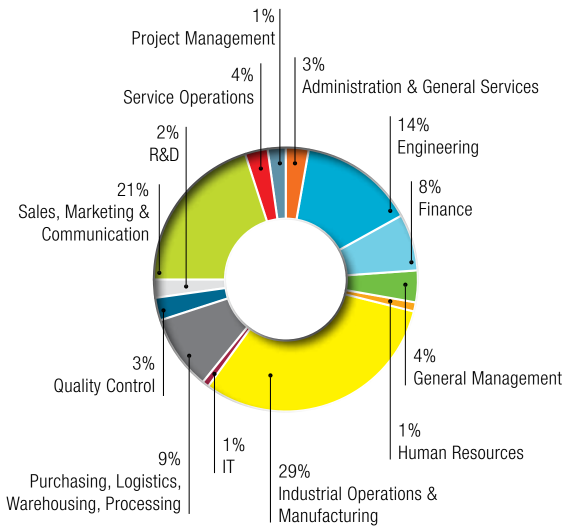
	2007	2008	2009	2010	2011	2012
Total	568	718	677	719	890	866*

**Headcount: internal payroll not full time equivalent.*

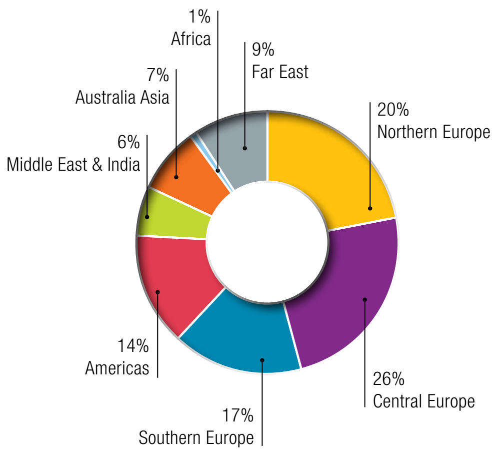
Employees by Category (2012)



Employees by Job Family (2012)



Employees by Geographical Region (2012)



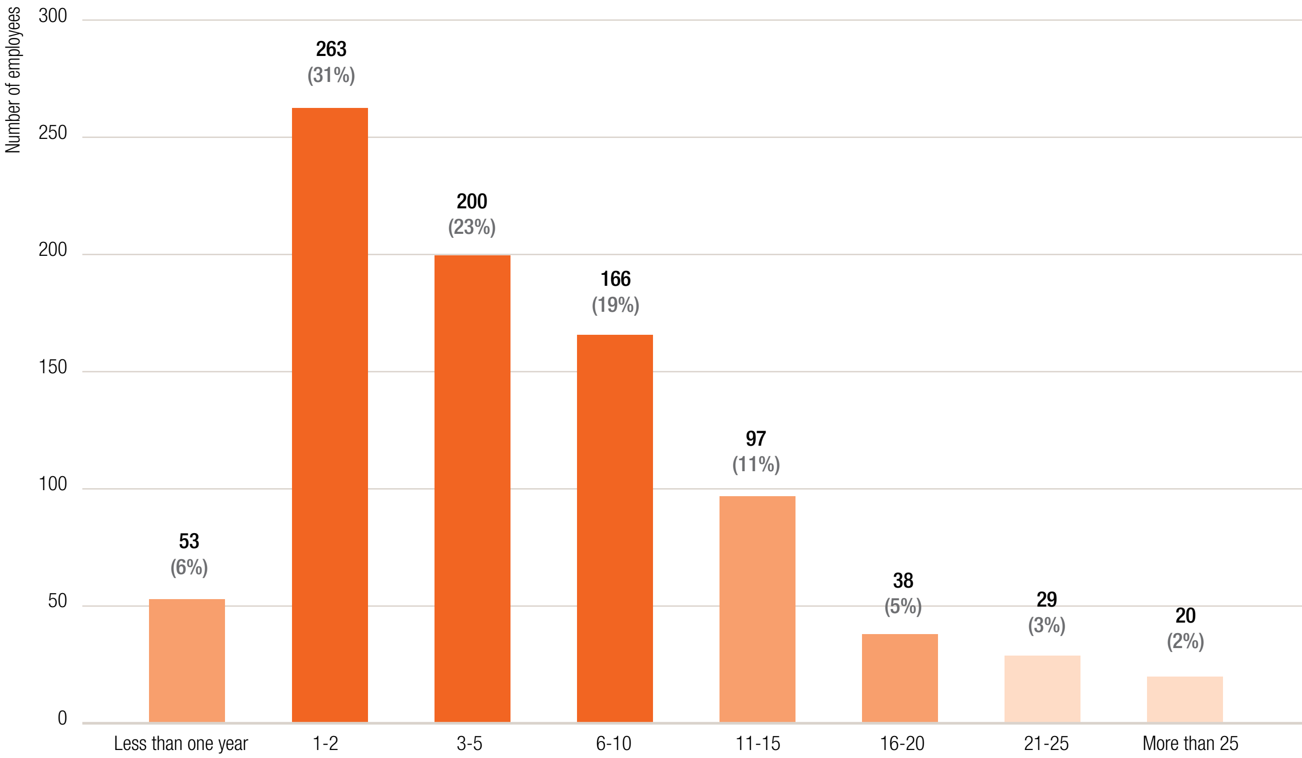
CAVOTEC'S DEMOGRAPHICS

The composition of the Cavotec team reflects the Group's international, multicultural and interdisciplinary character. At the end of 2012, Cavotec employed 866 people. More than 97% of our staff is permanently employed. They come from more than 40 countries on five continents, and from a wide variety of backgrounds. The majority are employed locally, with around 15% being skilled engineers. Almost 30% of our employees have a university-level degree or higher.

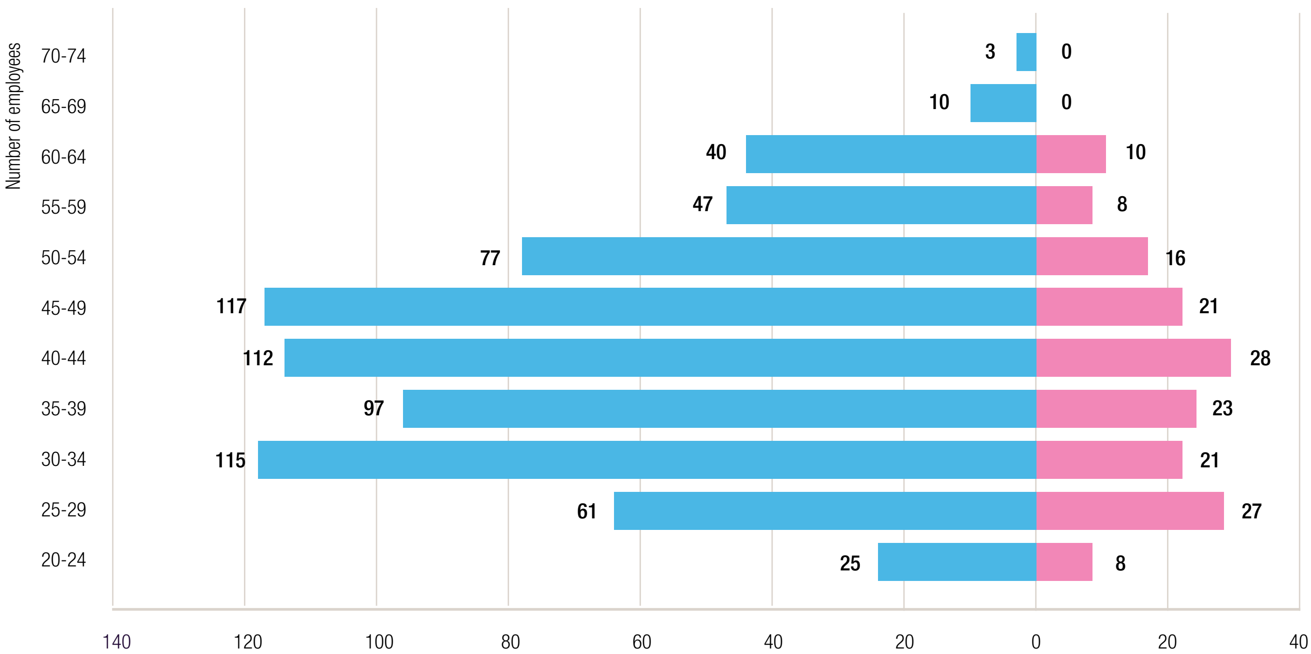
Although there are still only a small number of women in executive roles within Cavotec, around 19% of its workforce is made up of women in support role positions. Cavotec has a clearly stated policy that underlines its approach to hiring the best possible talent and embracing diversity. Over the past two years the Group has grown approximately 30% to meet the growing needs of the business and market in general.

The Cavotec workforce has a low average age, with more than 35% of employees under 40. Where possible, the Group seeks to ensure that younger members of staff benefit from more experienced employees' knowledge of the industry and history of the Cavotec Group.

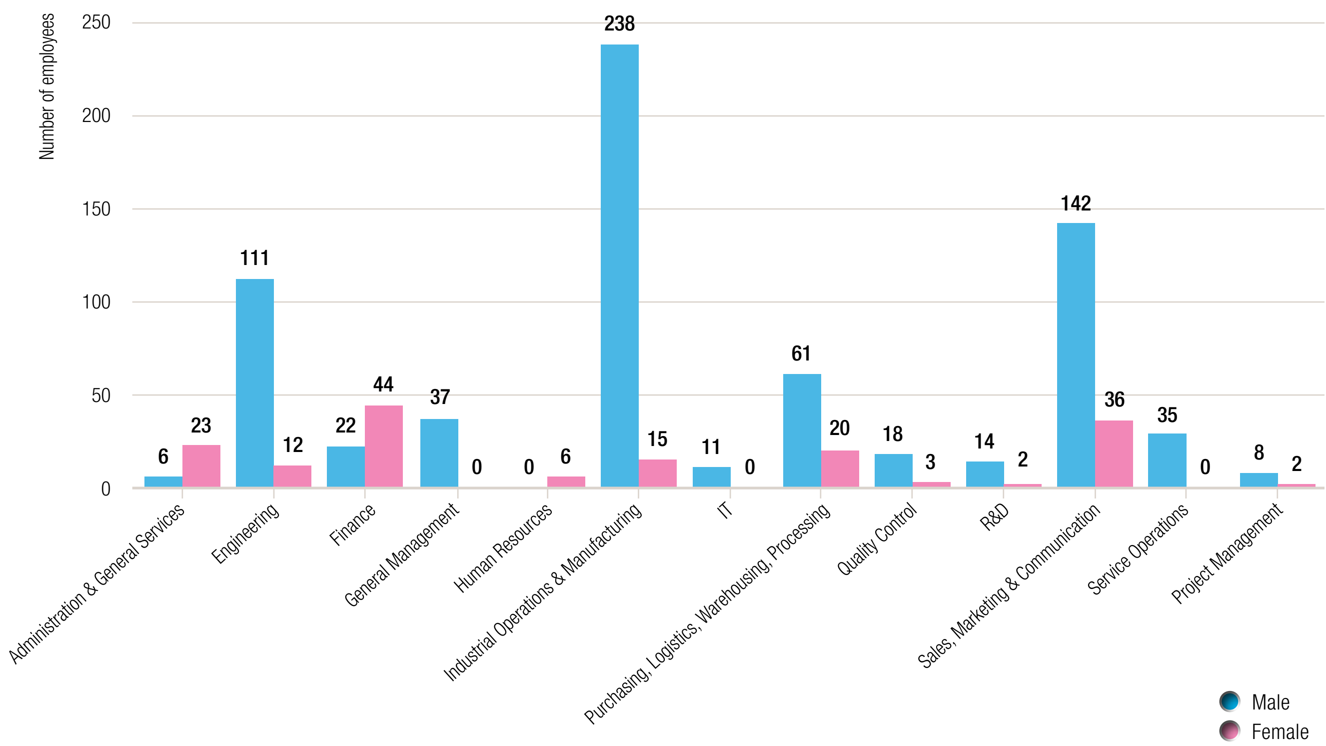
Cavotec Employees Seniority



Age Pyramid



Employees by Job Family and Gender



MUTUAL RESPECT IN AN INTERNATIONAL TEAM

As a relatively small organisation, with a global presence, it is important that Cavotec has a strong, shared company culture. This helps to align business goals, and creates a common vision for employees wherever they are based. Each Cavotec employee brings to the Group a diverse range of skill sets and individual characteristics that are valued and recognised by fellow colleagues, partners and customers. All employees are respected and encouraged to contribute to the Group's success.

LOCAL PRESENCE

Generally, staff is employed locally enabling Cavotec to build long-term relationships with customers, suppliers, authorities and professional bodies. The Group is committed to being close to its customers, all over the world, and to live up to our goal of being "local everywhere".

Our strength locally enables Cavotec to work closely with its customers, gain a better understanding of their requirements and solve challenges they face more effectively. For partners and suppliers, the local presence and familiarity with local markets make Cavotec a valuable and intrinsically competent business partner. Knowledge of local realities on global issues makes the Group relevant for formulating regulatory norms and technical standards.

As a multinational Group, it is of the utmost importance that Cavotec staff conducts their work with sensitivity and exemplary ethical behaviour at all times. All our employees are issued with the Group Code of Conduct that provides detailed guidelines on ethical standards and cultural differences.

BOARD OF DIRECTORS

The Cavotec Board consists of nine members. All Board members have extensive experience in global business and between them represent a broad variety of skill sets and backgrounds. We believe that strong leadership takes empathy, insight and a willingness to listen. All these characteristics personify our Board and Corporate Management's approach to ensuring the Cavotec Group continues to flourish.

Name	Position	Year of birth	Member since(1)	Nationality	Residence
Fabio Cannavale	Member	1965	2010	Italian	Switzerland
Leena Essén	Member	1952	2010	Swedish	Sweden
Nicola Gerber	Member	1977	2010	German	New Zealand
Christer Granskog	Member	1947	2008	Finnish	Finland
Lakshmi Khanna	Member	1941	2007	Italian	Italy
Erik Lautmann	Member	1950	2007	Swedish	Sweden
Joe Pope	Member	1941	2003	New Zealand	New Zealand
Ottonel Popesco	Member and CEO	1957	2007	French	Switzerland
Stefan Widegren	Chairman	1950	2007	Swedish	Switzerland

(1) *Please note that the year refers to membership in the Board of Directors of Cavotec MSL*

** Not shown in photograph: Nicola Gerber*

FABIO CANNAVALE

Member of the Board. Fabio holds a MSc in Engineering from Politechnic University and an MBA from INSEAD. He has served as a strategy consultant at McKinsey & Co and AT Kearney. He is executive chairman of Bravofly Group and member of the Board of Directors of Nomina SA, Consortium Real Estate BV.

In the past five years, Fabio Cannavale has been, but is no longer a Board member of Roam, Pies and Mont SpA.

Fabio Cannavale holds 6,948,046 shares in Cavotec (through Nomina SA, in which Fabio, together with related parties, hold 100 per cent of the shares).

LEENA ESSÉN

Member of the Board. Leena holds a BSc in Economics and Business from the Stockholm School of Economics. Following her studies and prior to joining Cavotec in 1990, Leena worked as CFO for several Swedish companies, most notably Gylling AB and PA Consulting Group. She has been with Cavotec for nearly 20 years, first as Group Financial Director until 2005 and then as Group Controller overseeing the implementation of new financial reporting systems and creating a transparent and accurate financial structure for the Group. Leena is still employed by the Cavotec Group but in a non-executive position.

Leena Essén holds 588,686 shares in Cavotec personally, 1,565,821 shares through Anelea Holdings Ltd. (of which Leena holds 10 per cent of the shares) and 177,100 shares through Anelea Sverige AB (a wholly-owned subsidiary of Anelea Holdings Ltd.).

NICOLA GERBER

Member of the Board. Nicola holds a BA (Hons) in Business Management from University of Westminster. She is a Regional Manager for sales and business development in the IT sector and is currently working for Cisco Systems Ltd. Prior to her role with Cisco Nicola held sales executive roles at start-ups in EMEA, most notably with FineGround Networks, which was acquired by Cisco in 2005. Nicola has specialised in business development & strategy across European markets and since 2008 across Asia Pacific markets based in New Zealand.

Nicola Gerber does not hold any shares or warrants in Cavotec.

CHRISTER GRANSKOG

Member of the Board. Christer holds an MSc in Industrial Management and Information Systems from Helsinki University of Technology. Christer is former president and CEO of Kalmar Industries (1998–2007). He has also worked as senior executive vice president of Partek Corporation and president of Partek Cargotek AB (1997–1998), president and CEO of Sisu Corporation (1994–1997) and president and CEO of Valmet Automation Oy (1990–1994). He currently serves as Chairman and CEO of Oy Piceum Ab, of Patria Oyj and Lännen Tractors Oy while also serving as Deputy Chairman of VR Group Oy. He is also a member of the Board of Directors of Actiw Oy and Sarlin Oy, a senior industrial adviser for EQT Partners and a member of the Academy of Technical Sciences in Finland.

In the past five years, Christer Granskog has been, but is no longer, Deputy Chairman of the Board of Directors of Rautaruukki Oyi and a member of the Board of Directors of Kalmar Industries AB.

Christer Granskog holds 20,000 shares in Cavotec (through his wholly-owned holding company oy Piceum AB).

LAKSHMI KHANNA

Lakshmi holds a BA in Mathematics from Punjab University. He is a registered Chartered Accountant in the United Kingdom, and is a Fellow of the Institute of Chartered Accountants in England and Wales. Lakshmi is respectively a member of the Non Executive Directors Special Interest Group, a member of the Valuations Special Interest Group and a member of the Financial Reporting Faculty of the Institute of Chartered Accountants in England and Wales. He is an Associate Member of the Institute of Chartered Accountants of India.

