Cavotec. The Year in Figures

Financial Annual Report 2009

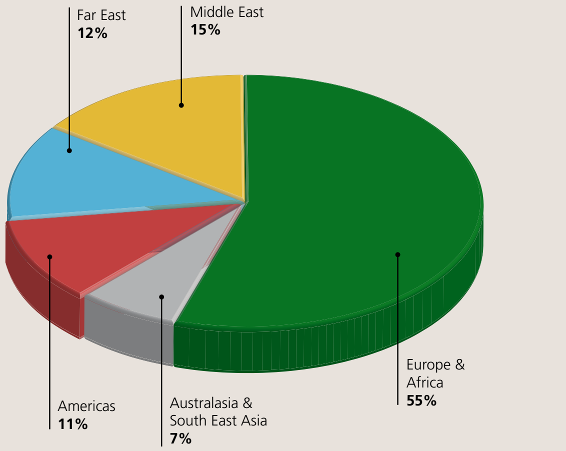
CAVOTEC
Inspired Engineering

Five Years in Summary

EUR	2009	2008	2007	2006	2005
RESULT AND CASH FLOW (000'S)					
Revenue from sales of goods	125,258	141,724	129,993	111,214	83,290
Earning before interest amortisation and depreciation (EBITDA)	12,270	16.406	15,182	11,999	7,098
Operating profit (EBIT)	8,951	13,318	12,603	10,228	5,628
Finance costs - net	(820)	(3,013)	(982)	(1,141)	(570)
Profit before income tax	8,132	13,013	11,661	9,174	4,957
Profit for the year	5,200	9,198	7,341	6,753	3,393
Cash flow from operating activities	8,594	4,648	8,820	6,889	(2,412)
Order intake	143,694	146,782	133,667	122,849	87,795
Total investment in tangible assets	26,821	23,931	20,523	14,874	13,607
BALANCE SHEET (000'S)					
Equity	67,613	61,092	55,681	23,736	14,199
Goodwill	44,089	43,640	31,636	12,846	13,101
Net consolidated debt	21,855	27,291	17,549	16,545	17,407
Total assets	135,305	130,747	110,220	71,686	63,614
RATIOS					
Operating profit (EBIT) margin	7.15%	9.40%	9.70%	9.20%	6.76%
Profit before income tax margin	6.49%	9.18%	8.97%	8.25%	5.95%
Operating profit (EBIT) / average capital invested	13.91%	22.81%	31.74%	53.92%	38.79%
Profit for the year / average capital invested	8.08%	15.75%	18.49%	35.61%	23.38%
Equity (incl. conv. bonds) / total assets (solidity)	49.97%	46.72%	50.59%	33.11%	22.32%
Total debt / total capital	32.76%	35.78%	28.17%	50.24%	63.77%
Levarage ratio (net debt/ EBITDA)	1.78	1.66	1.16	1.38	2.45
NUMBER OF EMPLOYEES					
Number of employees at end of year	677	718	568	490	430
Average number of employees	681	640	529	460	397
Revenue from sales of goods per employee	183,865	221,413	245,734	241,769	209,798
Operating profit (EBIT) per employee	13,140	20,806	23,824	22,235	14,177
Average cost per employee	54,169	55,159	61,034	59,510	38,888

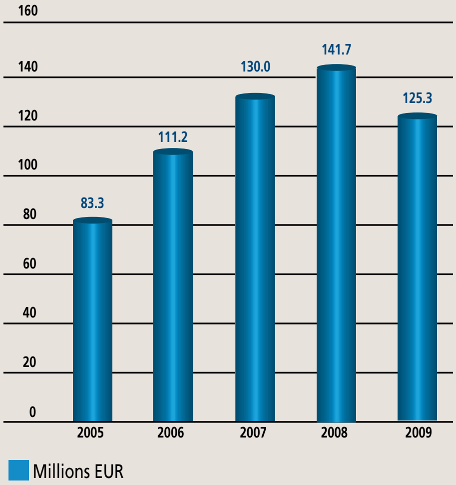
Main regions / revenue recognition 31 December 2009

(Revenue from sales of goods)



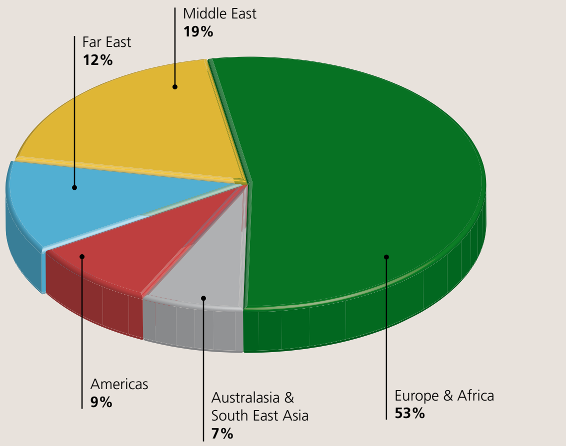
Consolidated sales

(Revenue from sales of goods)

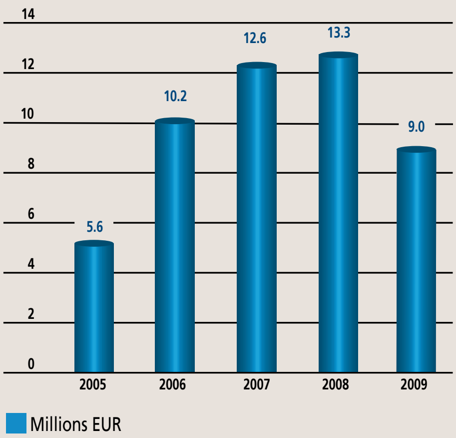


Main regions / destination of goods 31 December 2009

(Revenue from sales of goods)

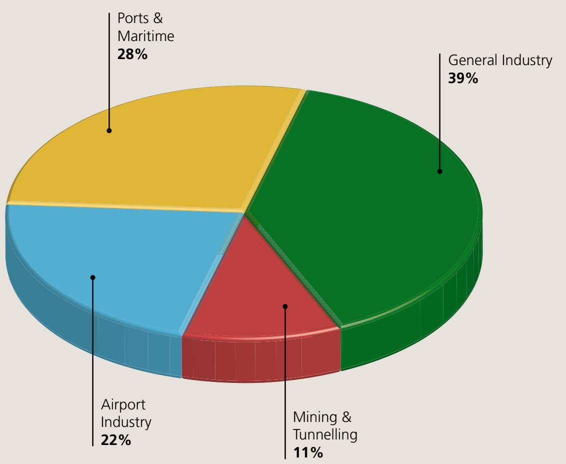


Operating profit before finance cost and income tax (EBIT)

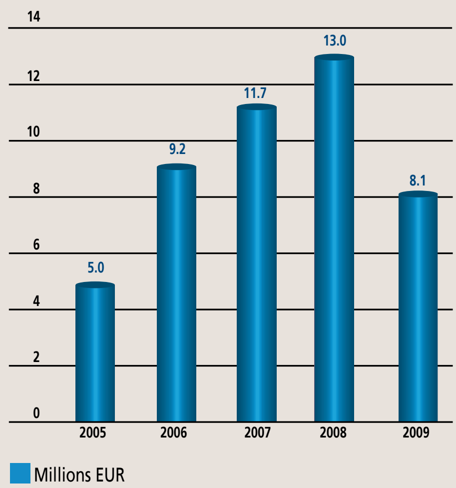


Main market sectors 31 December 2009

(Revenue from sales of goods)



Profit before income tax



Annual General Meeting

Cavotec MSL's Annual General Meeting (AGM) will be held in Lugano, on 27 April 2010.
For shareholders joining the AGM from New Zealand a video-conference facility will be available at the offices of Cavotec MoorMaster, 404 Barbadoes St, Christchurch.

Any shareholder whose name was recorded in the Company's share register at the close of business on 26 April 2010 is entitled to attend the meeting and vote on the resolution, either in person or by proxy.

A shareholder entitled to vote at the meeting but unable to attend is entitled to appoint a proxy to attend the meeting and vote on their behalf. A proxy need not be a shareholder in the Company. To be valid, a completed proxy form (and any certificate of appointment of a corporate representative or power of attorney) must be deposited at the registered office of the Company no later than 11:00am on Sunday, 25 April 2010.

DIVIDEND PAYMENT

The Board of Directors announces that the Company intends to pay a gross dividend of NZD 3.0 cents (or approx.18.7% of the Net Profit of the financial year 2009). Only those registered as shareholders at Link Market Services by 12 March 2010, the record date for dividend distribution, are entitled to dividends. Dividends will be paid out within March 30th 2010.

Dividends will normally be paid in NZD to New Zealand residents, while in EUR to non-New Zealand residents. The exchange rate conversion will be carried out based on the spot rate between NZD and EUR shown at 8.00 on 12 March 2010 on Reuters. Any shareholders, who would prefer to be paid in the opposite currency than given in the aforementioned rule, should contact Link Market Service before March 30 2010.

REPORTING 2009

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

April - Quarterly Report covering the period January - March 2010
July - Quarterly Report covering the period April - June 2010
31 August - Interim Financial Report covering the period January - June 2010
October - Quarterly Report covering the period July - September 2010

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

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

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

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

CHANGES OF ADDRESS

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

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A report from the Chief Executive Officer

I would like to start this report by extending all Cavotec MSL employees my sincere gratitude for their understanding throughout the implementation of our cost reduction programme. This positive mindset greatly assisted in keeping the Group within respectable margins of profitability, notwithstanding the adverse economic climate.

Financial Results

Without doubt, 2009 was one of the most difficult and challenging years for the world economy. As a result, many of our customers and suppliers were adversely affected and faced drastic reductions in revenue.

Our Group's annual consolidated revenue from sales of goods decreased 11.6% in 2009 to EUR 125.3 million, compared to 2008 – the best year in our history. Operating profit (EBIT) decreased by 32.8% to EUR 9.0 million.

To offset this downtrend we undertook several Group-wide measures, including a reduction of 10% in management salaries. In a number of countries specific measures were introduced such as reductions in working hours and the cessation of overtime and internships. Our total operating expenses in 2009 were reduced on an annualised basis by 8.4% or EUR 5.5 million, compared to the previous year.

A further objective was to reduce our net financial position (NFP). This was successfully achieved and I am pleased to report a substantial decrease of the NFP by 20%, which was at EUR 21.9 million as of 31st December 2009.

Finally, order intake for the year totalled EUR 144.0 million, bringing the result close to 2008 levels. This resulted in a year-end order book of EUR 65.4 million, or an increase of 41.9% from the previous year.

The main priority throughout most of 2009 was to ensure a sufficient volume of work at our manufacturing companies, while simultaneously continuing our policy of marketing complete systems instead of components. This strategy enabled us to manufacture more components internally, while at the same time accelerating the integration of these single components into our full system range.

Our revenues experienced a significant shift in their make-up, with a large number of small orders taking the place of larger projects. This trend drastically increased the day-to-day workload, while resulting in overall lower revenues. Set against this backdrop, it is testimony to our employees' loyalty, tenacity and indomitable spirit that the Group was able to successfully navigate these uncertain economic times.

Securing progress

In December 2009 we achieved an important milestone in securing the continued growth of the Group by signing a EUR 50 million Senior Secured Term Loan and Revolving Credit Facilities. Arranged by SEB AG, the syndicate includes four other close relationship banks: Intesa Sanpaolo SpA, BNL Gruppo BNP Paribas, UniCredit Group and Cornèr Banca SA.