Lakshmi worked at PriceWaterhouseCoopers (PWC) in Italy, from 1966 to his retirement, as a Partner, in 2001. Here he was responsible for client services for Italian operations of multinational groups such as United Technologies, General Foods, Trust House Forte and IBM.

Lakshmi has also chaired PWC Management Consultants in Italy, been President of the Rotary Club of Milan Sud Est, and President of the World Community Service Commission of Rotary (Lombardy). He has also been an advisor to the Joint Task Force Confederation of Italian Industry, and the Confederation of Indian Industry. He is President of the Supervisory Board of Progetti Industriali SpA, Milan.

Lakshmi conducts limited consulting services for the Group.

Lakshmi Khanna holds 263,406 shares in Cavotec.

ERIK LAUTMANN

Member of the Board. After obtaining a BSc from the Stockholm School of Economics, Erik's professional career has primarily been in logistics and consulting. He has served as managing director of DHL in Northern Europe, as managing director of Jetpak Group, and was managing director of Catella when the company was founded in 1987.

Since 2007, Erik has been at Cavotec as a Non-executive Board Director and industrial advisor. In addition, he chairs six private equity and privately owned businesses, and is a board member at three other companies. Erik is a Fellow of the Royal Swedish Academy of Engineering Sciences (IVA), Chairman of the Board of IVA's Business Executives Council, and sits on the IVA Board.

Erik conducts limited consulting services for the Group.

Erik Lautmann holds 97,802 shares in Cavotec.

JOE POPE

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

In the past five years, Joe Pope has been, but is no longer, a member of the Board of Directors of Martinborough Vineyard Estates Ltd., Lambton Harbour Management and Chairman of the Board of Directors of Dow Group Ltd., Horticultural and Food Research Institute of New Zealand Ltd. and Wellington Rugby Football Union Ltd. and Deputy Chairman of the Board of Directors of New Zealand Symphony Orchestra Ltd.

Joe Pope holds 10,000 shares in Cavotec.

OTTONEL POPESCO

Member of the Board & CEO. Ottonel holds an MSc in Economics from Bucharest Academy, an MBA from Sorbonne University, an Ingénieur professionnel de France-diploma from Societé Nationale des Ingenieurs Professionnels de France and a Strategic Marketing Management-diploma from Harvard Business School. Prior to joining Cavotec in 1988, Ottonel spent five years as Sales and Marketing manager at ABB France (CKB Manufacturing Division). He is Board member of Bravofly Group Switzerland and Chairman of the Port Equipment Manufacturers Association (PEMA) Belgium. Moreover, Ottonel is a registered professional engineer in France and an Associate member of the Engineering Committee of the American Association of Port Authorities, USA.

Ottonel Popesco, together with related parties, holds 2,634,564 shares in Cavotec.

STEFAN WIDEGREN

Chairman and member of the Board. Stefan studied mechanical engineering, specialising in hydraulics and pneumatics, at the Royal Institute of Technology in Stockholm from 1970 to 1975. He joined Specimas Srl (Italy) in 1972 and co-founded Cavotec AB two years later, assuming the role of managing director. Cavotec acquired Specimas in 1984 and Stefan was appointed Chairman and CEO of the Cavotec Group in 1994. He was appointed Executive Chairman of Cavotec MSL in 2007 and Chairman of Cavotec SA in 2011. Stefan is Sweden's Honorary Consul in Ticino, Switzerland, a Board member of the Swedish Chamber of Commerce in Zurich, Switzerland, and a member of the Rotary Club Lugano Lago. Stefan has also served as Chairman of the Union of International Chambers of Commerce in Italy and as Chairman of the Swedish Chamber of Commerce in Milan.

Stefan Widegren, together with related parties, holds 7,754,264 shares in Cavotec.

EXECUTIVE MANAGEMENT COMMITTEE

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

Name	Position	Year of birth
Christian Bernadotte	Regional Manager, Americas	1949
Ester Cadau	Group Human Resources Director	1975
Erik Chilò	Managing Director, Cavotec Sverige AB & Regional Manager, North Europe	1958
Luciano Corbetta	Group Market Unit Manager, Ports & Maritime	1969
Yann Duclot	Group Manager, Sales & Marketing	1975
Diego Fiorentini	Group CFO	1972
Giorgio Lingiardi	Group VP & CIO / Regional Manager, Southern Europe & Africa	1958
Gary Matthews	Managing Director, Cavotec UK / President, Cavotec Dabico US/Cavotec INET	1966
Gustavo Miller	Managing Director, Cavotec China / Regional Manager, Far East	1964
Patrick Rosenwald	Managing Director, Cavotec Specimas / Managing Director, Cavotec MoorMaster	1970
Michael Scheepers	Director, Investor Relations & Corporate Communications	1978
Juergen Strommer	Managing Director, Cavotec Middle East / Regional Manager, Middle East & India	1970
Michael Widegren	Group VP, Patents & Trademarks / Regional Manager, Central Europe	1955

CHRISTIAN BERNADOTTE

Regional Manager, Americas. Christian holds a BSc in Electrical Engineering and an MBA. He is a member of the Board of Directors of Aria Analytics and Swedish-American Chamber of Commerce, Ohio, and is also the Chairman of the Board of Cavotec Dabico, Cavotec USA and Cavotec Inet.

Christian Bernadotte holds 38,411 shares in Cavotec.

ESTER CADAU

Group Human Resources Director. Ester holds a Business Administration degree and a Master in Human Resources Management from the Institut Superieur de Gestion (ISG) in Paris plus a Political Sciences degree from the University of Cagliari. Before joining Cavotec, Ester was an International Human Resources Manager in different public listed companies like Ingenico, Legris Industries Groupe, venteprivee.com and HR Project Manager at Air France.

Ester Cadau holds 3,000 shares in Cavotec.

ERIK CHILÒ

Managing Director, Cavotec Sverige AB & Regional Manager, North Europe. Erik holds a MSc in Industrial Engineering from Linköping Institute of Technology. He has served in different positions in automation, telecommunications, intermodal transport and bulk handling.

Erik Chilò holds 40,121 shares in Cavotec.

LUCIANO CORBETTA

Group Market Unit Manager, Ports & Maritime. Luciano holds a MSc in Mechanical Engineering from Politecnico di Milano. He has served as Mechanical Engineer at TTR Srl and as Export Sales Manager at Brevetti Stendalto SpA.

Luciano Corbetta holds 20,060 shares in Cavotec.

YANN DUCLOT

Group Manager, Sales & Marketing. Yann holds a degree in Business Administration from the Ecole Superieure de Commerce de Grenoble, France. Before joining Cavotec in 2007, where he has served as Middle East Aviation Division Manager until 2010, Yann was a Business Development and Key Account Manager at Nexans, France and European Market Manager at Alcatel France.

Yann Duclot holds 7,062 shares in Cavotec.

DIEGO FIORENTINI

Group CFO. Diego holds a degree in Business Administration from Università Commerciale L.Bocconi. Before joining Cavotec, Diego was a finance manager and corporate treasurer at Italmobiliare Group, prior to which he was the head of back/middle office and an accountant at ABB.

Diego Fiorentini, together with related parties, holds 26,727 shares in Cavotec.

GIORGIO LINGIARDI

Group VP & CIO and Regional Manager, Southern Europe & Africa. Giorgio holds a MSc in Mechanical Engineering from University of Genoa Italy.

Giorgio Lingiardi holds 10,000 shares in Cavotec.

GARY MATTHEWS

Managing Director, Cavotec UK / President, Cavotec Dabico US/Cavotec INET. Gary holds a HNC in Mechanical Engineering and an MBA from University of Teesside. He has served as a Managing Director in Dabico Europe.

Gary Matthews holds 20,851 shares in Cavotec.

GUSTAVO MILLER

Managing Director, Cavotec China & Regional Manager, Far East. Gustavo is a Mechanical Engineer from Catholic University of Cordoba, Argentina. He has served as a Managing Director at Impsa Malaysia and as a General Manager Tower Cranes Division at Lindores Group (Australia).

Gustavo Miller holds 20,474 shares in Cavotec.

PATRICK ROSENWALD

Managing Director, Cavotec Specimas SpA & Managing Director, Cavotec MoorMaster Ltd. Patrick holds a BE in Engineering (Mechanical) and a Graduate Diploma in Business from Curtin University, Western Australia.

Patrick Rosenwald holds 45,153 shares in Cavotec.

MICHAEL SCHEEPERS

Director, Investor Relations & Corporate Communications. Michael studied Corporate Communications & Public Relations at FONTYS University for Applied Sciences in the Netherlands. After his studies he joined Cavotec in 2002, where he has since held several positions, including Communication Manager and Group Manager, Corporate Communications. He is a member of the Investor Relations Society in the United Kingdom, and a member of the European Association of Communication Directors.

Michael Scheepers holds 38,880 shares in Cavotec.

JUERGEN STROMMER

Managing Director, Cavotec Middle East FZE & Regional Manager, Middle East & India. Juergen holds a degree in Mechanical Engineering from May Eyth TH, Kirchheim/Teck and a degree in Business Management from GARP Stuttgart. He has served for eight years at ThyssenKrupp as a Director in the Middle East among other positions and has been a General Manager with the Al Futtaim Group.

Juergen Strommer holds 20,851 shares in Cavotec.

MICHAEL WIDEGREN

Group VP & Regional Manager, Central Europe. Michael studied Mechanical Engineering, IndEk at KTH in Stockholm. He started at Cavotec Sweden in 1985 and in 1988 started Specimas Inc. in Toronto, Canada responsible for the North American market. In 1990, Michael returned to Cavotec Sweden, where he became MD five years later.

In 1998 he assumed responsibility of Cavotec Germany and Cavotec Alfo where he took the first steps towards developing the Airports Market Unit, becoming MD of the newly acquired Cavotec Fladung in 2004. In 2007 he moved to Lugano, Switzerland to assume his current role.

Michael Widegren, together with related parties, holds 1,087,018 shares in Cavotec.

CORPORATE GOVERNANCE

Since Cavotec is a Swiss Company listed on the NASDAQ OMX in Stockholm, the corporate governance of Cavotec is based on Swiss and Swedish rules and regulations, such as the Swiss Code of Obligations (the "CO") and the Swedish Code of Corporate Governance (Sw. *Svensk kod för bolagsstyrning*) (the "Code").

THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied at the first annual shareholders' meeting held during the year following market listing. The Company, although being a Swiss company, has decided to apply the Code, but need not obey all rules in the Code but has options for selecting alternative solutions which it may deem to better suit to its circumstances provided that any non-compliances and the alternative solution are described and the reasons explained in the corporate governance report.

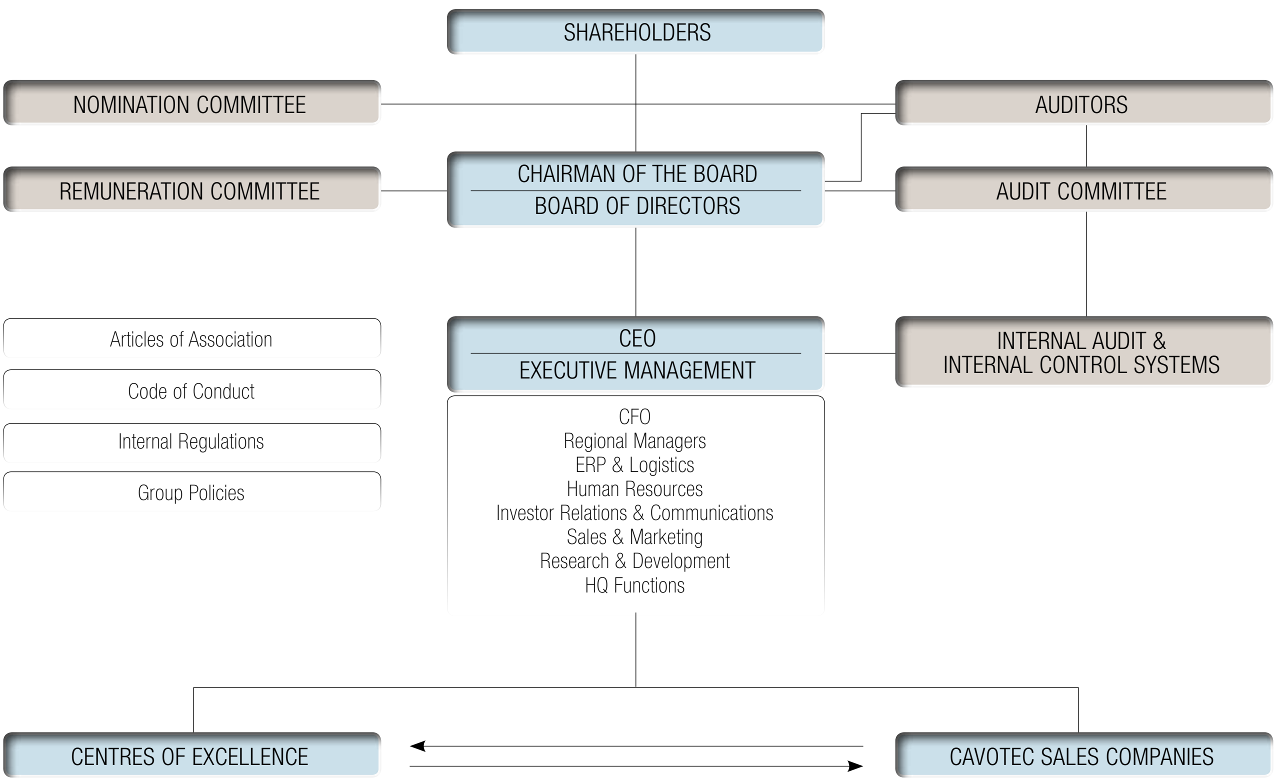
The Company has applied the Code from the time the shares have been listed on NASDAQ OMX Stockholm. However, since it is a Swiss company subject to Swiss rules and regulations are some deviations from the Code. Deviations that the Company is already aware of have as far as possible be explained in the Prospectus or otherwise in the Company's corporate governance report which has been drawn up for the first time for the 2011 financial year.

SHAREHOLDERS' MEETINGS

General

The shareholders' rights to resolve on company matters are exercised at the shareholders' meeting. An ordinary shareholders' meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors. Extraordinary shareholders' meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders' meetings are held at the domicile of the Company or at such other place as the Board of Directors shall determine. Since the Company is listed in Stockholm, the Board of Directors has the ambition to as far as

Cavotec Corporate Governance structure



possible and as long as in compliance with Swiss rules and regulations and if no public deed issue by a Swiss notary is needed, to hold shareholders' meetings in Sweden. The shareholders' meetings, deviating from the Code, will be held in English and information and material will be available in English only. This is in accordance with an exemption granted by the Swedish Financial Supervisory Authority. The minutes from shareholders' meetings will be published on the Company's website.

Right to attend shareholders' meetings

All shareholders who are registered directly in Euroclear Sweden's and SIX Switzerland's share registers on 16th April 2013 and who notify the Company of their intention to attend the shareholders' meeting at the latest by the date specified in the convening letter shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may usually register for shareholders' meetings in several different ways, which are described in the meeting convening letter.

Notice of shareholders' meetings and shareholder initiatives

Notice of a shareholders' meeting is given by means of a publication in the Swiss Commercial Gazette or by letter to the shareholders of record as well as through a press release. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 calendar days. The notice of the shareholders' meeting must indicate the agenda and the motions. The notice will also be published on the Company's website.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least ten per cent of the share capital may request the Board of Directors, in writing to call an extraordinary shareholders' meeting. In such case, the Board of Directors must call a shareholders' meeting within two weeks.

Nomination Process

The process for the nomination of Board members for Cavotec has been revised in 2011 in relation to the move from the NZX in New Zealand to NASDAQ OMX Stockholm in Sweden. The objective has been to apply the Swedish Corporate Governance Code, while still respect the Swiss laws and regulations applicable to a Swiss company. The ultimate goal has been to adopt a Nomination Process that is open and transparent to all our shareholders and stakeholders.

Following this process and criteria the Chair of the Board of Directors, Stefan Widegren, started already March 2011 a close dialog with major shareholders, the Board and our legal and financial advisers in Sweden and Switzerland in order to propose a new Corporate Governance Structure for Cavotec SA. The initial proposal for the composition of the Nomination Committee and the Board of Directors of the company were made public in the Prospectus of October 14th, 2011.

The Nomination Committee was appointed on October 6th, 2011 in accordance to the Articles of Association of the company. Please note, that while the Nomination Committee in a Swiss company is appointed by the Board of Directors, the composition of the Cavotec Nomination Committee will follow the recommendations of the Swedish Corporate Governance Code.

The appointed Nomination Committee members are:

Jack Groesbeek, Chairman of the Committee and Founder shareholder
Lars Hellman, Founder shareholder
Stefan Widegren, Chairman of Cavotec SA and Founder shareholder

The Committee members represent some 23% of all votes in the company. A way of contact with the Nomination Committee has been establish through the company website www.cavotec.com.

In October 2012 the Committee began preparing a proposal for the Board of Directors to be submitted to the Annual General Meeting 2012. In line with the formal evaluation process adopted by the committee, the Chairman with the assistance of the Nomination Committee members, initiated the yearly evaluation of the work performed by the Board was undertaken, while also performing a renewed assessment of the current requirements of the representation, experience, background and competence in the Board. These requirements were compared with the expertise currently available within the Board.

On January 29th, 2013 the Nomination Committee met in Lugano in order to discuss various proposals with major shareholders (representing more than 55% of the votes) and the CEO, Ottonel Popesco. Furthermore Stefan Widegren visited new Zealand in mid March in order to meet-up with investors, shareholders and NZ Board members, and among other topics also discuss the proposals for the future composition of the Board of Directors. After having received the support and approval by the Board for its final proposal on March 19th, 2013. The Nomination Committee defined its final proposal as follows:

According to Art. 13 of the Articles of Association the directors are elected each year to hold office until the following annual shareholders' meeting. Directors may be re-elected.

It is proposed the Annual General Meeting to be chaired by Stefan Widegren, while the President of the Annual General Meeting will be Fabio Cannavale, who will be present in Lugano.

Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, *Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco and Stefan Widegren will stand for re-election. Joe Pope does not stand for re-election.*

The Nomination Committee proposes to reduce the number of board members to eight and further proposes that Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco and Stefan Widegren be re-elected as Directors for a further one-year term of office expiring at our annual general meeting to be held in 2014.

The Nomination Committee furthermore proposes to nominate Stefan Widegren as Chairman of the Board of Directors.

With respect to the requirements in the Swedish Corporate Governance Code (the Code) that a majority of the directors elected by the shareholders' meeting are to be independent of the company and its executive management and that at least two of this majority also are to be independent in relation to the company's major shareholders, the Nomination Committee has carried out the following assessment:

Christer Granskog, Lakshmi Khanna, Erik Lautmann, Nicola Gerber and Fabio Cannavale are all independent of the company and its executive management.

Christer Granskog, Lakshmi Khanna, Erik Lautmann and Nicola Gerber are all also independent in relation to the company's major shareholders.

The Nomination Committee therefore concludes that all requirements of director independence as set out in the Code are met.

Finally, the Nomination Committee proposes that Pricewaterhouse-Coopers SA, Lugano, Switzerland be re-elected as Cavotec's independent auditor for business year 2013.

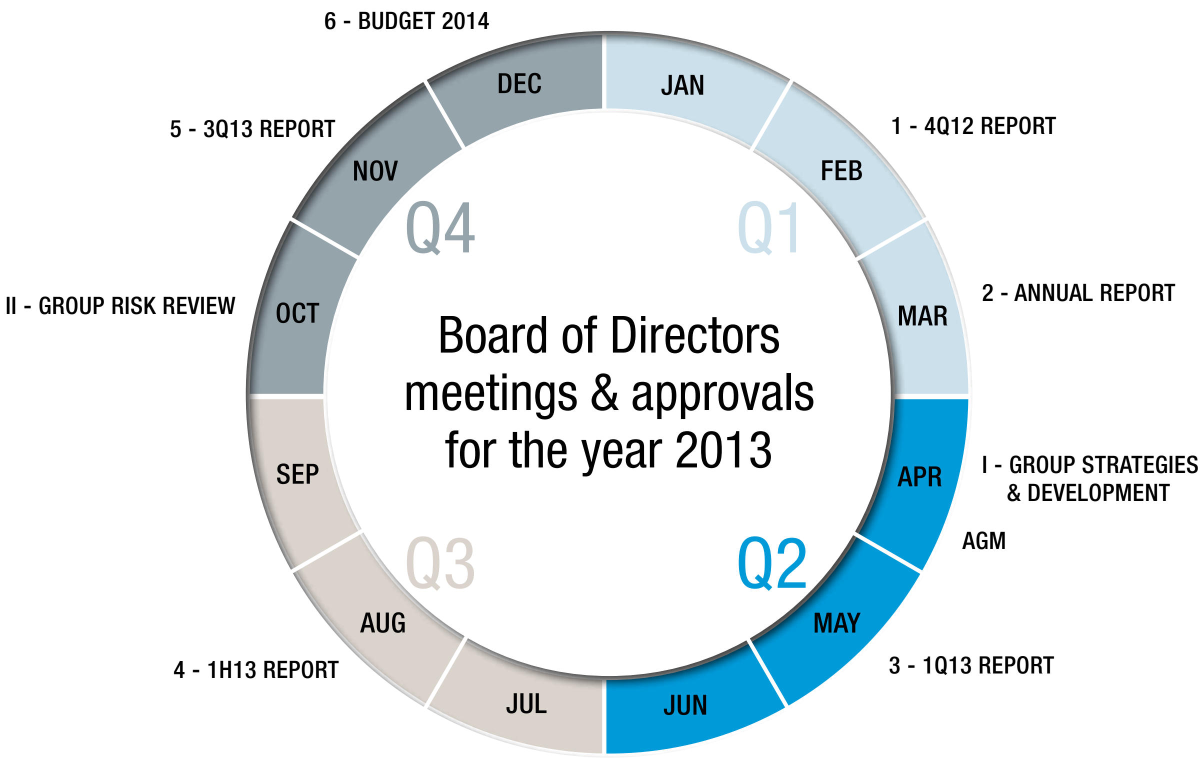
Shareholders representing more than 50% of the votes support the nomination of the Nomination Committee.

In the notice of Meeting for the Annual General Meeting 2013, the Committee will present its proposal regarding number of Board members, names of the proposed Board members, and the Chair of the Board. The Committee will also submit its proposal for remuneration to the Chair and other Board members not employed in the company, as well as the committee work.

External auditor

At the Annual General Meeting 2013 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the

Cavotec Board of Directors Work Calendar



independent auditor of the company until the Annual General Meeting 2014. Daniel Ketterer is the auditor in charge. He took over this function for the business year 2011.

THE BOARD OF DIRECTORS

The composition of the Board of Directors is set out in section "Board of Directors" and the members of the Board are elected for the period until the end of the next annual shareholders' meeting. The Board of Directors constitutes itself, but the Chairman of the Board of Directors is elected by the shareholders' meeting as set out in the Articles of Association. The members of the Nomination Committee, the Remuneration Committee and the Audit Committee, as well as the respective Chairmen, are elected from and by the Board members, as further described below in relation to the description of each committee. The Board of Directors has a Company Secretary that has the duties and competencies set out by Swiss law. Furthermore, the Secretary assists the Board, the Chairman and the Committees, to co-ordinate and fulfil their duties and assignments in accordance with the Board of Directors Internal Regulations (comparable to rules of procedures and adopted by the Board of Directors).

The Board of Directors is entrusted with the ultimate management of the Company, as well as with the supervision and control of the management. The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies. The Board of Directors shall exercise its function as required by law, the Articles of Association and the Board of Directors' Internal Regulations. The Board shall be authorised to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles of Association or the Internal Regulations.

By Swiss law, the Board of Directors has the following non-transferable and inalienable duties:

a) The determination of the strategy of the Company and the Group and the issuance of the necessary directives;
b) The establishment of a framework of the organisation;
c) The basic structuring of the accounting system, of a system of internal financial controls, and of the financial planning;
d) The approval of the appointment (and suspension) of the officers entrusted with the management of the Company or with its representation;
e) The supervision of management, in particular in relation to compliance with the law, the articles and corporate regulations, charters and directives;
f) Decisions on the business report consisting of the annual Financial Statements, the annual report, and Consolidated Financial Statements including interim published reports and determination of the accounting standard;
g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a Co).

By Swiss law, the Board of Directors also has the following non transferable competencies: Decisions in connection with capital increases pursuant to art. 651a, 652g, 653g Co (acknowledgement of capital increase) and art. 651 Iv Co (increase of share capital in the case of authorised capital); decisions pursuant to art. 634a I Co (shares not fully paid in) and resolutions pursuant to the Swiss Merger act.

The Board of Directors held eight Board meetings as Cavotec SA in 2012.

Board and Committee meetings in Cavotec SA in 2012

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Fabio Cannavale	8	8						
Leena Essén	8	8	8	8				
Nicola Gerber	8	8						
Christer Granskog	8	8	8	8	4	4		
Jack Groesbeek							3	3
Lars Hellman							3	3
Lakshmi Khanna	8	8	8	8	4	4		
Erik Lautmann	8	8			4	4		
Joe Pope	8	7	8	7	4	4		
Ottonel Popesco	8	8						
Stefan Widegren	8	8					3	3

BOARD COMMITTEES

The Board of Directors currently has three Board committees, the Nomination Committee, the Audit Committee and the Remuneration Committee and the composition and tasks of the Committees are regulated in the Board of Directors' Internal Regulations. Below is a brief description of the Committees as per the current Internal Regulations (which are continuously reviewed and if deemed appropriate by the Board of Directors amended).

Nomination Committee

The Nomination Committee shall be a committee established by the Board of Directors of the Company. This is in line with Swiss law but will constitute a deviation from the Code that prescribes that the Nomination Committee shall be determined by the shareholders. To follow the rules that apply to Swiss companies the Board of Directors has decided that Nomination Committee shall be established by the Board of Directors. The composition of the Nomination Committee shall however be in line with the Code.

The Nomination Committee shall ensure that the Company has a formal and transparent method for the nomination and appointment of Board members. The objectives of the Nomination Committee are to regularly review and, when appropriate, recommend changes to the composition of the Board of Directors to ensure that the Company has, and maintains, the right composition of Board members to effectively govern and provide guidance to business, and identify and recommend to the Board of Directors individuals for nomination as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgment and the ability to work with other Board members).

The current members of the Nomination Committee in Cavotec SA are Jack Groesbeek, Lars Hellman and Stefan Widegren. The Nomination Committee has met twice in 2012. At the date of this Annual Report the Nomination Committee of Cavotec SA has met once in 2013.

Audit Committee

The objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relative to financial reporting and regulatory compliance. Members of the Audit Committee shall comprise members of the Board appointed by the Board and in accordance with the Code. The members of the Audit Committee shall be not less than three, all of whom shall be Board members with a majority to be independent Board members. one member must have a financial or accounting background.

The current members of the Audit Committee in Cavotec SA are

Board of Directors EUR	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	26,000	1,454	2,496	-	29,951
Leena Essén	31,000	117,404	11,249	-	159,652
Nicola Gerber	26,000	1,163	1,996	-	29,159
Christer Granskog	36,000	1,366	2,496	-	39,862
Lakshmi Khanna	38,500	-	-	77,908	116,408
Erik Lautmann	33,500	1,498	2,572	9,975	47,546
Joe Pope	36,000	635	1,692	-	38,327
Ottonel Popesco (Chief Executive Officer)	-	586,755	25,184	-	611,939
Stefan Widegren (Chairman)	105,000	291,482	-	168,426	564,907
Total remuneration	**332,000**	**1,001,757**	**47,686**	**256,309**	**1,637,752**

Please refer to Note 9 on page 95 for a detailed overview of the share ownership.

Lakshmi Khanna, Leena Essén, Christer Granskog and Joe Pope. Currently all the members are financially experienced and have relevant finance and/or auditing experience, one of them, namely Lakshmi Khanna, is a Chartered accountant. The Audit Committee of Cavotec SA met eight times in 2012, and the twice in 2013.

Remuneration Committee

The purpose of the Remuneration Committee is to regularly review, and recommend changes to Board members' remuneration to ensure that it is at an appropriate level, and effectively managed, to best advance the business objectives of Cavotec and assist the Board of Directors in the establishment of remuneration policies and practices for, and in discharging the Board of Directors responsibilities relative to remuneration setting and review of, the Company's CEO, other senior executives, and Board members. The compensation plans should reflect market conditions in the various countries where Cavotec is operating. During 2012, the Remuneration Committee of Cavotec SA has carried out, with the support of the consulting firm Tower Watson, a complete position analysis of senior managers and linked the outcome to compensation database statistics for all markets.

The current members of the Remuneration Committee in Cavotec SA are Christer Granskog, Lakshmi Khanna, Erik Lautmann and Joe Pope. The Remuneration Committee of Cavotec SA met four times in 2012.

Group Key Management

The composition of the Group Key Management is set out in the section "Executive Management Committee".

Cavotec's operational structure is reasonably flat in order to ensure that the Group's operations and decision-making processes are efficient and responsive. Strategic, Group-related operations are the responsibility of the CEO and CFO with the support of the Regional Managers and the Managing Directors. All material decisions within the day-to-day operations of the Company are taken by the CEO and CFO.

Due to the inherent international character of the Group, the Managing Directors of local Cavotec companies – who are close to their customers, suppliers and staff in their respective time zones, cultural environment and geographical area – take day-to-day operational decisions. Managing Directors report to Regional Managers, who in turn report to the CEO. Besides a few exceptions, both Regional Managers and Managing Directors live in the same country and region as they operate in. Often the Regional Manager is also a Managing Director of a major company within his or her region. The Chairman, the CEO and CFO are all working out of Cavotec's corporate office in Switzerland. Cavotec has also located to the corporate office its functions for administration, Business Development, Corporate Communications, ERP & Logistics, Finance & Accounting, Human Resources, Information Technology, Investor Relations & PR, Patents & Trademarks, Sales & Marketing, Strategic Corporate projects, Technical R&D, Treasury and other special advisory roles.

The Cavotec Executive Management Committee – EMC

The EMC is nominated by the CEO and currently consists of thirteen members.

The EMC is made up of members from the Group's most experienced and knowledgeable management team. This includes top corporate staff, several Regional Managers and several Group Market Unit Managers.

The EMC advises on and supports the implementation of global strategies as defined by the CEO in specific areas. It advises the CEO on strategic management decisions and helps to implement such decisions according to each member's specific responsibilities or as directed by the CEO. The EMC also assists the CEO with the evaluation and implementation of company acquisitions.

The EMC discusses and defines strategies, policies, acquisitions, overall developments and administrative improvements. The Group Key Management implements recommendations made by the EMC. The CEO presents the most strategic recommendations to the Board of Directors for their consideration and decision. The CEO is responsible for the day-to-day running of the Group.

Once a Board decision is taken, the EMC assists the CEO to implement the same. EMC members also support the integration teams set up to oversee all new acquisitions.

REMUNERATION AND INCENTIVE PLANS

Remuneration of the Board of Directors

The remuneration to the members of the Board of Directors in Cavotec SA, is, in deviation from the Code, resolved by the Board of Directors as set out in the articles of association. In addition, Board members may receive remuneration for consultancy services provided to the Company. None of the members of the Board of Directors are entitled to any benefits when resigning from the Board, in their capacity as Board members. However, Board members may be entitled to benefits according to employment or consultancy agreements that will continue even if the Board member would resign as Board member.

Remuneration levels for Senior Executives

To ensure strong cohesion across the Group, some 15 years ago Cavotec introduced a system under which bonuses for EMC members, Regional Managers, Managing Directors and other Senior Executives are determined by overall, consolidated Group results. This 'one-bottom- line' policy works well and has been instrumental to the Group becoming a genuinely global player. Cavotec is mindful that it is a mini-multinational. However, as Cavotec grows, the Regional Manager role is likely to evolve.

Incentive plan for Senior Executives

Cavotec's Board of Directors has reviewed current remuneration practices in order to retain and attract talented Senior Executives as well as aligning Senior Executives' and shareholders' interests. As a result of the review, the Board of Directors has to recommended a share based long-term incentive plan with performance requirements to be introduced in 2012 (LTIP 2012). The LTIP 2012 was approved by the AGM in May 2012 and was subscribed to for over 90% by the selected management. An identical plan (LTIP 2013) is planned to be proposed to Cavotec's Annual General Meeting in 2013 for shareholder approval.

INTERNAL CONTROL SYSTEM (ICS)

The Company has not established a separate department for internal control. This task is performed by Audit Committee of the Board of Directors and the Board of Directors. Moreover, at Group level each Managing Director of a legal entity together with the legal and/or operational entity's finance department and the Director of Internal audit – reporting to the Chairman – is responsible for ensuring that the necessary controls are performed along with adequate monitoring. Internal controls comprise the control of the Company's and Group's organisation, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.

SWISS COMPANY LAW OVERVIEW

The purpose of this section is solely to set out the main legal general principles governing (i) the organisation of a Swiss stock company (in Italian: società anonima, abbreviated "SA"), (ii) its corporate governance as well as (iii) certain specific issues concerning the right of the shareholders, pursuant to articles 620 et seq. of the Swiss Code of Obligations. This note refers exclusively to Swiss corporate law as set forth in the Swiss Code of Obligations. It is furthermore not intended to be exhaustive and the rules and provisions covered herein are subject to constant changes. Thus, no reliance should be placed on any information or views contained in this note without obtaining specific professional advice.

ORGANISATION OF A COMPANY LIMITED BY SHARES (SOCIETÁ ANONIMA, "SA")

The SA has its own legal personality separate from its members, its own name and a fixed nominal capital divided into shares. The shareholders' personal liability is limited to the full payment of the par value of their shares; there is no further liability of the shareholders for obligations of the SA, nor do they have any legal obligation to provide additional capital to the SA at a later stage.

The share capital

The minimum amount of the share capital is CHF 100,000. The share capital can subsequently be increased at any time by way of a shareholders' resolution and a board resolution amending the Articles of Association.

According to Swiss law, three ways to increase the share capital of a corporation are available: the ordinary share capital increase, the increase out of authorised share capital and the increase out of conditional share capital.

The ordinary increase of the share capital must be resolved according to art. 650 CO by the general meeting of shareholders and it must be carried out by the Board of Directors within three months.

By way of an increase out of authorised share capital, the shareholders' meeting may authorise with a 2/3 majority (and representing the absolute majority of the votes) the Board of Directors to increase the share capital within a period of two years in an amount not exceeding half of the existing share capital.

The conditional share capital, resolved by the general meeting of shareholders, may be used by the Board of Directors in connection with the issuance of convertible bonds, notes, warrants or similar debt instruments, as well as for employee participation plans.

The internal organisation

The corporate bodies of a SA are the general meeting of shareholders, the Board of Directors and the auditors.

The Articles of Association may authorise the Board of Directors to delegate the management of all or part of the company's business to individual members or third parties in accordance with its organisational regulations. Where management of the company's business has not been delegated, it is the responsibility of all the members of the Board of Directors. The law provides a list of non-transferable duties.

The general meeting of shareholders

The general meeting of shareholders is the supreme governing body of the SA and is usually summoned by the Board of Directors.