Split into a EUR 20 Million Term Loan and EUR 30 Million Revolving Credit Facilities, these medium-term available irrevocable credit lines have been used to refinance existing indebtedness, improve the overall cash management, and lay a foundation for expansion and possible future acquisitions. The Facilities carry a standard structure for facilities of this type, and have a three-year maturity, with two one-year extension options at the lenders' discretion.

Setting our course

Ports & Maritime, traditionally our largest market, was severely affected by the decrease in container traffic following the economic downturn. Almost all major ports reduced their traffic by more than 20%, subsequently reducing the need for new port equipment. Despite this overall downward trend, we continued to secure orders from major ports around the world.

Our MoorMaster™ technology continued to gain traction with several interesting orders received from both new and existing customers. A customer since 2007, the St. Lawrence Seaway Management Corporation (SLSMC) in Canada, requested additional MoorMaster units for installation at additional locks on the Seaway. 2009 also saw a significant order from Port Hedland in Western Australia for 14 MM200Bs to be positioned at a new bulk and iron ore facility during the spring of 2010. In the final month of 2009, Rio Tinto in Western Australia awarded us an order to prepare an in-depth engineering study to evaluate the use of MoorMaster™ technology at one of their bulk facilities.

With 30 MoorMaster™ projects currently under evaluation by potential customers, we feel quietly confident several will become actual orders in 2010. Looking at the overall Ports & Maritime sector, the general expectation is that traditional business will slowly strengthen throughout 2010 with a return to full capacity within 2012.

The airports sector also continued to be a growth market for Cavotec in 2009, with numerous orders to supply equipment to airports such as Las Vegas, Shanghai, Istanbul, Chicago, Doha, Jeddah, Frankfurt, Los Angeles, and Delhi. This substantial upswing in activity was in part thanks to the ongoing integration of Cavotec Dabico and Cavotec Meyerinck into our global network.

Following many years of exhaustive preparation, the order from Bahrain Airport was a notable milestone for Cavotec MSL. Valued at approximately EUR 30 million it is the largest order ever won by the Group to date. Moreover, the order signals an important step in the PCAir system's acceptance by key global industry operators.

Orders for military projects also increased significantly with deliveries to Eglin, Hill, and Anchorage USAF Bases, and the Ministry of Defence in the United Kingdom, amongst others. We anticipate our involvement in both commercial and military aviation projects to continue growing in the coming years, specifically in China, India and the Middle East.

2009 saw the market for underground mining drastically reduced, leading to several large OEM's significantly reducing their operations. Open-cast mining however, continued to be an area of substantial investment, especially in Australia, China and Brazil. We were awarded several noteworthy orders from, amongst others, ThyssenKrupp for applications in Western Australia, Dalian Huarui and Mitsubishi for the Brazilian mining group Vale, Lovat for the Toronto Metropolitan, and various projects in Germany. Industry indicators show an increase in this sector by 2H 2010, and a return to 2008 levels of volume by 2011.

By comparison, the general industry sector has its strength in the very wide-ranging nature of its applications, although we did notice a slowdown in some areas. In contrast, the ever-growing demand for offshore and new energy sources looks to continue its growth in 2010, while the more traditional industry sector is expected to make a full recovery by 2012.

Our radio remote control (RRC) manufacturing operations in Norway and Germany each experienced their best year ever, thanks primarily to substantial orders from companies such as Goldhofer, Odim, and TTS. Other high-tech Cavotec systems were delivered to a prototype wave power plant in Denmark and to the Arianespace project in French Guyana.

As part of our strategy to supply complete, integrated systems, Cavotec MSL engaged in frame agreements with Aker, ABB and several other major multi-national corporations, setting the stage for large-scale worldwide cooperation. We also initiated a project oriented cooperation with mobile power and data specialist Vahle GmbH in Germany. This agreement allows us to propose an expanded range of systems for the evolving E-RTG (electric Rubber Tyred Gantry) market, while simultaneously providing access to new product types such as festooning systems and conductor bars.

Integrating our acquisitions

The intrinsic strength of our global network shines through when reviewing our most recent acquisitions. On balance, Cavotec Dabico US experienced a good year meeting their budgetary targets by year-end thanks in part to several large projects being delivered in the final months of the year. At our Costa Mesa manufacturing facility we continued to integrate local engineering and manufacturing resources into our global network, while simultaneously increasing the level of service to customers in North America. We also launched several new port-airport systems, designed and manufactured at Costa Mesa, which are now in operation in the US.

Cavotec Dabico UK enjoyed an excellent year, completing the planned merger with our existing Cavotec UK operations. Combined with the refocusing of our UK activities at our Stockton-on-Tees plant, this resulted in a substantial increase of our operational efficiency. Faced with a slower year in revenues, Cavotec Meyerinck nevertheless benefitted from being part of our global sales network. Tangible results in the form of orders as well as an increase in project leads from Cavotec companies, set the stage for improved results in 2010.

Moving forward

We are cautiously optimistic for the coming year and foresee 2010 as a year of recovery, culminating in a stronger position for 2011. In practical terms, our main targets are to return to 2008 operating levels in 2010 and to see our new technologies continue to gain wider acceptance in the market. Accomplishing these tasks will form the foundation for the Group's growth in 2011 and beyond.

Ottonel Popesco
Chief Executive Officer

The Chairman's Perspective

On behalf of the Board of Directors, I would like to express our sincere satisfaction with the final outcome of 2009. The financial crisis of 2008 and 2009 has been one of the greatest challenges for global commerce and industry in modern times.

Although these events have undoubtedly affected the Group, they have had a limited, and thus manageable, impact on our overall operations. In general terms, we have been able to overcome the financial hurdles with only a temporary reduction in overall profitability. Our global reach of activities and continued endeavors to find innovative, technical solutions have contributed more than ever in lessening the impact of lower volumes from our traditional business areas.