Shareholders' meetings of an SA must be held at least once a year; in particular, the meeting that approves the company's annual Financial Statements and the allocation of profits - the annual ordinary general meeting of shareholders - must take place no later than six months after the close of the financial year (which may or may not correspond to the calendar year). The following items must be included in the agenda of the annual ordinary general meeting of shareholders (i) the approval of the annual report, the annual Financial Statements of the company and the Consolidated Financial Statements (if such statements are required by law) for the corresponding financial year, (ii) the granting of discharge to the members of the Board of Directors, (iii) election of the members of the Board of Directors and (iv) election of the auditors. In addition, extraordinary general meetings of shareholders may also be convened in specific cases.

According to Swiss corporate law, the general meeting is convened by the Board of Directors or, where necessary, by the external auditors. The liquidators and the representatives of bond creditors also have the right to convene general meetings. A general meeting may also be convened by one or more shareholders together representing at least 10 per cent of the share capital. Shareholders together representing shares with a par value of CHF 1 million may demand that an item be placed on the agenda. Meetings are convened and items placed on the agenda by written request, including details of agenda items and motions.

The notice convening the meeting must include the agenda items and the motions of the Board of Directors and the shareholders who have requested that a general meeting shall be summoned or that an item shall be placed on the agenda. No resolutions may be made on motions relating to agenda items that were not duly notified; exceptions to this are motions to convene an extraordinary general meeting or to carry out a special audit and to appoint an auditor at the request of a shareholder. No advance notice is required to propose motions on duly notified agenda items and to debate items without passing resolutions.

The owners or representatives of all the company's shares may, if no objection is raised, hold a general meeting without complying with the formal requirements for convening meetings. This meeting may discuss and pass binding resolutions on all matters within the remit of the general meeting, provided that the owners or representatives of all the shares are present.

Unless mandatory statutory provisions or the Articles of Association provide otherwise, the shareholders' meeting passes its resolutions and performs elections with the absolute majority of the votes represented at the meeting without regard to the number of shareholders present and shares represented in such meeting. The chairman of the meeting decides on the voting procedure.

The Board of Directors

Structure of the Board of Directors

The Board of Directors may consist of one or several members. Board members may be either employees of the company (in this case employment law would be applicable) or stand — as a rule — in a mandate relationship with the company.

The Board of Directors organises itself (i.e. determines its chairman, deputy chairman and its secretary, as well as the further functions, if any, of its members). The Board members and the signatories as well as their corresponding signing powers must be entered in the commercial register.

At least one Board member or signatory of the SA with single signature right (or two with joint signature right) must be resident in Switzerland, irrespective of his or her nationality.

Board meetings

In principle, the Board of Directors must meet and deliberate. Board meetings should take place as often as the business requires. A Board member may not be represented at a meeting by a proxy but must attend personally. Swiss law does not provide for deputy Board members.

That said, resolutions may be taken by so-called circular letters, which typically take the form of a written proposal by the chairman of the Board of Directors, which is adopted provided that the applicable majority requirement is met and that no Board member requires a meeting.

Deliberations and resolutions shall be evidenced in minutes, which shall be signed by the meeting chairman and the secretary and, in the case of a circular board resolution, by all Board members.

Duties of the Board of Directors

The business activities of an SA are managed by or under direction of its Board of Directors. The Board is responsible for the execution of the decisions of the shareholders' meeting, for keeping the corporate books and minutes, and, in general, for the sound management of the company's affairs.

Certain duties of the Board of Directors are inalienable and may not be delegated to other bodies of the company, nor may they be transferred or made subject to approval of the shareholders' meeting. However, the Board of Directors is permitted to delegate specific powers and duties, in particular day-to-day business operations, to one or more Board members or to an executive management. Such delegation must be based on special internal regulations that may only be enacted if the Articles of Association empower the Board of Directors to do so. The internal regulations contain provisions governing the executive bodies, the delegation of powers and duties, the supervision and control, the meetings and decision making process of the corporate bodies and the reporting system.

The managers and other executive employees may be Swiss or foreign nationals and may or may not reside in Switzerland. Foreign nationals employed to work in Switzerland do, however, need a special work permit.

Liability of the Board and management members

Members of the Board as well as third parties entrusted with management responsibilities must carry out their duties with due care and must duly safeguard the interests of the company. The Board members are liable for mismanagement of the SA. If the day-to-day management of the company has been delegated, the liability of the Board members is reduced to the proper choice, supervision and instruction of the management.

The auditors

The statutory auditors may be individuals or companies. The SA has to keep proper books, records and accounts and prepare a business report each year including formal Financial Statements consisting of a Balance Sheet, a profit and loss statement and an attachment (notes). These statements must be audited by the auditors, whose formal report is submitted to the annual general meeting of shareholders for approval. At least one of the auditors needs to be domiciled or at least have a branch office in Switzerland.

Swiss companies are obliged to keep proper accounting records available for presentation in Switzerland. Formal Financial Statements must be prepared (at least) annually, approved by the statutory auditors, adopted at the annual shareholders' meeting, and eventually filed with the tax authorities together with the tax return. No filing with any publicly accessible registry is necessary, however.

Public companies must submit their annual Financial Statements to the auditors for an ordinary examination.

Financial year

The financial year shall be determined by the Board of Directors. At the end of each financial year, the business report, consisting of the annual accounts, the annual report and as the case may be, the consolidated accounts, is to be prepared pursuant to the statutory provisions.

Selected issues concerning shareholders' rights

Shareholders' meetings

As a protection for minority shareholders, the Board of Directors is further required to convene an extraordinary shareholders' meeting if so resolved by the shareholders' meeting or requested by shareholders holding, in aggregate, at least 10 per cent of the nominal share capital of the company. Moreover, shareholders holding shares of an aggregate par value of CHF 1 million have the right to request that a specific proposal be discussed and voted upon at the next shareholders' meeting.

Information right of shareholders / special audit

An independent investigation covering specific matters may be required by minority shareholders holding 10 per cent of the share capital or CHF 2 million worth of shares (calculated by the par value). The minority shareholders shall make it plausible that the activities performed by the bodies of the company or the company itself cause such shareholders damage.

In addition to ordering an investigation, every shareholder, irrespective of its shareholding, may request information at the shareholders' meeting from the Board of Directors under the condition that the information is needed to make use of the voting rights. The company's bodies shall deny access to the information if it contains business secrets. Releasing a piece of information protected by the confidentiality could expose the Board of Directors to liability claims by shareholders or creditors of the company as well as penal sanctions.

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration, is subject to the prior approval of the shareholders at a shareholders' meeting. Shareholders have a pre-emptive right to subscribe for shares, option bonds, convertible bonds, or similar debt instruments with option rights in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting by a supermajority of at least two thirds of the shares and the absolute majority of the nominal share capital represented at such meeting may limit or suspend pre-emptive rights under certain special circumstances. In particular, such limitation of the pre-emptive right of subscription of the shareholders must be grounded on compelling reasons, such as the acquisition of a company or a merger, must safeguard the principle of equal treatment of the shareholders and cannot be used to intentionally modify the shareholding structure in the company.

Conflicts of interest

The Swiss Code of Obligations requires directors and senior management to safeguard the interests of the company, and, in this connection, also imposes a duty of loyalty and duty of care on the company's directors and officers. The directors and officers are personally liable against the company for breaches of these duties.

Right to challenge shareholders' resolutions in court

Any shareholder may take legal action against the company to challenge resolutions of the shareholders' meeting violating the law or the Articles of Association. In particular, resolutions are challengeable, which:

- withdraw or limit shareholders' rights thereby violating the law or the Articles of Association (for example violation of the procedural rules regarding summoning of a shareholders' meeting);
- withdraw or limit shareholders' rights without proper reason (for example a unnecessary capital increase to dilute the minority shareholders' participation);
- discriminate against or disadvantage shareholders in a manner not justified by the company purpose (for example the attribution of pre-emptive rights only to shareholders working actively in the company); and
- withdraw the profit orientation of the company without the consent of all shareholders.

The right to challenge shareholders resolutions lapses if a suit is not filed within two months after the respective shareholders' meeting.

Claim for invalidation of shareholders' resolutions

Any shareholder may cause the judge to declare null and void shareholders' resolutions, which, in particular:

- withdraw or limit the shareholders' rights to participate in the shareholders' meeting, the minimum voting right, the right to sue and other rights granted by mandatory provisions of law;
- limit the shareholders' rights to control beyond the extent provided by law; and
- disregard the fundamental structures of the company or violate the provisions for the protection of the capital.

Such a suit can be filed at any time.

THE BOARD OF DIRECTORS OF CAVOTEC SA IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2012

This report is dated 19 March 2013 and is signed on behalf of the Board of Cavotec SA by

Stefan Widegren
Chairman

Ottonel Popesco
Chief Executive Officer

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

CONSOLIDATED FINANCIAL STATEMENTS

CAVOTEC SA & SUBSIDIARIES
Statement of Comprehensive Income

EUR 000's	Notes	2012	2011
Revenue from sales of goods		220,072	189,969
Other income	7	4,810	3,098
Raw materials and components		(110,171)	(96,288)
Employee benefit costs	8	(58,732)	(49,378)
Operating expenses	9	(34,243)	(30,210)
Gross Operating Result		**21,736**	**17,191**
Depreciation and amortisation		(3,758)	(4,507)
Operating Result		**17,978**	**12,684**
Non-operating costs	10	-	(2,320)
Interest expenses - net	11	(1,263)	(1,573)
Currency exchange differences - net	11	(477)	1,514
Profit before income tax		**16,237**	**10,305**
Income taxes	12	(4,045)	(4,461)
Profit for the year		**12,192**	**5,844**
Other comprehensive income:			
Exchange differences on translation of foreign operations		856	1,418
Actuarial gain (loss)		(30)	(244)
Total comprehensive income for the year		**13,018**	**7,018**
Total comprehensive income attributable to:			
Equity holders of the Group		13,138	7,155
Non-controlling interest		(120)	(137)
Total		**13,018**	**7,018**
Profit / (loss) attributed to:			
Equity holders of the Group		12,319	5,948
Non-controlling interest		(127)	(104)
Total		**12,192**	**5,844**
Basic and diluted earnings per share attributed to the equity holders of the Group	29	0.173	0.089
Average number of shares		71,332,700	66,501,741

The notes on pages 62 to 87 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Balance Sheet

Assets EUR 000's	Notes	2012	2011
Current assets			
Cash and cash equivalents		10,313	12,952
Trade receivables	13	50,583	42,612
Tax assets	14	530	554
Other current receivables	15	3,596	6,491
Inventories	16	39,561	29,105
Total current assets		**104,583**	**91,714**
Non-current assets			
Property, plant and equipment	17	28,840	24,582
Intangible assets	18	67,709	66,379
Non-current financial assets	19	153	254
Deferred tax assets	20	7,094	2,766
Other non-current receivables		2,346	4,047
Total non-current assets		**106,141**	**98,027**
Total assets		**210,725**	**189,741**

Equity and Liabilities EUR 000's	Notes	2012	2011
Current liabilities			
Bank overdrafts	21	(1,829)	-
Current financial liabilities	21	(2,911)	(4,277)
Trade payables	22	(36,973)	(33,949)
Other current liabilities	23	(19,719)	(15,383)
Total current liabilities		**(61,432)**	**(53,609)**
Non-current liabilities			
Non-current financial liabilities	21	(30,088)	(32,387)
Deferred tax liabilities	24	(4,345)	(3,411)
Other non-current liabilities		(885)	(1,591)
Provision for risks and charges	25	(7,146)	(3,870)
Total non-current liabilities		**(42,464)**	**(41,259)**
Total liabilities		**(103,896)**	**(94,868)**
Equity			
Equity attributable to owners of the parent	27,28	(106,939)	(94,968)
Non-controlling interests		110	95
Total equity		**(106,829)**	**(94,873)**
Total equity and liabilities		**(210,725)**	**(189,741)**

The notes on pages 62 to 87 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Statement of Changes in Equity

EUR 000's	Equity related to owners of the parent	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2011	(42,578)	(596)	(33,286)	**(76,460)**	(348)	**(76,807)**
Profit for the year	-	-	(5,948)	**(5,948)**	104	**(5,844)**
Exchange differences on translation	-	(1,451)	-	**(1,451)**	33	**(1,418)**
Actuarial (gain) loss	-	244	-	**244**	-	**244**
Total comprehensive income and expenses	**-**	**(1,206)**	**(5,948)**	**(7,154)**	**137**	**(7,017)**
Reclassification	(35,531)	-	35,531	**-**	-	**-**
Capital increase	(12,444)	-	-	**(12,444)**	-	**(12,444)**
Own shares reserve	-	81	(81)	**-**	-	**-**
Share premium reserve	-	(1,751)	1,751	**-**	-	**-**
Dividends	-	-	1,395	**1,395**	-	**1,395**
Reduction in non-controlling interest	-	-	(306)	**(306)**	306	**-**
Transactions with shareholders	**(47,975)**	**(1,670)**	**38,290**	**(11,355)**	**306**	**(11,049)**
Balance as at 31 December 2011	**(90,553)**	**(3,472)**	**(944)**	**(94,968)**	**95**	**(94,873)**
Balance as at 1 January 2012	(90,553)	(3,472)	(944)	**(94,968)**	95	**(94,873)**
Profit for the year	-	-	(12,319)	**(12,319)**	127	**(12,192)**
Exchange differences on translation	-	(850)	-	**(850)**	(6)	**(856)**
Actuarial (gain) loss	-	30	-	**30**	-	**30**
Total comprehensive income and expenses	**-**	**(820)**	**(12,319)**	**(13,138)**	**121**	**(13,018)**
Capital reduction	1,167	-	-	**1,167**	-	**1,167**
Capital increase	-	-	-	**-**	(106)	**(106)**
Transactions with shareholders	**1,167**	**-**	**-**	**1,167**	**(106)**	**1,061**
Balance as at 31 December 2012	**(89,386)**	**(4,292)**	**(13,263)**	**(106,940)**	**110**	**(106,830)**

The notes on pages 62 to 87 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Statement of Cash Flows - Indirect Method

EUR 000's	2012	2011
Profit for the year	**12,192**	**5,844**
Adjustments for:		
Net interest expenses	949	1,303
Current taxes	7,470	5,043
Depreciation and amortisation	3,758	4,507
Deferred tax	(3,425)	(582)
Provision for risks and charges	5,148	1,859
Capital gain or loss on assets	(17)	(49)
Other items not involving cash flows	305	270
Interest paid	(967)	(1,374)
Taxes paid	(5,792)	(2,634)
	7,429	**8,343**
Cash flow before change in working capital	**19,621**	**14,187**
Impact of changes in working capital		
Inventories	(11,094)	(1,443)
Trade receivables	(8,207)	(15,155)
Other current receivables	2,849	(4,076)
Trade payables	2,995	10,304
Other current liabilities	4,034	1,347
Long term receivables	1,702	-
Impact of changes involving working capital	**(7,721)**	**(9,023)**
Net cash inflow /(outflow) from operating activities	**11,900**	**5,164**
Financial activities		
Increase (decrease) of loans and borrowings	(3,868)	4,517
Dividend payment	-	(1,395)
Capital reduction	(1,167)	-
Acquisition of non-controlling interest	-	(410)
Net cash inflow /(outflow) from financial activities	**(5,035)**	**2,712**
Investing activities		
Investments in property, plant and equipment	(6,970)	(6,609)
Investments in intangible assets	(1,350)	(180)
(Increase) decrease in non-current financial assets	101	(69)
Deferred consideration	(1,516)	-
Increase in other assets	(2,653)	-
Disposal of assets	205	151
Net cash outflow from investing activities	**(12,183)**	**(6,707)**
Cash at the beginning of the year	12,952	12,203
Cash flow for the year	(5,318)	1,169
Currency exchange differences	849	(420)
Cash at the end of the year	**8,484**	**12,952**
Cash comprises:		
Cash and cash equivalents	10,313	12,952
Bank overdrafts	(1,829)	-
Total	**8,484**	**12,952**

The notes on pages 62 to 87 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

Cavotec is a global engineering Group that manufactures power transmission, distribution and control technologies that form the link between fixed and mobile equipment in the Ports & Maritime, Airports, Mining & Tunnelling and General Industry sectors. All engineering and most manufacturing of Cavotec's products and systems take place at nine specialised engineering Centres of Excellence in Germany (three), Sweden, Norway, Italy, the United States (two) and New Zealand. Cavotec has fully owned sales companies spread across the world which monitor local markets and co-operate with Cavotec's Centres of Excellence.

The Financial Statements of the Cavotec Group for 2012 reflect the business activities of Cavotec SA.

Cavotec SA, the Parent company, is a limited liability company incorporated and domiciled in Switzerland and listed on NASDAQ OMX in Stockholm, Sweden.

These Financial Statements were approved by the Board of Directors on 19 March 2013. The report is subject to approval by the Annual General Meeting on 23 April 2013.

NOTE 2. BASIS OF PREPARATION

The consolidated Financial Statements of Cavotec Group are prepared in accordance with International Financial Reporting Standard (IFRS).

Historical Cost Convention

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

Changes in accounting policy

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

Adoption of new standards and interpretations

The following new, revised and amended Standards and Interpretations have been issued, but are not yet effective and have not been early adopted in these Consolidated Financial Statements. Their impact on the Consolidated Financial Statements of Cavotec has not been systematically analysed yet. The expected effects as disclosed in the table below reflect a first assessment by Group management.

Standard / Interpretation	Effective Date	Planned Application
Amendment to IFRS 7: Disclosures - offsetting financial assets and financial liabilities(1)	1 Jan 2013	2013
IFRS 10 - Consolidated financial statements(1)	1 Jan 2013	2013
IFRS 11 - Joint arrangements(1)	1 Jan 2013	2013
IFRS 12 - Disclosure of interests in other entities(2)	1 Jan 2013	2013
IFRS 13 - Fair value measurement'(1)	1 Jan 2013	2013
IAS 27 (revised) - Separate financial statements(1)	1 Jan 2013	2013
IAS 28 (revised) - Investments in associates and joint ventures(1)	1 Jan 2013	2013
IAS 19 (revised) - Employee benefits(1)	1 Jul 2012	2013
IFRS 9 – Financial Instruments: Classification and measurement(3)	1 Jan 2015	2015

(1) No or no significant impacts are expected on the Consolidated Financial Statements.
(2) Mainly additional disclosures are expected in the Consolidated Financial Statements.
(3) The impacts on the Consolidated Financial Statements cannot be determined with sufficient reliability yet.