The tangible contributions made by all our stakeholders have been a welcome support to our Group in overcoming the financial challenges of 2009. Although it's not customary to thank stakeholders by way of an Annual Report, I would like to thank our shareholders, customers, key suppliers and employees for their ongoing personal efforts and contributions, specifically:

- our shareholders – for accepting, without exception, the decision not to pay out dividends based on 2008 results,
- our customers – for their continued, close support in resolving all difficulties throughout this difficult period,
- our suppliers – for their strong support and efforts in countering market pressures on prices and delivery times,

and last, but not least:

- our employees for their personal efforts in substantially reducing operational costs. Without this effort the Group's results would have been very modest and insufficient to meet bank covenants and other commitments.

Thank you all for your valid support during the past year!

Although the Group has not delivered record profits for 2009, I would like to emphasize the importance of this year's activities as we further consolidated our market position and prepared for the eventual economic recovery. Without doubt, the Group is well positioned for strong future growth and development.

CCC share purchase scheme
As a symbol of our confidence in the Group's future expansion and evolution, we invited selected management and key personnel to invest in a share purchase scheme. This gesture was very well received and resulted in 31 Cavotec managers participating in the scheme. This is an exceptionally positive outcome and I wish all our new management shareholders the very best with their investments.

Cavotec's future development
To create tangible shareholder value during the current economic climate has been very challenging. Our Board and management have been fully focused on minimizing the impact of the crisis on Group results by assuming a proactive stance on many critical issues. We have made every preparation possible for a quick recovery by continuing to improve the Group's market position and retaining an effective staff and organization.

Despite these efforts our share value has decreased by approximately 25-30% over the past year. Depressed company valuations combined with the Group's reduced results and somewhat illiquid market for our shares have all contributed towards this disappointing outcome.

In light of these developments, the Board of Directors has taken several significant decisions, including to pay-out a dividend based on the 2009 results, all aimed at increasing trading volumes and building up the Group's market capitalization.

As mentioned in my last message, I am very pleased to note that once again virtually all our major shareholders continued to endorse the Group. Inspired by this display of support, we remain committed to our long-term goals of creating value and providing a good return on investment for all our shareholders. The current crisis has undoubtedly provided us a stimulus to work better, smarter and with an increased focus.

Strengthened by this experience, our management and employees are eager to continue our positive development, which has been this Group's fortune to enjoy over the past 35 years.

I trust that you will find this year's Annual Report to your liking and satisfaction.

Stefan Widegren
Executive Chairman

Returns to Shareholders

SHAREHOLDERS

We are pleased to report the returns to shareholders for 2009.

	2009	2008	2007	2006	2005
Return on equity*	8.2%	16.4%	18.7%	37.0%	23.4%
Interest cover (x times)**	4.7x	4.4x	5.9x	6.3x	6.2x
Net debt/Equity ratio***	43.6%	38.5%	42.6%	90.2%	85.7%
Proposed Dividend per ordinary share (~ cents EUR)	1.5	-	2.1	-	-
Proposed Dividend per ordinary share (cents NZD)	3.0	-	4.0	-	-

** Return on equity is calculated on the average equity for the year*

*** Interest cover is calculated on the interest expense and operating profit (EBIT)*

**** Net debt/Equity ratio is calculated on the average net debt and average equity for the year*

EARNINGS PER SHARE

The profit before tax for the year represented a return of EUR 12.8 cents (NZD 28.3 cents) per share, based on 63,632,700 ordinary shares on issue during the year 2009, compared with EUR 20.5 cents (NZD 42.5 cents) in 2008. Earnings per share after tax (Net Earnings) was EUR 8.1 cents (NZD 18.1 cents) compared with EUR 14.4 cents (NZD 30 cents) in 2008.
(Based on the average exchange rate 2009 equal to EUR 1.0 = NZD 2.2121 and the average exchange rate 2008 equal to EUR 1.0 = NZD 2.0783)

DIVIDENDS

The Board of Directors announces that the Company intends to pay a gross dividend of NZD 3.0 cents (or approx. 18.7% of the Net Profit of the financial year 2009). Dividends will be paid out within March 30th 2010.

CAVOTEC IN THE COMMUNITY

Cavotec MSL's profitable performance contributes to the world community through the generation of wealth and employment. The total Value Returned to the Community (excluding amounts paid to suppliers who in turn provide employment and wealth) for 2009 was EUR 39.9 million (NZD 88.2 million).

	EUR	NZD
Benefits paid to employees	36,902,666	81,634,037
Taxes paid to governments	2,932,078	6,486,180
Dividends to shareholders*	963,986	1,908,981
Total	40,798,730	90,029,198

**Estimate based on exchange rate at 31 December 2009*

EXECUTIVE REMUNERATION

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

Remuneration in NZD		Number of employees	Remuneration in NZD		Number of employees
970,000	979,999	1	230,000	239,999	4
790,000	799,999	1	220,000	229,999	6
480,000	489,999	1	210,000	219,999	6
410,000	419,999	1	200,000	209,999	5
390,000	399,999	1	190,000	199,999	5
350,000	359,999	1	180,000	189,999	7
340,000	349,999	3	170,000	179,999	6
330,000	339,999	1	160,000	169,999	8
310,000	319,999	1	150,000	159,999	13
290,000	299,999	1	140,000	149,999	19
280,000	289,999	2	130,000	139,999	15
270,000	279,999	1	120,000	129,999	21
260,000	269,999	1	110,000	119,999	23
240,000	249,999	2	100,000	109,999	37
Subtotal		18	Subtotal		175
			Total		193

EMPLOYEE SATISFACTION

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

HEALTH AND SAFETY

At Cavotec, Health and Safety are not just something we take seriously within the Company; they are an intrinsic component within the systems we supply. Many of the products and systems we manufacture are specifically designed to enhance the safety of our customers' personnel while they operate large mobile machines and vehicles. Internally, we at Cavotec are fully committed to following all applicable Health and Safety regulations wherever we operate around the world.