Critical accounting estimates

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, namely, 31 December 2012 and 2011.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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.

(iv) Scope of Consolidation

The consolidated Financial Statements include the statements at 31 December 2012 of the companies included in the scope of consolidation, which have been prepared in accordance of IFRS adopted by the Cavotec Group. Below is a list of companies consolidated on a line by line basis and the respective shares held either directly or indirectly by Cavotec SA:

Name	Registered office	Controlled through	% Group ownership	
			Direct	Indirect
Cavotec (Swiss) SA	Lugano - Switzerland	Cavotec SA	100%	
Cavotec Australia Pty Ltd	Newcastle - Australia	Cavotec Group Holdings NV		100%
Cavotec Belgium NV	Antwerpen - Belgium	Cavotec Group Holdings NV		100%
Cavotec Brasil Comercio de Sistemas Industriais Ltda.	Sao Paolo - Brazil	Cavotec Group Holdings NV		100%
Cavotec Canada Holdings Inc	Nova Scotia - Canada	Cavotec Group Holdings NV		100%
Cavotec Canada Inc	Toronto - Canada	Cavotec Canada Holdings Inc		100%
Cavotec Connectors AB	Malmö - Sweden	Cavotec Group Holdings NV		100%
Cavotec Dabico US Inc	Costa Mesa - United States of America	Cavotec US Holdings Inc		100%
Cavotec Danmark AS	Odense - Denmark	Cavotec Group Holdings NV		100%
Cavotec Germany GmbH	Dietzenbach - Germany	Cavotec Group Holdings NV		100%
Cavotec Engineering Services Ltd	Pune - India	Cavotec Group Holdings NV		100%
Cavotec Finland OY	Helsinki - Finland	Cavotec Group Holdings NV		100%
Cavotec France RMS SA	Paris - France	Cavotec Group Holdings NV		100%
Cavotec Group Holdings NV	Woerden - The Netherlands	Cavotec MoorMaster Ltd		100%
Cavotec Hong Kong Ltd	Hong Kong - China	Cavotec Group Holdings NV		100%
Cavotec Iberica S.L.	Alicante - Spain	Cavotec Group Holdings NV		100%
Cavotec India Ltd	Pune - India	Cavotec Group Holdings NV		70%
Cavotec Inet	Fullerton - United States of America	Cavotec US Holdings Inc		100%
Cavotec International Ltd	Stockton-on-Tees - United Kingdom	Cavotec Group Holdings NV		100%
Cavotec Korea Ltd	Ulsan - Korea	Cavotec Group Holdings NV		100%
Cavotec Latin America	Buenos Aires - Argentina	Cavotec Group Holdings NV		90%
Cavotec Latin America	Buenos Aires - Argentina	Ipalco BV		10%
Cavotec Micro-control AS	Hell - Norway	Cavotec Group Holdings NV		100%
Cavotec Micro-control GmbH	Munich - Germany	Cavotec Germany GmbH		100%
Cavotec Middle East FZE	Dubai - U.A.E.	Cavotec Group Holdings NV		100%
Cavotec MoorMaster Ltd	Christchurch - New Zealand	Cavotec SA	100%	
Cavotec Nederland BV	Woerden - The Netherlands	Cavotec Group Holdings NV		100%
Cavotec Norge AS	Drammen - Norway	Cavotec Group Holdings NV		100%
Cavotec Realty France SCI	Paris - France	Ipalco BV		100%
Cavotec Realty Germany BV	Woerden - The Netherlands	Ipalco BV		100%
Cavotec Realty Norway AS	Hell - Norway	Ipalco BV		100%
Cavotec Realty USA LLC	Statesville - Unites States of America	Ipalco BV		100%
Cavotec Russia OOO	Moscow - Russia	Cavotec Group Holdings NV		100%
Cavotec Shanghai Ltd	Shanghai - China	Cavotec Group Holdings NV		100%
Cavotec Singapore Pte Ltd	Jurong - Singapore	Cavotec Group Holdings NV		100%
Cavotec South Africa Pte Ltd	Johannesburg - South Africa	Cavotec Group Holdings NV		100%
Cavotec Specimas SpA	Nova Milanese - Italy	Cavotec Group Holdings NV		100%
Cavotec Sverige AB	Stockholm - Sweden	Cavotec Group Holdings NV		100%
Cavotec UK Ltd	Stockton-on-Tees - United Kingdom	Cavotec International Ltd		100%
Cavotec US Holdings Inc	Delawere - United States of America	Cavotec SA	100%	
Cavotec USA Inc	Statesville - Unites States of America	Cavotec US Holdings Inc		100%
Ipalco BV	Woerden - The Netherlands	Cavotec Group Holdings NV		100%

During the year the consolidation area had the following variations:

- the German companies, Cavotec Alfo GmbH, Cavotec Deutschland GmbH, Cavotec Meyerinck GmbH and Cavotec Fladung GmbH were merged into Deutschland Holding GmbH which was then renamed Cavotec Germany GmbH;
- Cavotec Realty Italia SpA was merged into Cavotec Specimas SpA;
- Cavotec Realty Holding NV was merged into Ipalco BV.

On 1 January 2013, Cavotec Canada Holdings Inc. was merged into Cavotec Canada Inc.

SEGMENT REPORTING

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Capital work in progress is not depreciated until commissioned. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

LEASES

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

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

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

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

INTANGIBLE ASSETS

(i) Goodwill

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

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

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

Notes to the Financial Statements

(ii) Research and development

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

(iii) Patents

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

(iv) Marketing and customer related intangible assets

Marketing and customer related intangibles such as customer relations and other similar items acquired in a business combination are recognised at fair value at acquisition date. They are amortised on a straight line basis over the period over which they are valid or their estimated useful life if shorter.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises 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. Provisions are made for inventories with a lower market value or which are slow-moving. If it becomes apparent that such inventory can be reused, provisions are reversed with inventory being revalued up to the lower of its net realizable value or original cost. Unsalable inventory is fully written off.

FINANCIAL INSTRUMENTS

Recognition and derecognition

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

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

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

Measurement and classification

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

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

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

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

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

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

Hedge accounting

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

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

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

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

Impairment of financial assets

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

CASH AND CASH EQUIVALENTS

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

BORROWINGS

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

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

Notes to the Financial Statements

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

PROVISIONS
Provisions are recognised when the Group has a 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. The amount recognized is the best estimate of the cost required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Provisions for restructuring cover expenses that arise directly from restructuring measures, are necessary for restructuring and are not related to future business operations. Such expenses include severance payments to employees and compensation payments in respect of rented property that can no longer be used. Restructuring measures may include the sale or termination of business units, site closures, relocations of business activities or fundamental reorganizations of business units. The respective provisions are established when a detailed restructuring plan has been drawn up, resolved upon by the responsible decision-making level of management and communicated to the employees and / or their representatives.

Provisions for warranties are recognised at the time the products are sold based on the estimated cost using historical data for level of repairs and replacements.

Provisions for onerous contracts are recognized when the expected economic benefits to be derived from a contract are lower than the cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

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

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

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

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

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

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

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

VALUE ADDED TAX (VAT) AND GOODS AND SERVICES TAX (GST)
The statement of comprehensive income has been prepared so that all components are stated exclusive of VAT or GST. All items in the Balance Sheet are also stated net of VAT or GST, with the exception of receivables and payables, which include VAT or GST invoiced.

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

(i) Pension obligations
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has no legal or constructive

obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Group companies operate pension schemes via the employee benefits foundation of Cavotec (Swiss) SA, Lugano and Cavotec SA, Lugano. The participating employer Cavotec (Swiss) SA, Lugano and Cavotec SA, Lugano are affiliated with the Swiss Life Collective BVG Foundation based in Zurich. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life Ltd within the framework of the corresponding contract and determined by actuarial calculations for the first time as of 31 December 2011. These schemes are defined benefit plans due to the fact that Cavotec can be requested to pay restructuring contributions in the case of a shortfall. Although these schemes are defined benefit plans, defined contribution accounting was applied to the schemes in prior years due to materiality reasons. Starting as of 31 December 2011 the accounting was changed to defined benefit accounting.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

(ii) Share-based payments

The Group has share-based incentive programs, which have been offered annually to certain employees based on position and performance, consisting of a performance component and a retention component. The accumulated expense recognized equals the expected cash amount to be paid at settlement (or liability amount transferred to equity when employees have a choice and choose to settle in shares).

DIVIDENDS

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

TREASURY SHARES

Treasury shares are deducted from consolidated equity at the acquisition value. Differences between this amount and the amount received for disposing of treasury shares are recorded in consolidated retained earnings.

INCOME TAX

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

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

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

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

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

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

Notes to the Financial Statements

NON-OPERATING COSTS

Non-operating costs were incurred in relation to the change of the listing place from New Zealand to Sweden. Those costs were charged directly to the statement of comprehensive income account.

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.

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

DEFERRED TAXES

Deferred tax assets are recognized for temporary differences between the carrying amounts for financial reporting purposes of assets and liabilities and the amounts used for taxation purposes and for tax loss carry-forwards. The Group records valuation allowances for deferred tax assets based upon management's estimates of future taxable profit in different tax jurisdictions. The actual results may differ from these estimates, due to change in the business climate and change in tax legislation. See notes 20 and 24 for additional information.

LEGAL PROCEEDINGS

The Group recognizes a liability when it has an obligation from a past event involving the transfer of economic benefits and when a reasonable estimate can be made of what the transfer might be. The Group reviews outstanding legal cases regularly in order to assess the need for provisions in the Financial Statements. These reviews consider the factors of the specific case by internal legal counsel and through the use of outside legal counsel and advisors when necessary. To the extent that management's assessment of the factors considered are not reflected in subsequent developments, the Financial Statements could be affected.

GOODWILL IMPAIRMENT TEST

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

EUR 000's	Net book value as of 31/12/2011	Translation differences and other	Acquisitions and dispositions	Impairment	Net book value as of 31/12/2012
Ports & Maritime	23,286	75	-	-	23,361
Airports	31,657	(369)	-	-	31,288
Mining & Tunnelling	530	-	-	-	530
General Industry	6,457	11	-	-	6,468
Total	**61,930**	**(283)**	**-**	**-**	**61,647**

For the purpose of estimating the value in use of the Market Units, cash flows were projected for the next five years based on past experiences, actual operating results and management's best estimate about future developments and market assumptions.

The value in use is mainly driven by the terminal value, which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Terminal value growth rates are related to industry specific trends with the support of external macroeconomic sources of data and an assessment as to the ability of the Company to take advantage of these markets taking into account orders received, commercial negotiations currently in place and future expectations.

The following table presents the key assumptions used to determine the value in use for impairment test purposes:

2012	Terminal value growth rate	Pre-tax weighted average cost of capital
Ports & Maritime	2.0%	9.0%
Airports	2.0%	9.0%
Mining & Tunnelling	1.0%	9.0%
General Industry	1.5%	9.0%

Based on the estimated cash flows these Market Units are expected to generate from their businesses, discounted back to their present value using the above mentioned discount rate, the management concluded that goodwill allocated to these Market Units remained recoverable at 31 December 2012. Management believes that reasonable changes in key assumptions used to determine the recoverable amounts of all segments will not result in impairment.

In its review of the carrying amounts of goodwill of year-end 2012, management specifically considered the goodwill allocated to the Airports Market Unit. The sensitivity analysis shows that a reduction in gross margin of 4.2% or a rise of the discount rate to 14.1% would remove the remaining headroom.

NOTE 5. BUSINESS ACQUISITIONS

Combibox

On 3 September 2012 the Group acquired through its fully owned subsidiary Cavotec Germany GmbH the acquisition of aircraft ground support equipment (GSE) manufacturer Combibox Systems Scandinavia AB based in Sweden for a cash consideration of SEK 19 million (EUR 2.3 million), of which SEK 10 million (EUR 1.2 million) was paid at the acquisition time. SEK 3 million (EUR 0.4 million) of residual amount will be paid in 2013 and the balance in 2014 and 2015. The transaction costs amounted to EUR 53 thousands.

The acquired business contributed EUR 38 thousands in total revenues and EUR 239 thousands in operating loss from the date of acquisition to 31 December 2012, and EUR 373 thousands to the Order Book.

Details of the net assets acquired are as follows:

EUR 000's	
Purchase consideration	2,258
Marketing and customer related intangible assets	2,200
Inventories	58

NOTE 6. LONG TERM CONTRACTS

EUR 000's	2012	2011
Revenues recognized	578	16,342
Cost incurred and recognized	(2,529)	(14,295)
Progress billings on account	(598)	-
Earning in excess of billings	-	3,230

At 31 December, 2012 all costs sustained have been recognized as an expense. Retentions totalling EUR 842 thousands has been included in the other non-current receivables.

NOTE 7. OTHER INCOME

EUR 000's	2012	2011
Carriage, insurance and freight	3,617	2,237
Commissions and royalties	141	281
Other miscellaneous income	1,052	580
Total	**4,810**	**3,098**

Other income increased by EUR 1,712 thousands mainly due to the increase in Carriage, insurance and freight of EUR 1,380 thousands following the increase business volume in the year.

NOTE 8. EMPLOYEE BENEFIT COSTS

EUR 000's	2012	2011
Salaries and wages	(46,474)	(38,534)
Social security contributions	(6,810)	(6,076)
Other employee benefits	(5,448)	(4,768)
Total	**(58,732)**	**(49,378)**

The employee benefit costs are based on an average workforce of 891 full time equivalents (2011: 796). This variance is mainly due to the expansion of the business in terms of sales and therefore of production and also to the acquisition of Inet which contributed only for 4,5 months in 2011.

The increase in the average number of employees is mainly allocated to the America and Europe operating segments.

Notes to the Financial Statements

NOTE 9. OPERATING EXPENSES

EUR 000's	2012	2011
Transportation expenses	(2,819)	(3,029)
External services	(8,998)	(8,414)
Travelling expenses	(4,759)	(4,177)
General expenses	(8,830)	(9,233)
Rent and leasing	(4,448)	(3,771)
Credit losses	(3,044)	(498)
Warranty costs	(1,345)	(1,088)
Total	**(34,243)**	**(30,210)**

Operating expenses increased at a slower pace than revenues, reflecting the benefits of productivity gains and good cost management across all divisions.

NOTE 10. NON-RECURRING ITEMS

EUR 000's	2012	2011
Restructuring costs	1,706	572
Acquisition costs	53	299
Impairment losses	-	619
Litigation costs	1,810	-
Total operating costs	**3,569**	**1,490**
Non-operating costs	-	2,320
Reduction of deferred tax assets	-	1,147
Total non-recurring items	**3,569**	**4,957**

The litigation costs are the costs sustained from the on-going litigation with Mike Colaco. Restructuring costs are the costs incurred due to the actions taken in Germany to streamline production capacity and tailor our product range to reflect shifts in some markets. The total of EUR 3,569 thousands (2011: 1,490) is included in Operating Expenses.

NOTE 11. NET FINANCE COSTS

EUR 000's	2012	2011
Interest income	60	76
Interest expenses	(1,008)	(1,379)
Change of derivatives fair value	(14)	50
Amortization of issuance costs	(301)	(320)
Interest expenses - net	**(1,263)**	**(1,573)**
Currency exchange difference - net	**(477)**	**1,514**
Total	**(1,741)**	**(59)**

NOTE 12. INCOME TAXES

EUR 000's	2012	2011
Current tax	(7,470)	(5,043)
Deferred tax	3,425	582
Total	**(4,045)**	**(4,461)**

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

Tax calculated at domestic tax rate applicable to profits in the respective countries	(7,409)	(3,953)
Tax effect of non-taxable income included in profit before tax	2,912	210
Tax on non-deductible expenses or not related to income	(146)	756
Tax losses not valued	(1,067)	(2,056)
Utilization of previously unrecognized DTA	518	-
Effects of tax losses / credits utilized	300	-
Losses carried forward with DTA	(2,578)	-
Total	**(7,470)**	**(5,043)**

NOTE 13. TRADE RECEIVABLES

EUR 000's	2012	2011
Trade receivables	54,369	43,533
Provision for doubtful debts	(3,786)	(921)
Trade receivables, net	**50,583**	**42,612**

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

Opening balance	**(921)**	**(608)**
Provision recorded in the year	(3,011)	(410)
Provision used in the year	67	136
Currency exchange difference	79	(39)
Closing balance	**(3,786)**	**(921)**

NOTE 14. TAX ASSETS

EUR 000's	2012	2011
Tax assets	322	92
VAT recoverable	208	462
Total	**530**	**554**

NOTE 15. OTHER CURRENT RECEIVABLES

EUR 000's	2012	2011
Short term investments	5	3
Deposits	1,075	867
Prepayments	1,721	1,336
Other receivables	795	4,285
Total	**3,596**	**6,491**

NOTE 16. INVENTORIES

EUR 000's	2012	2011
Raw materials	4,180	3,972
Work in progress	5,891	940
Finished goods	31,649	25,704
Provision for slow moving inventories	(2,159)	(1,511)
Total	**39,561**	**29,105**

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

EUR 000's	2012	2011
Opening balance	**(1,511)**	**(1,120)**
Provision used during the year	25	2
Provision recorded in the year	(677)	(365)
Currency exchange difference	3	(28)
Closing balance	**(2,158)**	**(1,511)**

Notes to the Financial Statements

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

EUR 000's	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2011				
Opening net book value	15,719	3,768	773	20,260
Additions	2,138	2,396	2,475	7,009
Disposals	(0)	(66)	(36)	(102)
Depreciation	(663)	(1,647)	(549)	(2,859)
Currency exchange differences	160	51	63	274
Net book amount	**17,354**	**4,503**	**2,725**	**24,582**
At 31 December 2011				
Cost	19,658	16,638	5,143	41,439
Accumulated depreciation	(2,304)	(12,135)	(2,418)	(16,857)
Net book amount	**17,354**	**4,503**	**2,725**	**24,582**
Year ended 31 December 2012				
Opening net book value	17,354	4,503	2,725	24,582
Additions	4,402	2,390	230	7,022
Disposals	-	(160)	-	(160)
Depreciation	(692)	(1,710)	(565)	(2,967)
Currency exchange differences	295	4	64	363
Closing net book value	**21,359**	**5,027**	**2,454**	**28,840**
At 31 December 2012				
Cost	24,361	18,128	5,450	47,938
Accumulated depreciation	(3,002)	(13,099)	(2,998)	(19,098)
Net book amount	**21,359**	**5,027**	**2,454**	**28,840**

The increase is mainly related to the acquisition of the new Cavotec Fladung division premises in Germany and the ordinary replacement of the Group's assets.