ENVIRONMENTAL MANAGEMENT

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

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

CORPORATE GOVERNANCE

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

The functions of the Board include:

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

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

THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

COMMITMENT

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

INDEPENDENT PROFESSIONAL ADVICE

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

REMUNERATION COMMITTEE

The remuneration committee is focused on establishing transparent and fair compensation plans for senior managers. The compensation plans should reflect market conditions in the various countries where Cavotec MSL is operating. The remuneration committee is also entrusted with evaluating the result of salary reviews for senior managers and determining compensation plans for the Executive Chairman and CEO. During 2009, the remuneration committee has carried out, with the support of MERCER Human Resource Consulting, a complete position analysis of senior managers and linked the outcome to compensation database statistics for all markets.

NOMINATIONS COMMITTEE

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

AUDIT COMMITTEE

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

The Audit Committee met four times in 2009 and it received regular reports from the management. The Committee reviewed and reported to the Board on the Annual Report and the Interim Report and all other financial information published or released to the market. It met periodically with the external auditors, reviewed the terms of their engagement and the scope of their audit work and the conclusions of their work. The external auditors and the Internal Audit Manager both have a direct line of communication at any time to the Chairman of the Audit Committee and to the Chairman of the Board of Directors.

BOARD AND COMMITTEE ATTENDANCE 2009

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Michael Cashin	5	5	4	4	3	3	4	4
Jack Groesbeek	5	5	-	-	-	-	4	4
Lakshmi Khanna	5	5	4	4	-	-	4	4
Erik Lautmann	5	5	-	-	3	3	-	-
Christer Granskog*	5	5	-	-	1	1	-	-
Joe Pope	5	5	4	4	3	3	-	-
Ottonel Popesco	5	5	-	-	-	-	-	-
Stefan Widegren	5	5	-	-	-	-	-	-

*Nominated Member of Renumeration Committee in December 2009.

INTERNAL AUDIT

The internal audit function was introduced in 2007 in conjunction with the risk management programme, and focuses on the operation, effectiveness and efficiency of the internal control environment. A specific Internal Audit Manager was appointed with the intention to reinforce the internal audit procedures of the Group. In 2009, 2 major Cavotec companies underwent a full internal audit, and no significant weaknesses or non-compliance issues were detected.

RISK MANAGEMENT

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

INTERESTS REGISTER

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

INFORMATION USED BY DIRECTORS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

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

DIRECTORS' REMUNERATION 2009

Board of Directors	Director fees	Other remuneration*	Bonus
Executive Directors			
Ottonel Popesco	-	361,162	-
Stefan Widegren	-	441,182	-
			-
Subtotal remuneration to Executive Directors	**-**	**802,344**	**-**
Independent Directors			
Michael Cashin	38,733	-	-
Christer Granskog	22,400	-	-
Jack Groesbeek	27,067	74,210	-
Lakshmi Khanna	34,067	70,000	-
Erik Lautmann	29,400	-	-
Joe Pope	31,733	-	-
Subtotal remuneration to Independent Directors	**183,400**	**144,210**	**-**
Total to Cavotec MSL Board members in EUR	**183,400**	**946,554**	**-**

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

DIRECTORS' SHARE DEALINGS 2009

Directors	Shares acquired	Shares disposed	Consideration EUR
Jack Groesbeek	-	185,312	262,908
Ottonel Popesco	-	55,272	78,264
Stefan Widegren	-	55,274	78,267
Total in EUR	**-**	**295,858**	**419,439**

DIRECTORS' RELEVANT INTEREST IN CAVOTEC MSL (CCC) SECURITIES

Interests per December 31st, 2009	Number of shares held
Michael Cashin (through Animato Enterprises Ltd)	305,000
Jack Groesbeek	789,688
Lakshmi Khanna	263,406
Erik Lautmann	87,802
Joe Pope	10,000
Ottonel Popesco	2,630,720
Stefan Widegren	6,711,087
Total shares held by directors in Cavotec MSL Holdings Ltd	10,797,703

BOARD OF DIRECTORS

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

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

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

Lakshmi C. Khanna BA Mathematics (Punjab University, India), FCA (England & Wales), CA (India)
Lakshmi has had a distinguished career with PricewaterhouseCoopers (Italy) extending from 1966 and retiring as a partner from the practice in 2001. His career has involved client service responsibilities for the Italian operations of multinational entities including United Technologies, General Foods, Trust House Forte, and IBM amongst others. He has been President of the Rotary Club of Milano, President of the World Community Service Commission of Rotary (Lombardy), and Advisor to the Joint Task Force Confederation of Italian Industry and the Confederation of Indian Industry. Lakshmi is an Independent Director of Cavotec Group Holdings N.V. and a number of privately owned companies. Lakshmi was appointed a director of the Company on 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings N.V.

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

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

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

Stefan Widegren (Royal Institute of Technology, Stockholm)

Stefan studied mechanical engineering, with a specialisation in hydraulics and pneumatics, at the Royal Institute of Technology in Stockholm from 1970 to 1975. In 1972 he joined Specimas Srl (Italy), founded Cavotec AB (Sweden) in 1974 and assumed the role of Managing Director.

Cavotec acquired Specimas in 1984. Stefan was appointed Chairman & CEO of the Cavotec Group in 1990. His other interests have included Chairman of the Union of International Chambers of Commerce in Italy, Chairman of the Swedish Chamber of Commerce in Milan and President of the Rotary Club of Milano Sud Est. Stefan was appointed Executive Chairman of the Company on 5 January 2007 at the time of settlement of the merger between the Company and Cavotec Group Holdings N.V.

DIRECTORS OF SUBSIDIARIES

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

THE EXECUTIVE MANAGEMENT COMMITTEE

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

INSIDER REGISTER

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

TWENTY LARGEST ORDINARY EQUITY HOLDERS

Shareholders	Nationality	Actual Ownership 31 December 2009	Total (%)
New Zealand Central Securities	New Zealand	11,255,356	17.69%
Nordea Life & Pension	Luxemburg	7,668,122	12.05%
Nomina SA	Luxemburg	6,164,643	9.69%
Stefan Widegren	Switzerland	3,355,544	5.27%
Lotten Widegren	Switzerland	3,355,543	5.27%
Brevetti Stendalto SpA	Italy	3,222,869	5.06%
Peter Brandel	Switzerland	2,952,348	4.64%
Hans Olof Jeppson	Italy	1,993,420	3.13%
Dragos Private Foundation	The Netherlands	1,667,996	2.62%
Gema Invest AS	Norway	1,358,979	2.14%
Ottonel Popesco	Switzerland	1,344,234	2.11%
Dominique Popesco Colas	Switzerland	1,286,486	2.02%
Sandro Teruzzi	Italy	965,498	1.52%
Michael Widegren	Switzerland	964,611	1.52%
John David Cooper	Philippines	939,474	1.48%
SR International SA	Luxemburg	938,639	1.48%
Simon Fiduciaria SpA	Italy	906,258	1.42%
Erik Wilhelmsen	Norway	843,843	1.33%
Robert Friedrich Weber	New Zealand	840,000	1.32%
Jack Groesbeek	The Netherlands	789,688	1.24%
Total		52,813,551	83.00%
Shares on issue		63,632,700	

DISTRIBUTION OF EQUITY SECURITIES

Range of equity holders	Number of holders	Number of shares held	% of issued shares
1 - 4,999	776	1,222,820	1.92%
5,000 - 9,999	131	823,708	1.29%
10,000 - 49,999	127	2,457,123	3.86%
50,000 - 99,999	16	1,119,607	1.76%
100,000 - 499,999	15	3,046,062	4.79%
500,000 - 999,999	11	9,337,840	14.67%
1,000,0000 plus	12	45,625,540	71.70%
Total	1,088	63,632,700	100.00%

SUBSTANTIAL SECURITY HOLDERS

The following information is given in accordance with Section 35F of the Securities Markets Act 1988. According to notices received, the following persons were substantial security holders in the Company as at December 31st, 2009:

Holder	Number of shares held
New Zealand Central Securities	11,255,356
Nordea Life & Pension	7,668,122
Nomina SA	6,164,643
Stefan Widegren	3,355,544
Lotten Widegren	3,355,543
Brevetti Stendalto SpA	3,222,869

The total number of issued voting securities of the Company as at December 31st, 2009 was 63,632,700.

SHAREHOLDER INFORMATION

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

SHAREHOLDER ENQUIRIES

Shareholders should send changes of address and requests for payment of dividends by direct credit to Link Market Services at the address noted in the directory. Notification must be in writing. Questions relating to shareholdings or share certificates should also be addressed to Link Market Services. For information about Cavotec MSL Holdings Ltd., please contact the at the registered office by sending an e-mail to communications@cavotec.com or visit us at our website www.cavotec.com

AUDITORS

The principal auditor for the Group is PricewaterhouseCoopers (PWC). In addition to audit services, PWC provided tax and other assurance services during the year. For a detailed breakdown of the audit fees please refer to note 24 on page 42.

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

From left to right:

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

The Board of Directors of Cavotec MSL Holdings Ltd. is pleased to present the Consolidated Financial Statements for 2009.

Please note that all reported amounts in this report are in Euro.
This report is dated 24 February 2010 and is signed on behalf of the Board of Cavotec MSL Holdings Limited by

Stefan Widegren	Ottonel Popesco
Executive Chairman	Chief Executive Officer

Financial Reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Comprehensive Income

for the year ended 31 December, 2009

		Consolidated		Parent	
	Notes	2009	2008	2009	2008
Revenue from sales of goods		125,257,896	141,724,004	-	300,754
Other income	5	5,043,144	3,547,761	276,905	1,759,910
Total revenue		**130,301,040**	**145,271,765**	**276,905**	**2,060,664**
Change in inventory		(1,164,504)	1,605,271	-	-
Raw material and consumables used		61,348,502	67,091,938	-	-
Employee benefit costs	6	36,902,666	35,306,550	-	-
Transportation expenses		2,339,326	2,981,886	-	-
External services	7	9,091,949	11,311,310	221,754	239,731
Travelling expenses		2,426,880	3,217,957	7,492	21,719
General expenses	8	7,086,011	7,350,716	54,041	165,820
Depreciation and amortisation		3,318,740	3,088,233	104,041	52,610
Operating expenses		**121,349,570**	**131,953,861**	**387,328**	**479,880**
Operating profit / (loss) before finance costs and income tax		**8,951,470**	**13,317,904**	**(110,423)**	**1,580,784**
Finance income		1,337,901	1,037,640	142,533	8,553
Finance costs		(2,157,667)	(4,050,793)	(22,698)	(219,324)
Finance costs - net	**9**	**(819,766)**	**(3,013,153)**	**119,835**	**(210,771)**
Gain on sale of subsidiary / associate		-	2,708,453	-	-
Profit before income tax		**8,131,704**	**13,013,204**	**9,412**	**1,370,013**
Income taxes	10	2,932,078	3,814,898	9,029	175,279
Profit for the year		**5,199,626**	**9,198,306**	**383**	**1,194,734**
Other comprehensive income:					
Exchange difference on transactions of foreign operations		1,321,793	(2,557,803)	18,049,083	(22,735,666)
Total comprehensive income for the year		**6,521,419**	**6,640,503**	**18,049,466**	**(21,540,932)**
Total comprehensive income attributable to:					
Equity holders of the Group		6,471,599	6,691,401	18,049,466	(21,540,932)
Minority interest		49,820	(50,898)	-	-
Profit attributed to:					
Equity holders of the Group		5,149,495	9,161,010	383	1,194,734
Minority interest		50,131	37,296		
Profit for the year		5,199,626	9,198,306	383	1,194,734
Basic and diluted earnings per share attributed to the equity holders of the Group	21	0.081	0.144	0.000	0.019