NOTE 18. INTANGIBLE ASSETS

EUR 000's	Goodwill	Patents & trademarks	R&D and other	Total
Year ended 31 December 2011				
Opening net book value	44,784	4,330	1,625	50,739
Additions	15,212	301	59	15,572
Disposals	-	-	(238)	(238)
Amortisation	-	(471)	(557)	(1,029)
Impairment	-	-	(619)	(619)
Currency exchange differences	1,934	15	4	1,952
Net book amount	**61,930**	**4,175**	**274**	**66,379**
At 31 December 2011				
Cost	61,930	6,887	1,293	70,109
Accumulated amortisation	-	(2,712)	(1,019)	(3,731)
Net book amount	**61,930**	**4,175**	**274**	**66,379**
Year ended 31 December 2012				
Opening net book value	61,930	4,175	274	66,379
Additions	-	182	2,217	2,399
Disposals	-	-	(28)	(28)
Amortisation	-	(468)	(323)	(791)
Currency exchange differences	(284)	23	11	(250)
Closing net book value	**61,646**	**3,912**	**2,151**	**67,709**
At 31 December 2012				
Cost	61,646	7,101	3,535	72,282
Accumulated amortisation	-	(3,189)	(1,384)	(4,573)
Net book amount	**61,646**	**3,912**	**2,151**	**67,709**

The increase of R&D and other intangibles is due to the acquisition of ground support equipment manufactured Combibox detailed in note 5.
The impairment of the goodwill balance has been considered in note 4.

NOTE 19. NON-CURRENT FINANCIAL ASSETS

EUR 000's	2012	2011
Financial receivables	113	214
Financial assets at fair value	40	40
Total	**153**	**254**

The financial receivables include interest bearing loans of which EUR 69 thousands is due from related parties.

NOTE 20. DEFERRED TAX ASSETS

EUR 000's	2012	2011
Deferred tax assets to be recovered within 12 months	3,053	386
Deferred tax assets to be recovered after more than 12 months	4,041	2,380
Closing balance	**7,094**	**2,766**

EUR 000's	2012	2011
Provision for warranty, inventory and doubtful accounts	1,177	512
Losses carried forward	3,063	736
Depreciation and amortization	295	324
Unrealized exchange differences	-	141
Accrued expenses not currently deductible	666	634
Mark-to-market on derivatives	24	20
Others	1,869	399
Total	**7,094**	**2,766**

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

NOTE 21. LOANS AND BORROWINGS

EUR 000's	2012	2011
Bank overdrafts	(1,829)	-
Credit facility current portion	(2,000)	(2,000)
Other current financial liabilities	(911)	(2,277)
Credit facility non-current portion	(25,500)	(30,000)
Other non-current financial liabilities	(5,086)	(3,164)
Unamortized issuance costs	498	777
Total	**(34,828)**	**(36,664)**

During the year, the Group reimbursed EUR 4,500 thousands of the syndicated credit facility.

Negative mark-to-market on derivatives for EUR 86 thousands is included in other non-current liabilities. Financial leasing liabilities for EUR 56 thousands are included in other current liabilities and EUR 128 thousands in other non-current liabilities.

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

EUR 000's	2012	2011
Bank overdrafts	1.67%	-
Short term debt	2.50%	2.77%
Long term debt	1.97%	2.61%
Interest bearing liabilities	**2.00%**	**2.63%**

The average cost of the interest bearing liabilities at the end of 2012 was lower compared to the previous year because of the reduced base rate and due to a larger percentage of floating rate debt.

NOTE 22. TRADE PAYABLES

EUR 000's	2012	2011
Trade payables	(28,559)	(28,096)
Advances from customers	(8,414)	(5,853)
Total	**(36,973)**	**(33,949)**

Notes to the Financial Statements

NOTE 23. OTHER CURRENT LIABILITIES

EUR 000's	2012	2011
Tax and social security	(5,268)	(3,614)
Employee entitlements	(8,074)	(5,482)
Accrued expenses and other	(6,377)	(6,288)
Total	**(19,719)**	**(15,383)**

NOTE 24. DEFERRED TAX LIABILITIES

EUR 000's	2012	2011
Depreciation and amortization	(3,048)	(2,111)
Unrealized exchange differences	(8)	(165)
Actuarial pension scheme	(21)	(32)
Local Tax requirements	(1,118)	(912)
Financial Leasing	(2)	(7)
Others	(148)	(184)
Total	**(4,345)**	**(3,410)**

NOTE 25. PROVISION FOR RISKS AND CHARGES

EUR 000's	2012	2011
Provision for pension	(1,909)	(1,716)
Provision for warranty	(2,227)	(1,668)
Provision for litigation	(189)	-
Provision for restructuring	(940)	-
Provision for taxation	(478)	(486)
Other provision	(1,402)	-
Total	**(7,146)**	**(3,871)**

EUR 000's	2011	Recorded	Used	Other	2012
Provision for pension	(1,716)	(242)	40	9	(1,909)
Provision for warranty	(1,668)	(666)	93	13	(2,228)
Provision for litigation	-	(195)	-	5	(190)
Provision for restructuring	-	(940)	-	-	(940)
Provision for taxation	(486)	-	-	9	(477)
Other provision	-	(1,440)	-	38	(1,402)
Total	**(3,870)**	**(3,483)**	**133**	**74**	**(7,146)**

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

Provision for warranty represents the estimated costs to repair or replace defect products and is based on historical experience.

Provision for litigation is the estimated legal costs to be sustained in conjunction with on-going litigation.

Provision for restructuring includes severance payments and other expenses related to the actions taken in Germany to streamline production capacity and tailor our product range to reflect shifts in some markets.

Other provision includes also provisions for onerous contracts.

The majority of the provisions are estimated to be non current.

NOTE 26. PENSION PLAN

The Group operates defined benefit pension plans in Switzerland based on employee pensionable remuneration. The amount recognized in the Balance Sheet is as follows:

EUR 000's	2012	2011
Present value of defined benefit obligation	1,106	854
Fair value of plan assets	766	553
Deficit of funded plans	340	301
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Liability in the Balance Sheet	340	301

Actuarial losses recognised in the statement of other comprehensive income in the period are EUR 31 thousands, resulting from an EUR 39 thousands increase of the liabilities net of deferred tax assets of EUR 8 thousands.

The movement in the defined benefit obligation over the year is as follows:

EUR 000's		
At 1 January 2012	**(854)**	
Service cost employer	(133)	
Ordinary contributions paid by employees	(101)	
Interest cost	(19)	
Benefits paid	29	
Actuarial (gains) / losses	(22)	
Exchange differences	(6)	
At 31 December 2012	**(1,106)**	

The movement in the fair value of plan assets of the year is as follows:

EUR 000's		
At 1 January 2012	**553**	
Expected Return on assets	14	
Ordinary contributions paid by employer	101	
Ordinary contributions paid by employees	101	
Interest cost	-	
Benefits paid	(29)	
Actuarial gains / (losses)	22	
Exchange differences	4	
At 31 December 2012	**766**	

The amounts recognised in the income statements are as follows:

Service cost employer	133	
Interest cost	19	
Expected return on assets	(14)	
Total 2012	**138**	

The principal actuarial assumptions were as follows:

	2012	2011
Discount rate	1.75%	2.25%
Inflation rate	1.00%	1.00%
Interest rate on the savings account	1.75%	2.25%
Long term rate of return on plan assets	2.50%	2.50%
Future salary increase	1.50%	1.50%
Social security increase	1.00%	1.00%
Future pension increases	0.00%	0.00%

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Assumptions regarding future mortality experience are based on actuarial advice in accordance with published statistics and experience.

	2012	2011
Mortality rates	BVG 2010	BVG 2010
Disability rates	BVG 2010	BVG 2010
Turnover rates	BVG 2010	BVG 2010
Early retirement age	100% M65/F64	None M65/F64
Capital option	40%	40%

Plan assets are comprised as follows:

	2012	2011
Fixed-interest, cash and cash equivalents, time deposits	78.38%	77.10%
Mortgages and other claims on par value	7.00%	7.02%
Equities and units in investment funds	1.02%	1.26%
Private equity and hedge funds	0.48%	0.58%
Investment in participations and associated companies	0.81%	0.84%
Real estate	11.26%	11.38%
Other investments	1.05%	1.82%
Total	**100%**	**100%**

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy.

NOTE 27. SHARE CAPITAL

The tables below set forth the changes occurred in the share capital of the Group.

EUR 000's	Date	Number of shares	Share capital
Balance at 1 January 2011		**63,632,700**	**(42,578)**
Acquisition of INET	17/08/2011	71,332,700	(55,022)
Scheme of Arrangement	03/10/2011	71,397,220	(90,553)
Balance at 31 December 2011		**71,397,220**	**(90,553)**
Balance at 1 January 2012		**71,397,220**	**(90,553)**
Reduction of nominal value		-	1,167
Balance at 31 December 2012		**71,397,220**	**(89,386)**

The AGM held on 4 May, 2012 approved a reduction of the nominal value of the registered shares from CHF 1.55 to 1.53. The nominal value reduction was used for the repayment to the shareholders.

The 2012 AGM approved the creation of a contingent share capital of 713,972 shares, in connection with employees' participation to the 2012 Long Term Incentive Plan (LTIP), and the creation of the authorized share capital of 14,279,444 shares by not later than 4 May 2014.

The share capital of Cavotec SA as of 31 December 2012 is divided into 71,397,220 shares.

NOTE 28. OTHER RESERVES

EUR 000's	2012	2011
Currency translation reserves	(2,896)	(2,046)
Share premium reserve	(1,751)	(1,751)
Own shares reserve	80	81
Actuarial reserve	275	244
Total	**(4,292)**	**(3,472)**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations into Euro. The value of the currency reserve increased from EUR 2,046 thousands to EUR 2,896 thousands due to the general depreciation of the EUR against the currencies of the countries where the Group operates.

The own shares reserve was created in 2011 when Cavotec SA bought back its shares from the former Parent company Cavotec MSL.

NOTE 29. EARNINGS PER SHARE

Both the basic and diluted earnings per share are calculated using the net results attributable to shareholders of Cavotec SA as the numerator.

EUR 000's	2012	2011
Profit for the year	12,192	5,844
Attributable to:		
Equity holders of the Group	12,319	5,948
Non-controlling interest	(127)	(104)
Total	**12,192**	**5,844**
Weighted-average number of shares outstanding	71,332,700	66,501,741
Basic and diluted earnings per share attributed to the equity holders of the Group	0.173	0.089

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

NOTE 30. SEGMENT INFORMATION

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

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

Americas: This region includes the USA, Canada, Mexico, Central and South America
Europe & Africa: This region includes all of Europe, including Russia, and Africa
Middle East & India: This region includes Egypt, Gulf states, India, Lebanon, Oman, Saudi Arabia, Turkey, and the United Arab Emirates
Far East: This region includes China, Hong Kong, Japan and South Korea
Australasia and South East Asia: This region includes South East Asia including Singapore, Australia and New Zealand
HQ: This segment includes the Parent, the sub-holdings and the service companies

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

Information by operating segment for the year ended 31 December, 2012 for each reportable segment is summarised below:

Year ended 31 December, 2012 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Revenue from sales of goods	40,442	168,912	24,215	30,477	37,481	-	(81,455)	**220,072**
Other income	663	6,625	726	164	571	1,305	(5,243)	**4,810**
Operating expenses before depreciation and amortisation	(42,278)	(156,162)	(24,844)	(27,720)	(35,201)	(1,693)	84,751	**(203,147)**
Gross Operating Result	**(1,173)**	**19,375**	**97**	**2,921**	**2,851**	**(388)**	**(1,947)**	**21,736**

Information by operating segment for the year ended 31 December, 2011 for each reportable segment is summarised below:

Year ended 31 December, 2011 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Revenue from sales of goods	26,458	134,679	34,289	27,020	30,641	-	(63,118)	**189,969**
Other income	412	5,572	174	676	160	679	(4,575)	**3,098**
Operating expenses before depreciation and amortisation	(24,840)	(132,416)	(32,829)	(24,945)	(26,848)	(1,212)	67,214	**(175,876)**
Gross Operating Result	**2,030**	**7,835**	**1,634**	**2,751**	**3,953**	**(533)**	**(479)**	**17,191**

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

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A reconciliation of adjusted gross operating result to profit before income tax is provided as follows:

EUR 000's	Year ended 31 December 2012	Year ended 31 December 2011
Gross operating result for reportable segments	23,684	17,669
Inter-Group elimination	(1,947)	(479)
Depreciation	(2,968)	(2,859)
Amortisation	(791)	(1,029)
Impairment	-	(619)
Non-operating costs	-	(2,320)
Financial costs - net	(1,741)	(59)
Profit before income tax	**16,237**	**10,305**

Assets at 31 December 2012 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current assets	20,267	72,696	20,623	18,090	24,723	23,734	(75,550)	**104,583**
Intangible assets	24,925	17,803	-	17	24,964	-	-	**67,709**
Total non-current assets	5,823	24,878	2,953	945	1,407	10,058	(7,631)	**38,433**
Total assets	**51,015**	**115,377**	**23,576**	**19,052**	**51,094**	**33,792**	**(83,181)**	**210,725**

Assets at 31 December 2011 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current assets	15,757	60,283	17,145	15,376	32,468	26,455	(75,771)	**91,713**
Intangible assets	25,358	15,566	-	-	25,278	177	-	**66,379**
Total non-current assets	3,706	20,314	5,366	731	739	13,376	(12,583)	**31,649**
Total assets	**44,821**	**96,163**	**22,511**	**16,107**	**58,485**	**40,008**	**(88,355)**	**189,741**

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

EUR 000's	Year ended 31 December 2012	Year ended 31 December 2011
Segment assets for reportable segments	293,906	278,096
Inter-Group elimination	(83,181)	(88,355)
Total assets	**210,725**	**189,741**

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

Liabilities at 31 December 2012 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current liabilities	(40,474)	(55,744)	(11,684)	(10,234)	(6,522)	(6,240)	69,466	**(61,432)**
Total non-current liabilities	(3,959)	(19,713)	(901)	(756)	(1,239)	(25,479)	9,583	**(42,464)**
Total liabilities	**(44,433)**	**(75,457)**	**(12,585)**	**(10,990)**	**(7,761)**	**(31,719)**	**79,049**	**(103,896)**

Liabilities at 31 December 2011 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current liabilities	(32,912)	(54,346)	(11,163)	(7,790)	(12,847)	(6,416)	71,864	**(53,610)**
Total non-current liabilities	(2,947)	(17,513)	(807)	(742)	(1,294)	(29,621)	11,665	**(41,259)**
Total liabilities	**(35,859)**	**(71,859)**	**(11,970)**	**(8,532)**	**(14,141)**	**(36,037)**	**83,529**	**(94,869)**

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

EUR 000's	Year ended 31 December 2012	Year ended 31 December 2011
Segment liabilities for reportable segments	(182,945)	(178,397)
Inter-Group elimination	79,049	83,529
Total liabilities	**(103,896)**	**(94,869)**

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

Year ended 31 December 2012 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	Total
Ports & Maritime	10,920	31,497	6,275	16,965	15,563	**81,220**
Airports	19,485	22,466	11,229	3,961	551	**57,692**
Mining & Tunnelling	2,175	21,570	65	4,033	8,675	**36,518**
General Industry	4,734	25,661	6,636	4,243	3,368	**44,642**
Total	**37,314**	**101,194**	**24,205**	**29,202**	**28,157**	**220,072**

Year ended 31 December 2011 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	Total
Ports & Maritime	6,442	22,254	7,985	13,437	12,322	**62,441**
Airports	11,654	15,614	17,473	4,569	678	**49,988**
Mining & Tunnelling	1,952	18,741	107	3,069	6,477	**30,346**
General Industry	5,468	24,503	8,724	5,097	3,402	**47,194**
Total	**25,516**	**81,112**	**34,289**	**26,172**	**22,879**	**189,969**

The consolidated revenues of the Group are generated principally outside of Switzerland, where the company is domiciled, and operations in Switzerland are relatively insignificant. Due to the nature of the business, no single country represents a significant percentage of Group revenues.

NOTE 31. RELATED PARTY DISCLOSURE

Cavotec SA is the legal parent of the Group. Details of Cavotec SA subsidiaries and associates can be found in note 3.

The Group's key management personnel comprises the Chief Executive Officer and the members of Executive Management Committee (EMC), their total remuneration including salary and other short term benefits amounted to a total of EUR 4,199 thousands (2011: 3,672 thousands). Please refer to page 94 for the remuneration of the Board members and page 95 for the description of the long-term incentive plan.