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Balance Sheet
at 31 December, 2009

		Consolidated		Parent	
Assets	**Notes**	**2009**	**2008**	**2009**	**2008**
Current assets					
Cash and cash equivalents		10,956,996	6,628,104	41,215	-
Short term investments		5,000	27,276	-	-
Trade and other receivables	12	34,775,373	33,039,900	8,892	203,812
Inventories	13	23,156,962	26,709,365	-	-
		68,894,331	66,404,645	-	-
Assets held for sale		608,040	-	-	-
Total current assets		69,502,371	66,404,645	50,107	203,812
Non-current assets					
Property, plant and equipment	14	13,919,404	12,593,537	45,775	59,364
Intangible assets	15	50,435,287	50,943,033	2,003,908	1,601,199
Investments in subsidiary companies		-	-	95,830,832	77,878,089
Investments equity accounted		-	-	-	-
Deferred tax assets	18	889,275	338,000	-	-
Other long term receivables		558,485	468,254	154,530	85,711
Total non-current assets		65,802,451	64,342,824	98,035,045	79,624,363
Total assets		135,304,822	130,747,469	98,085,152	79,828,175
Liabilities	**Notes**	**2009**	**2008**	**2009**	**2008**
Current liabilities					
Bank overdrafts	17	4,448,495	11,418,867	607,128	551,036
Short term debt	17	4,641,068	6,923,909	-	57,390
Trade payables		20,778,357	22,205,549	18,855	16,792
Other current liabilities	16	8,047,664	8,510,646	108,100	15,800
Current income tax liabilities		2,177,237	1,166,851	-	(114,446)
Total current liabilities		40,092,821	50,225,822	734,083	526,572
Non-current liabilities					
Long-term debt	17	23,722,556	15,576,404	-	-
Deferred tax liabilities	18	1,740,218	1,591,172	-	-
Provision for tax		372,084	360,655	-	-
Provisions for other liabilities and charges	19	1,764,020	1,901,712	-	-
Total non-current liabilities		27,598,878	19,429,943	-	-
Total liabilities		67,691,699	69,655,765	734,083	526,572
Net assets		67,613,123	61,091,704	97,351,069	79,301,603
Equity	**Notes**	**2009**	**2008**	**2009**	**2008**
Contributed equity	20	42,577,669	42,577,669	105,066,154	105,066,154
Currency exchange reserve		(2,406,808)	(3,728,912)	(6,251,766)	(24,300,849)
Retained earnings		27,175,177	22,025,682	(1,463,319)	(1,463,702)
		67,346,038	60,874,439	97,351,069	79,301,603
Minority interest part of equity		267,085	217,265	-	-
Total equity		67,613,123	61,091,704	97,351,069	79,301,603
Total equity and liabilities		135,304,822	130,747,469	98,085,152	79,828,175
Net tangible asset per security		0.270	0.159	1.498	1.221

Financial Reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Changes in Equity

for the year ended 31 December, 2009

Group	Notes	Share capital	Currency reserves	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2008		42,577,669	(1,259,303)	14,019,039	55,337,405	343,538	55,680,943
Currency translation differences		-	(2,469,609)	-	(2,469,609)	(88,194)	(2,557,803)
Profit for the year		-	-	9,161,010	9,161,010	37,296	9,198,306
Total comprehensive income and expenses		**-**	**(2,469,609)**	**9,161,010**	**6,691,401**	**(50,898)**	**6,640,503**
Dividends		-	-	(1,154,367)	(1,154,367)	-	(1,154,367)
Reduction in minority interest		-	-	-	-	(75,375)	(75,375)
Transactions with shareholders		**-**	**-**	**(1,154,367)**	**(1,154,367)**	**(75,375)**	**(1,229,742)**
Balance as at 31 December 2008		**42,577,669**	**(3,728,912)**	**22,025,682**	**60,874,439**	**217,265**	**61,091,704**
Balance as at 1 January 2009		42,577,669	(3,728,912)	22,025,682	60,874,439	217,265	61,091,704
Currency translation differences		-	1,322,104	-	1,322,104	(311)	1,321,793
Profit for the year		-	-	5,149,495	5,149,495	50,131	5,199,626
Total comprehensive income and expenses		**-**	**1,322,104**	**5,149,495**	**6,471,599**	**49,820**	**6,521,419**
Balance as at 31 December 2009		**42,577,669**	**(2,406,808)**	**27,175,177**	**67,346,038**	**267,085**	**67,613,123**

Parent	Notes	Share capital	Currency reserves	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2008		105,066,154	(1,565,183)	(1,590,704)	101,910,267	-	101,910,267
Currency translation differences		-	(22,735,666)	-	(22,735,666)	-	(22,735,666)
Profit for the year		-	-	1,194,734	1,194,734	-	1,194,734
Total comprehensive income and expenses		**-**	**(22,735,666)**	**1,194,734**	**(21,540,932)**	**-**	**(21,540,932)**
Dividends		-	-	(1,067,732)	(1,067,732)	-	(1,067,732)
Transactions with shareholders		**-**	**-**	**(1,067,732)**	**(1,067,732)**	**-**	**(1,067,732)**
Balance as at 31 December 2008		**105,066,154**	**(24,300,849)**	**(1,463,702)**	**79,301,603**	**-**	**79,301,603**
Balance as at 1 January 2009		105,066,154	(24,300,849)	(1,463,702)	79,301,603	-	79,301,603
Currency translation differences		-	18,049,083	-	18,049,083	-	18,049,083
Profit for the year		-	-	383	383	-	383
Total comprehensive income and expenses		**-**	**18,049,083**	**383**	**18,049,466**	**-**	**18,049,466**
Balance as at 31 December 2009		**105,066,154**	**(6,251,766)**	**(1,463,319)**	**97,351,069**	**-**	**97,351,069**