Year ended 31 December 2012 EUR 000's	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Share-based payment	Total
Chief Executive Officer	587	25	-	-	612
Executive Management	3,411	176	-	-	3,587
Total remuneration	**3,998**	**201**	**-**	**-**	**4,199**

Year ended 31 December 2011 EUR 000's	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Share-based payment	Total
Chief Executive Officer	582	64	-	-	646
Executive Management	2,882	144	-	-	3,026
Total remuneration	**3,464**	**208**	**-**	**-**	**3,672**

The following table summarizes the Group's transactions with its related parties:

EUR 000's					Revenues		Costs	
Company	**Country**	**Receivables**	**Payables**	**Guarantees**	**Goods and services**	**Others**	**Goods and services**	**Others**
Port Equipment Manufacturing Association (PEMA)	Belgium	-	-	-	-	-	-	(2)
Radela AB	Sweden	-	-	-	-	-	(10)	-
Soliden Sagl	Switzerland	-	-	-	-	-	(168)	-
Swedish Swiss Chamber of Commerce	Switzerland	-	-	-	-	-	-	(8)
VR Group Oy	Finland	-	-	-	60	-	-	-
Total		**-**	**-**	**-**	**60**	**-**	**(178)**	**(10)**

At 31 December, 2012 the Company had interest bearing loans outstanding to managers and employees totalling EUR 69 thousands (2011: 129 thousands).

Notes to the Financial Statements

NOTE 32. REMUNERATION OF AUDITORS

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

EUR 000's	2012	2011
Audit services		
PricewaterhouseCoopers	631	420
Other auditor firms	140	202
Total	**771**	**622**
Other assurance services:		
Taxation		
PricewaterhouseCoopers	91	49
Other auditor firms	4	22
Total	**95**	**71**
Other assurance services*		
PricewaterhouseCoopers	126	391
Other auditor firms	4	5
Total	**130**	**395**
Total	**225**	**467**

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

NOTE 33. LEGAL RISKS

As a global company with a diverse business portfolio, the Cavotec Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and tax assessments.

The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings.
Legal proceedings currently considered to involve material risks are outlined below.

Mike Colaco litigation

During the year, following the commencement of an internal investigation of certain practices at Cavotec's US-based INET operations, Mike Colaco, former owner of INET Airport Systems Inc. was suspended from all management positions in Cavotec Inet Inc. and other US Affiliates of the Cavotec Group on 2 September 2012. Colaco subsequently filed a lawsuit against Cavotec on 1 October 2012. Cavotec denies any wrongdoing and has filed a countersuit against Colaco and others on 26 October 2012. The lawsuit is moving forward and discovery is currently underway. The trial is expected to start on 4 November 2013. The assessment of the Board of Directors is that the claims made by Colaco are without substantial basis or foundation and are not likely to result in any material financial exposure to Cavotec, which has not already been provided for in the accounts. As the litigation is on-going the Group withholds from further comment at this time.

Meyerinck litigation

At the beginning of January 2013, several former Meyerinck employees sued the company seeking damages after the termination of their contract; few cases have already been resolved. The management is confident that the provision covers the probable outcome of the on-going litigation.

NOTE 34. CONTINGENCIES

EUR 000's	2012	2011
Bonds	11,199	7,004
Financial guarantees	1,385	916
Other guarantees	1,359	341
Total	**13,943**	**8,261**

The items listed under Contingencies are mainly performance bonds to customers in the Australia, Middle East, Russia and USA.

NOTE 35. COMMITMENTS

The following details commitments associated with Cavotec SA & Subsidiaries.

EUR 000's	2012	2011
Rental commitments		
Within one year	2,944	2,669
Later than one, not later than two years	1,712	2,303
Later than two, not later than five years	2,482	2,152
Later than five years	180	301
Total	**7,318**	**7,425**

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

Operating lease commitments		
Within one year	805	812
Later than one, not later than two years	609	738
Later than two, not later than five years	355	892
Later than five years	6	-
Total	**1,775**	**2,442**
Capital commitments		
Within one year	8	3,942
Later than one, not later than two years	1	3
Total commitments	**9**	**3,945**

NOTE 36. SECURITIES AND COLLATERALS

Real estate related loans amounting to EUR 5,608 thousands at 31 December, 2012 (2011: 3,307) are secured by mortgages on land and buildings in Italy, Germany, Norway, Sweden and France. The increase of the year is due to the expansion of the manufacturing facilities in Germany.

NOTE 37. SUBSEQUENT EVENTS

There have been no events subsequent to the Balance Sheet date which require adjustment of, or disclosure in, the Financial Statements or notes.

RISK MANAGEMENT

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

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

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

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

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

MARKET RISK

Currency risk

Cavotec generally offers customers the possibility to pay in their own currencies through the global sales organization. As a result, the Group is continuously exposed to currency risks in accounts receivables denominated in foreign currency and in future sales to foreign customers. 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.

As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities. An area of potential risk arises from the fact that only 24.1% (27.9%) of the Group's revenues are denominated in Euro as the major manufacturing units, except for the operations of Inet, Dabico and Micro-control Norway, are located in Euro currency based jurisdictions and furthermore significant sales are also made in territories where the US dollar historically has had a significant influence (apart from the US, this would include the UAE, China, Hong Kong and Singapore amounting to 39.6% of the Group's total sales from 43.8% in 2011).

The exchange rates listed here below are used to prepare the Financial Statements:

Currency	Average rate	Year end rate
AED	0.21170	0.20638
ARS	0.17092	0.15415
AUD	0.80599	0.78666
BHD	0.00000	2.01005
BRL	0.39865	0.36988
CAD	0.77869	0.76121
CHF	0.82968	0.82836
DKK	0.13434	0.13403
EUR	1.00000	1.00000
GBP	1.23324	1.22534
HKD	0.10034	0.09779
INR	0.01458	0.01378
KRW	0.00069	0.00071
NOK	0.13378	0.13609
NZD	0.63024	0.62325
PLN	0.00000	0.24546
QAR	0.00000	0.20819
RMB	0.12338	0.12164
RUB	0.02505	0.02480
SAR	0.00000	0.20208
SEK	0.11489	0.11652
SGD	0.62287	0.62069
USD	0.77834	0.75792
ZAR	0.09478	0.08950

At 31 December 2012, 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 2,120 thousands higher/lower (2011: 1,666 thousands). This is mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the Euro and in respect of operations in non-Euro jurisdictions for financial assets and liabilities not in their local currency.

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

	2012		2011	
EUR 000's	**EUR -10%**	**EUR +10%**	**EUR -10%**	**EUR +10%**
Receivables	94	(94)	64	(64)
Payables	(153)	153	(167)	167
Financial assets	2,179	(2,179)	1,769	(1,769)
Financial liabilities	-	-	-	-
Total increase / (decrease)	**2,120**	**(2,120)**	**1,666**	**(1,666)**

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

	2012		2011	
EUR 000's	**Financial Assets**	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
EUR	552	(34,433)	5,786	(34,857)
USD	6,173	-	3,348	-
RMB	562	-	512	-
AED	531	-	234	-
GBP	268	-	238	-
SEK	239	-	301	(890)
NOK	512	(204)	324	(322)
AUD	196	(184)	488	(89)
CHF	14	-	154	(387)
HKD	24	-	45	-
Other	1,240	(7)	1,523	(119)
Total	**10,313**	**(34,828)**	**12,952**	**(36,664)**

Other non-current financial assets totalling EUR 113 thousands were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

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

	2012		2011	
EUR 000's	**Receivables**	**Payables**	**Receivables**	**Payables**
EUR	19,902	(21,329)	18,929	(20,337)
USD	11,163	(4,354)	9,219	(5,437)
RMB	5,973	(1,366)	5,617	(1,132)
AED	571	(3,054)	608	(1,333)
GBP	1,637	(563)	745	(212)
SEK	316	(439)	521	(367)
NOK	2,132	(1,175)	1,549	(1,758)
AUD	4,805	(1,260)	1,972	(1,080)
CHF	-	(255)	-	(374)
HKD	1,167	(910)	993	(507)
Other	2,917	(2,268)	2,458	(1,411)
Total	**50,583**	**(36,973)**	**42,612**	**(33,949)**

Other non-current assets totalling EUR 2,345 thousands were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, minimizing borrowing costs over time and limiting the volatility of results. The Group is party to fixed interest rate loan agreements in the normal course of business in order to eliminate the exposure to increases in interest rates in the future in accordance with the Group's financial risk management policy approved by the Board. The amount of floating rate debt is the main factor that could impact the Statement of Comprehensive Income in the event of an increase in market rates. At 31 December, 2012 83% of the Net Debt was floating rate.

The impact of a 1% increase/decrease in interest rates will result in a decrease/increase of interest expenses for the year of EUR 288 thousands (2011: 328 thousands).

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

Financial instruments

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

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

The following table presents the Group's financial instruments that are measured at fair value including those measured at amortized cost or at cost at 31 December, 2012:

EUR 000's	Level 1	Level 2	Level 3	Valued at amortized cost	Total
Assets					
Current financial assets	5	-	-	-	5
Non-current financial assets	-	-	40	-	40
Long-term loans	-	-	-	113	113
Total Assets	**5**	**-**	**40**	**113**	**158**
Liabilities					
Current trading derivatives	-	-	-	-	-
Non-current trading derivatives	-	(86)	-	-	(86)
Total Liabilities	**-**	**(86)**	**-**	**-**	**(86)**

There is no change in the valuation of level 3 assets.

CREDIT RISK

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

After the global turmoil in the international markets, the Company has introduced stringent practices to evaluate exposure to doubtful debts; the Group requires that provisions be recorded not only to cover exposure relative to specific accounts in difficulty but also for accounts receivables balances which are past due for periods in excess of normal trading terms. As at 31 December, 2012 total past due trade receivables were higher than at the end of 2011 due to delay in the collection in China, Middle East and India. The ageing of the trade receivables is as follows:

EUR 000's	2012	2011
Overdue up to 30 days	11,003	9,639
Overdue up to 30 and 60 days	3,826	4,480
Overdue up to 60 and 90 days	3,415	2,501
Overdue up to 90 and 120 days	1,497	858
Overdue up to 120 and 150 days	1,024	172
Overdue more than 150 days	3,341	1,286
Total	**24,106**	**18,936**

At 31 December, 2012 EUR 3,786 thousands (2011: 921 thousands) has been provisioned against impaired financial receivables.

Provision for impaired financial receivables by operating segment

EUR 000's	2012	2011
Americas	(2,567)	(43)
Europe & Africa	(403)	(207)
Middle East & India	(399)	(397)
Far East	(207)	(210)
Australasia SE Asia	(210)	(64)
Total	**(3,786)**	**(921)**

NET DEBT

Net Debt is defined as financial liabilities minus cash and cash equivalents and current financial assets.

EUR 000's	2012	2011
Cash and cash equivalents	10,313	12,952
Current financial assets	5	3
Bank overdraft	(1,829)	-
Short term debt	(2,911)	(4,277)
Long term debt	(30,088)	(32,387)
Total	**(24,511)**	**(23,708)**

LIQUIDITY RISK

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

The Group's liquidity and funding management process includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining a diverse range of funding sources and back-up facilities. The Board reviews Group forecasts, including cash flow forecasts, on a quarterly basis. The centralised treasury operation reviews cash flows more frequently to assess the short and medium-term requirements. These assessments ensure the Group responds to possible future cash constraints in a timely manner. Operating finance requirements of group companies are met, whenever possible, from the centralized treasury which is responsible for investing liquid asset surplus`s which are not immediately required by operating companies.

In August 2011 the Group renewed its EUR 50.0 million syndicated loan facility agreement signed in 2009 and maturing in 2012. This agreement extends the maturity to August 2016 at improved pricing and includes an option to increase the facility up to EUR 80 million. After the first amortization, the facility is now available in two parts - EUR 8.0 million amortizing term loan ("Facility A") and EUR 40.0 million revolving credit line ("Facility B"). Facility A was fully drawn at the end of 2012, drawings of facility B amounted to EUR 31.5 million of which EUR 25.5 million on the revolving credit facility itself and EUR 5.9 million on the ancillary credit line for guarantees. See note 21 for additional information. At the beginning of 2013, the Group secured a EUR 15.0 million increase of the existing syndicated loan facility expiring in 2016 at the same conditions.

The syndicated loan facility bears interest for each interest period at a rate per annum equal to EURIBOR plus a variable margin which will be adjusted every quarter to reflect any changes in the ratio of net debt to consolidated EBITDA as determined on a rolling basis, with a minimum margin of 1.00% per annum. The loans are subject to certain restrictive covenants, including, but not limited to, additional borrowing, certain financial ratios, limitations on acquisitions and disposals of assets. If the financial covenants are not met and their breach is not remedied within a certain period or the lenders do not waive the covenants, there may grounds for termination under the conditions of the credit facility. The Group is in compliance with all existing loan covenants as of December 31, 2012.

As of December 31, 2012, the Group's total available credit facilities, which related to the above mentioned syndicated loan facility agreement and to other credit facilities with local banks, amounted to EUR 84.0 million, of which EUR 41.3 million was utilised. The table below analyses the Group's financial liabilities, excluding trade payables, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date against the cash and cash equivalent balances.

	2012		2011	
EUR 000's	**Less than 1 year**	**1 and 5 years**	**Less than 1 year**	**1 and 5 years**
Bank overdrafts and short term debt	(4,740)	-	(4,277)	-
Long term debt	-	(30,088)	-	(32,387)
Total	**(4,740)**	**(30,088)**	**(4,277)**	**(32,387)**
Cash and cash equivalents	10,313	-	12,952	-

	Credit facilities	
EUR 000's	**Total**	**Used**
Bank overdrafts	(5,364)	(1,829)
Current financial liabilities	(2,911)	(2,911)
Non-current financial liabilities	(50,186)	(30,586)
Total cash	**(58,461)**	**(35,326)**
Guarantees	-	(5,974)
Total	**(58,461)**	**(41,300)**

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. The Group monitors capital on the basis of its debt to equity ratio calculated by comparing Net Debt to Total equity. During 2012, the Group's strategy, which was unchanged, compared to previous years, was to maintain a debt to equity ratio of no more than 75%, consistent with the Company's financial covenant requirement under its long-term financing arrangements. In monitoring the level of indebtness, on-going attention is also given by management to the level of interest cover calculated as Operating Income divided by Net Financial Costs and to the leverage ratio defined as Net Debt divided by Gross Operating Income (EBITDA).

The debt equity ratios, interest cover and leverage ratio at 31 December, 2012 and 31 December, 2011 were as follows:

EUR 000's	2012	2011
Total interest bearing liabilities	(34,828)	(36,664)
Cash and cash equivalents	10,318	12,955
Net debt	**(24,511)**	**(23,708)**
Total equity	**(106,829)**	**(94,873)**
Debt equity ratio	22.9%	25.0%
Interest cover	14.2	8.1
Leverage ratio	1.13	1.38

Report of the statutory auditor
to the general meeting of
Cavotec SA
Lugano

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Cavotec SA, which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and notes (pages 58 to 87), for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

PricewaterhouseCoopers Ltd, via della Posta 7, Casella postale, CH-6901 Lugano, Switzerland
Telephone: +41 58 792 65 00, Facsimile: +41 58 792 65 10, www.pwc.ch

pwc

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Daniel Ketterer	Efrem Dell'Era
Audit expert Auditor in charge	Audit expert

Lugano, 19 March 2013

STATUTORY FINANCIAL STATEMENTS

For the period ended 31 December 2012

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

STATUTORY FINANCIAL STATEMENTS

CAVOTEC SA
Income statement

CHF	2012	2011
Revenue and income	1,257,148	-
Employee benefit costs	(714,007)	(171,452)
External services	(1,162,079)	(2,857,709)
Travelling expenses	(56,687)	(51,892)
General expenses	(78,415)	(7,026)
Operating Result	**(754,040)**	**(3,088,079)**
Finance costs - net	(29,618)	(1,382)
Foreign exchange - net	(759,114)	(581,636)
Result before income tax	**(1,542,771)**	**(3,671,097)**
Taxes	(27,812)	(15,434)
Result for the period	**(1,570,583)**	**(3,686,530)**

CAVOTEC SA
Balance Sheet

Assets CHF	Notes	2012	2011
Current assets			
Cash and cash equivalents		5,159	27,827
Trade receivables, Group		687,614	-
Prepaid exp. and accrued income		3,170	6,547
Tax assets		20,856	42,221
Other current receivables		385	-
Total current assets		**717,184**	**76,595**
Non-current assets			
Investment in subsidiary companies	3	118,845,874	122,501,704
Own shares	5	98,716	100,006
Total non-current assets		**118,944,590**	**122,601,710**
Total assets		**119,661,774**	**122,678,305**

Liabilities		2012	2011
Current liabilities			
Bank overdrafts	10	(13,182,754)	(11,616,067)
Current financial liabilities	10	-	(1,355,394)
Trade accounts payables		(199,765)	(393,575)
Accruals and deferred income		(107,329)	(159,874)
Tax provision		(18,836)	(15,221)
Other liabilities		(33,766)	(19,034)
Total current liabilities		**(13,542,450)**	**(13,559,163)**
Total non-current liabilities		**-**	**-**
Total liabilities		**(13,542,450)**	**(13,559,163)**

Equity		2012	2011
Share capital	4	(109,237,747)	(110,665,691)
Legal reserves:			
- Reserve for own shares	4,5	(98,716)	(100,006)
Share premium reserve	4	(2,039,975)	(2,039,975)
Prior year retained earnings	4	3,686,530	-
Result for the period	4	1,570,583	3,686,530
Total equity		**(106,119,324)**	**(109,119,142)**
Total equity and liabilities		**(119,661,774)**	**(122,678,305)**

STATUTORY FINANCIAL STATEMENTS

CAVOTEC SA
Notes to Statutory Financial Statements

NOTE 1. GENERAL
Cavotec SA (the "Company") is the parent company of the Cavotec Group.

Cavotec is a global engineering Group that manufactures power transmission, distribution and control technologies that form the link between fixed and mobile equipment in the Ports & Maritime, Airports, Mining & Tunnelling and General Industry sectors. All engineering and most manufacturing of Cavotec's products and systems take place at nine specialised engineering Centres of Excellence in Germany (three), Sweden, Norway, Italy, the United States (two) and New Zealand. Cavotec has fully owned sales companies spread across the world which monitor local markets and cooperate with Cavotec's Centres of Excellence.

Cavotec SA is listed on NASDAQ OMX in Stockholm, Sweden.

The Consolidated Financial Statements are of overriding importance for the purpose of the economic and financial assessment of the Company. The unconsolidated Statutory Financial Statements of the Company are prepared in accordance with Swiss law, the Code of Obligations (SCO), and serve as complementary information to the Consolidated Financial Statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Exchange rate differences – The Company keeps its accounting records in Euro and translates them into Swiss Francs (CHF) for statutory reporting purposes. The Euro Statutory Financial Statements have been translated into Swiss Francs as follows:

Assets (except goodwill, investments in subsidiaries and own shares) and liabilities	closing rate
Goodwill, investments in subsidiaries, own shares and shareholders' equity	historical rate
Income and expenses	average rate

Translation gains are deferred and translation losses are included in the determination of net income.
Current assets and liabilities – Current assets and liabilities are recorded at cost less adjustments for impairment of value.
Financial assets – Financial assets are recorded at acquisition cost less adjustments for impairment of value.
Goodwill – Goodwill is amortised over its expected useful life for a maximum period of 15 years.
Own shares – Own shares are valued at the lower of cost and realisable value at the Balance Sheet date. The reserve for the own shares included in shareholders' equity corresponds to the historical purchase cost of the own shares.

NOTE 3. INVESTMENT IN SUBSIDIARY COMPANIES

Company name	Purpose	Domicile	Ownership interest	Curr.	Share Capital
Cavotec (Swiss) SA	Service company	Switzerland	100%	CHF	200,000
Cavotec MoorMaster Ltd	Holding & engineering	New Zealand	100%	NZD	9,500,000
Cavotec US Holdings Inc	Holding	USA	100%	USD	6,000,000

NOTE 4. SHAREHOLDERS' EQUITY

Description	Date	Shares	Share capital (CHF)
Incorporation	14 June 2011	100,000	100,000
Consolidation of shares - step 1	29 September 2011	100,006	100,006
Consolidation of shares - step 2	3 October 2011	64,520	100,006
Scheme of Arrangement	3 October 2011	71,397,220	110,665,691
Listing on NASDAQ OMX Stockholm	19 October 2011	71,397,220	110,665,691
Reduction of Share Capital	4 May 2012	71,397,220	109,237,747

Cavotec SA was established by Cavotec MSL in Lugano, Switzerland on 14 June 2011 with an initial share capital of CHF 100,000 fully paid up and divided into 100,000 registered shares. The shares' par value was CHF 1.00.

Prior to the Scheme of Arrangement, Cavotec SA's outstanding shares were consolidated into 64,520 shares and the shares' par value was increased to CHF 1.55. The consolidation process induced a share capital increase of CHF 6.00.

Cavotec SA, as of Contribution Agreement dated 3 October 2011, assumed from the shareholders in Cavotec MSL, the option right in 71,332,700 registered shares of Cavotec MoorMaster, for a total amount of CHF 112,705,666 and accepted by the Company for this amount. This capital increase was registered with the relevant Swiss authority on 3 October 2011. CHF 110,565,685 has been imputed on the share capital, whereas CHF 2,139,981 as share premium reserve, for an equivalent to the contributor of 71,332,700 fully paid up registered shares with a par value of CHF 1.55 each of the Company.

The AGM held on 4 May, 2012 approved a reduction of the nominal value of the registered shares from CHF 1.55 to 1.53. The nominal value reduction was used for the repayment to the shareholders.

CHF	Share Capital	Legal Reserve Reserve for own shares	Share Premium Reserve	Prior Year Retained Earnings	Result for the period	Total Shareholder's equity
Opening balance at January 1, 2012	110,665,691	100,006	2,039,975		(3,686,530)	109,119,142
Reduction share capital	(1,427,944)	(1,290)				(1,429,235)
Allocation prior year result				(3,686,530)	3,686,530	-
Result of the period					(1,570,583)	(1,570,583)
Balance at December 31, 2012	**109,237,747**	**98,716**	**2,039,975**	**(3,686,530)**	**(1,570,583)**	**106,119,324**

The 2012 AGM approved the creation of a contingent share capital of 713,972 shares, in connection with employees' participation to the 2012 Long Term Incentive Plan (LTIP), and the creation of the authorized share capital of 14,279,444 shares by not later than 4 May 2014.

Share capital as of December 31, 2012	No of registered shares	Par value	Total (CHF)
Issued shares	71,397,220	CHF 1.53	109,237,747
Contingent shares	713,972	CHF 1.53	1,092,377
Authorized shares	14,279,444	CHF 1.53	21,847,549

NOTE 5. OWN SHARES

The own shares held at 31 December were 64,520, equal to 0.09% of the total share capital. A reserve for own shares of CHF 99 thousands equal to 64,520 shares at CHF 1.53 has been established.

NOTE 6. SIGNIFICANT SHAREHOLDERS

The end of the year and based on the available information, the shareholders with holdings in excess of 5% of the shares are:

Year ended 31 December 2012 Shareholders		Number	%
Lars Hellman & family (through Nordea Life & Pension)	Founder	7,912,551	11.1%
Stefan Widegren & family*	Chairman & Founder	7,754,264	10.9%
Michael Colaco (through Inet AS Inc)	Shareholder	7,703,844	10.8%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Total		30,318,705	42.5%

Year ended 31 December 2011 Shareholders		Number	%
Lars Hellman & family (through Nordea Life & Pension)	Founder	7,912,551	11.1%
Stefan Widegren & family*	Chairman & Founder	7,754,264	10.9%
Michael Colaco (through Inet AS Inc)	Shareholder	7,700,000	10.8%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Total		30,314,861	42.5%

** The amount includes the shares owned by Stefan Widegren, Lotten Widegren, Kristina Widegren and Thomas Widegren.*

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NOTE 7. BOARD OF DIRECTORS COMPENSATION
In 2012, a total remuneration to the Board members in Cavotec SA was paid in aggregate of CHF 1,974 thousands, whereof CHF 681 thousands was allocated to the Chairman of the Board of Directors and CHF 1,293 thousands in total, was allocated to the other members of the Board of Directors (including the Chief Executive Officer). Their remuneration can be found in the table below.

Year ended 31 December 2012 Board of Directors CHF	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	31,337	1,753	3,009	-	36,099
Leena Essén	37,364	141,504	13,558	-	192,426
Nicola Gerber	31,337	1,402	2,406	-	35,145
Christer Granskog	43,390	1,647	3,009	-	48,045
Lakshmi Khanna (1)	46,403	-	-	93,901	140,304
Erik Lautmann (2)	40,377	1,806	3,100	12,023	57,306
Joe Pope	43,390	765	2,039	-	46,195
Ottonel Popesco (3) (Chief Executive Officer)	-	707,204	30,354	-	737,558
Stefan Widegren (4) (Chairman)	126,554	351,317	-	203,000	680,872
Total remuneration	**400,153**	**1,207,398**	**57,475**	**308,924**	**1,973,950**

(1) Lakshmi Khanna has provided consulting services to Cavotec International totalling CHF 94 thousands.
(2) Erik Lautmann, through Radela AB, has provided consulting services to Cavotec SA totalling CHF 13 thousands.
(3) Ottonel Popesco's remuneration includes the remuneration of his wife.
(4) Stefan Widegren, through Soliden Sagl, has provided consulting services to the Group totaling CHF 203 thousands. His remuneration includes the remuneration of his wife.

4Q 2011 Board of Directors CHF	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	8,012	-	-	-	8,012
Leena Essén	9,553	70,938	3,389	-	83,880
Nicola Gerber	8,012	-	-	-	8,012
Christer Granskog	11,093	-	-	-	11,093
Lakshmi Khanna	11,864	-	-	-	11,864
Erik Lautmann	10,323	-	-	41,601	51,924
Joe Pope	11,093	-	-	-	11,093
Ottonel Popesco (Chief Executive Officer)	-	141,995	19,836	-	161,832
Stefan Widegren (Chairman)	32,356	69,573	15,839	74,999	192,768
Total remuneration	**102,307**	**282,507**	**39,064**	**116,600**	**540,478**

The Board of Directors compensation for 2011 related only to the last quarter of the year due to the restructuring of the Group with the change of Parent company.

In addition, the Company reimburses the directors' travel and incidental expenses incurred for attending Board, committee and shareholder meetings and for other Company business-related purposes.

NOTE 8. EXECUTIVE MANAGEMENT COMPENSATION
The remuneration of the Executive Management of Cavotec SA was as follows:

Year ended 31 December 2012 CHF	Short-term employee benefits	Post-employment benefits	Total
Executive Management	1,324,075	63,095	1,387,170
Total remuneration	**1,324,075**	**63,095**	**1,387,170**

Year ended 31 December 2011 CHF	Short-term employee benefits	Post-employment benefits	Total
Executive Management	1,361,943	112,243	1,474,186
Total remuneration	**1,361,943**	**112,243**	**1,474,186**

The table above includes the remuneration of Ottonel Popesco equal to CHF 738 thousands, of which CHF 30 thousands for post-employment benefits.

The basis of calculation of Executive Management compensation has been aligned between 2011 and 2012.

From 2012, the Company has implemented a long-term incentive plan for selected employees of the Group in the form of annually offered share matching plan (the “Plan”). The purpose of the Plan is to provide selected key employees with an opportunity to become shareholders of Cavotec. The Plan is implemented, centrally administered and maintained by Board of Directors and the Remuneration Committee is responsible for the structuring and operation of the Plan.

A participant in the Plan (the “Participant”) has the possibility, but is not obligated, to purchase shares at fair value in the stock-market (“Co-investment Shares”) during a defined period for the respective Plan. The maximum number of shares that can qualify as Co-investment Shares are determined by the Board of Directors at its sole discretion, but is capped at 10 per cent of the Participant’s annual base salary.

The Co-investment Shares purchased under the Plan are subject to a holding period of approximately 3 years (the date when the holding period ends will be known as the “Matching Date”). The Participant has full share ownership rights over the Co-investment Shares and they may be disposed of, sold, donated, pledged or transferred in any way during the holding period. The participant is, however, obliged to notify the plan administrator of any changes. The Participant is entitled to obtain a bonus (the “Matching Bonus”) according to the terms and conditions of the Plan, provided that the Participant is employed in the Cavotec Group on the Matching Date. Cavotec shall make available the required amount in cash and the required number of shares for the Matching Bonus, which the Participants may acquire, based on the Plan.

The maximum dilution for shareholders in Cavotec as a result of the Plan is one per cent or 713,972 shares. Please refer to Note 4 for more information about the creation of the contingent share capital. The maximum cost for Cavotec for the duration of the Plan (excluding social security payments), based on the assumptions that all targets are met, that all participants in the Plan elect for a pay-out of their Matching Bonus in the form of shares and on a share price of SEK 22.60 at the time of allocation, will be approximately EUR 1.8 million. The Plan has not been hedged.

NOTE 9. SHARE OWNERSHIP – BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Based on publicly available information, the ownership by members of the Board and senior management is as follow:

Shareholders as of 31 December 2012		Number	%
Lars Hellman & family (through Nordea Life & Pension)	Founder	7,912,551	11.1%
Stefan Widegren & family*	Chairman & Founder	7,754,264	10.9%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Peter Brandel	Founder	2,952,348	4.1%
Leena Essén (through Anelea Holdings & other)	Board member	2,920,293	4.1%
Ottonel Popesco & family	CEO	2,634,564	3.7%
Michael Widegren & family	EMC member	1,087,018	1.5%
Lakshmi Khanna	Board member	263,406	0.4%
Erik Lautmann	Board member	97,802	0.1%
Patrick Rosenwald	EMC member	45,153	0.1%
Erik Chiló	EMC member	40,121	0.1%
Christian Bernadotte	EMC member	38,411	0.1%
Michael Scheepers	EMC member	34,880	0.0%
Diego Fiorentini	Group CFO	26,727	0.0%
Gary Matthews	EMC member	20,851	0.0%
Juergen Strommer	EMC member	20,851	0.0%
Gustavo Miller	EMC member	20,474	0.0%
Christer Granskog (through Oy Piceum Ab)	Board member	20,000	0.0%
Luciano Corbetta	EMC member	17,560	0.0%
Giorgio Lingiardi	EMC member	10,000	0.0%
Joe Pope	Board member	10,000	0.0%
Yann Duclot	EMC member	7,062	0.0%
Ester Cadau	EMC member	3,000	0.0%
Total		**32,885,382**	**46.0%**

** The amount includes the shares owned by Stefan Widegren, Lotten Widegren, Kristina Widegren and Thomas Widegren.*

NOTE 10. CREDIT FACILITY AGREEMENTS

Cavotec SA is the borrower under certain debt securities including the Group syndicated credit facilities signed with SEB AG and Banca Imi and the credit facility signed with Cornér Bank. As of year-end the total utilization was CHF 2,208 thousands.

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NOTE 11. GUARANTEES AND COMMITMENTS
Cavotec SA is a guarantor for the existing EUR 48 million syndicated credit facility. At the beginning of 2013, the Group secured a EUR 15 million increase of the existing syndicated loan facility expiring in 2016 at the same conditions.

Cavotec SA carries joint liability in respect of the federal tax authorities for value added tax liabilities of its Swiss subsidiary.

The following table provides quantitative data regarding the Company's third-party guarantees.

CHF	31 December 2012
Advance payment bonds	515,831
Performance bond	578,472
Letter of credits	660,672
Other guarantees	934,924
Total	**2,689,899**

NOTE 12. RISK ASSESSMENT DISCLOSURE
Cavotec SA, as the ultimate parent company of Cavotec Group, is fully integrated into the Company-wide internal risk assessment process.

The Company-wide internal risk assessment process consists of regular reporting to the Board of Directors of Cavotec SA on identified risks and management's reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by specific corporate functions as well as by the operating companies of the Group. It also adopted and deployed Group-wide the Internal Control System ("ICS").

The ICS is designed to identify, communicate, and mitigate risks in order to minimise their potential impact on the Group. A risk assessment analysis was performed by the Board of Directors. This analysis provided a high-level mapping of risks to allow Group Management to make appropriate decisions on the future of the Group. This map identified the following main areas of risks related to
- Information and Consolidated Reporting
- Engaging the Group, Protecting its Assets, Compliance
- The Group's Industry
- The Group's Business
- Information, Subsidiary Reporting, Social Security and Tax
- Engaging Subsidiaries, Protecting their Assets, Local Compliance.

Financial risks management is described in more detail in the Risk Management note of the Consolidated Financial Statements.

NOTE 13. RELATED PARTY TRANSACTIONS
As of 31 December 2012, the company has granted no loans, advances, borrowings or guarantees in favour of member of the Board of Directors and members of the Executive Management Committee or parties closely related to such persons.

NOTE 14. SUBSEQUENT EVENTS
There have been no events subsequent to the Balance Sheet date which require adjustment of, or disclosure in, the Financial Statements or notes.

NOTE 15. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS
The Board of Directors proposes to the shareholders the following appropriation:

CHF	31 December 2012	31 December 2011
Carried forward from previous years	(3,686,530)	-
Net loss for the financial year	(1,570,583)	(3,686,530)
Total earnings available	**(5,257,113)**	**(3,686,530)**
Appropriation to general statutory reserves (retained earnings)	-	-
Appropriation to other reserves	-	-
Proposed balance to be carried forward	**(5,257,113)**	**(3,686,530)**

In lieu of a dividend the Board of Directors will propose to the Annual General Meeting, to be held on 23 April 2013, a reduction in par value of the shares by CHF 0.05 to CHF 1.48.

NOTE 16. LEGAL RISKS

The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings.
Legal proceedings currently considered to involve material risks are outlined below.

Mike Colaco litigation

During the year, following the commencement of an internal investigation of certain practices at Cavotec's US-based INET operations, Mike Colaco, former owner of INET Airport Systems Inc. was suspended from all management positions in Cavotec Inet Inc. and other US Affiliates of the Cavotec Group on 2 September 2012. Colaco subsequently filed a lawsuit against Cavotec SA on 1 October 2012. Cavotec SA denies any wrongdoing and has filed a countersuit against Colaco and others on 26 October 2012. The lawsuit is moving forward and discovery is currently underway. The trial is expected to start on 4 November 2013. The assessment of the Board of Directors is that the claims made by Colaco are without substantial basis or foundation and are not likely to result in any material financial exposure to Cavotec, which has not already been provided for in the accounts. As the litigation is on-going the Company withholds from further comment at this time.

Report of the statutory auditor
to the general meeting of
Cavotec SA
Lugano

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Cavotec SA, which comprise the balance sheet, income statement and notes (pages 91 to 97), for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Daniel Ketterer	Efrem Dell'Era
Audit expert Auditor in charge	Audit expert

Lugano, 19 March 2013

WHERE OUR COMPANIES ARE LOCATED*

Argentina
Australia
Bahrain
Belgium
Brazil
Canada
China
Denmark
Finland
France
Germany
Hong Kong
India
Italy
The Netherlands
New Zealand
Norway
Russia
Singapore
South Africa
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Switzerland
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Paper:

Fedrigoni Symbol Freelife Satin

Printing:

A.G. Bellavite (Missaglia, Lecco)

This publication has been printed
on FSC certified paper.

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Cavotec SA is listed on the
NASDAQ OMX