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows - Direct Method

for the year ended 31 December, 2009

	Consolidated		Parent	
Operating activities	2009	2008	2009	2008
Cash was provided from:				
Receipts from customers	128,666,455	140,416,999	484,466	611,874
Income tax refund	-	-	116,385	-
Interest received	746,745	1,389,422	8,324	8,553
Total cash inflows	129,413,200	141,806,421	609,175	620,427
Cash was applied to:				
Payment to suppliers	78,816,581	93,954,548	364,105	423,587
Payment to employees	37,590,991	36,249,961	-	-
Income tax paid	2,064,013	4,112,855	-	3,256
Interest paid	2,347,159	2,840,810	34,973	33,509
Total cash outflows	120,818,744	137,158,174	399,078	460,352
Net cash inflow from operating activities	8,594,456	4,648,247	210,097	160,075

	Consolidated		Parent	
Financing activities	2009	2008	2009	2008
Cash was applied to:				
Borrowings	23,748,781	10,275,899	-	(20,132)
Repayment of loans	(17,086,840)	(4,991,547)	-	(309,149)
Dividends paid	(111,358)	(1,154,366)	-	(1,067,732)
Net cash inflow / (outflow) from financial activities	6,550,583	4,129,986	-	(1,397,013)

	Consolidated		Parent	
Investing activities	2009	2008	2009	2008
Cash was applied to:				
Dividends received	-	-	-	1,251,892
Purchase of intangible assets	(279,691)	(1,571,487)	(120,580)	(101,219)
Purchase of property, plant and equipment	(3,538,754)	(4,071,124)	-	-
Purchase of goodwill	-	(11,985,114)	-	-
Purchase of financial assets	-	(499,914)	-	(110,492)
Sale of property, plant and equipment	155,956	179,791	10,880	-
Disposal of financial assets	24,221	-	-	-
Sale of other assets	342,923	6,078,344	-	9,973
Net cash inflow / (outflow) from investing activities	(3,295,345)	(11,869,504)	(109,700)	1,050,154
Net (decrease) / increase in cash held	11,849,694	(3,091,271)	100,397	(186,784)
Cash at beginning of year	(4,790,763)	(2,155,200)	(551,036)	(501,743)
Currency exchange differences	(550,430)	455,708	(115,274)	137,491
Cash at end of year	6,508,501	(4,790,763)	(565,913)	(551,036)
Cash comprises:				
Cash and cash equivalents	10,956,996	6,628,104	41,215	-
Bank overdrafts	(4,448,495)	(11,418,867)	(607,128)	(551,036)
Total	6,508,501	(4,790,763)	(565,913)	(551,036)

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows - Indirect Method
for the year ended 31 December, 2009

	Consolidated		Parent	
	2009	2008	2009	2008
Reconciliation of profit for the year to				
Net cash from operating activities				
Profit for the year	5,199,626	9,198,306	383	1,194,734
Items not involving cash flows				
Depreciation and amortisation	3,318,740	3,088,233	104,041	52,610
Deferred tax	(423,971)	(275,725)	-	-
Profit from sale	-	(2,708,453)	-	-
Unrealised exchange difference	-	-	(298,056)	-
Investing activities				
Dividends received	-	-	-	(1,755,190)
Impact of changes in working capital				
Inventories	3,552,403	(620,546)	-	11,338
Trade debtors	(1,671,982)	(4,283,834)	-	334,718
Other current assets	(671,530)	(968,668)	194,921	(6,191)
Trade creditors	(1,427,192)	869,639	2,063	328,056
Other current liabilities	718,363	349,295	206,745	-
	500,061	(4,654,114)	403,729	(667,921)
Net cash inflow / (outflow) from operating activities	8,594,456	4,648,247	210,097	160,075

Notes to the Financial Statements for the year
ended 31 December, 2009

Note 1. General information

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

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

The Company is listed on the New Zealand stock exchange. These Financial Statements have been approved for issue by the Board of Directors on 24 February 2010.

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, namely, 31 December 2009 and 2008.

(a) Basis of preparation

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

Historical Cost Convention

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

Entities reporting

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

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

Statutory base

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

Standards approved but not yet effective

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

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

NZ IAS1 (Amendment): Presentation of Financial Statements

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner' changes in equity') in the Statements of Changes in Equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in the Statement of Comprehensive Income. The Financial Statements have been prepared under the revised disclosure requirements. The revised disclosure requirements have been incorporated for the prior year comparisons also.

NZ IFRS 8: Operating Segments

This is a disclosure standard and has resulted in increased disclosure around segmental reporting. The additional disclosure has been included in the Financial Statements at note 11. The additional disclosure requirements have been incoporated for the prior year comparisons also.

Critical accounting estimates

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

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which 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.

(c) Consolidation

(i) Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

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

A list of subsidiaries are included on page 45.

(ii) Transactions and minority interests

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

(iii) Associates

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies by the Group.

(d) Revenue recognition

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

(i) Sales of goods

Sales of goods are recognised when the entity has shipped a product to the customer. The recorded revenue is the gross amount of sale.

(ii) Sales of services

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

(e) Income tax

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

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

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

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

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

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

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

The 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.

(g) Leases

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

The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the 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.

(h) Impairment of non-financial assets

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

(i) Cash and cash equivalents

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

(j) Loans and receivables - trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables, and on a prudent basis, on past due accounts. The amount of the provision is the difference between the asset's carrying amount and realisable value. The amount of the provision is recognised in the Statement of Comprehensive Income. The fair value of loans and receivables is the same as the carrying amount since they are not discounted.

(k) Inventories

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

(l) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the 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	20
Plant and machinery	10 to 20
Laboratory equipment and miscellaneous tools	20
Furniture and office machines	20
Motor vehicles	20
Computer hardware	33

Capital work in progress is not depreciated until commissioned.

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

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

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Company's investment in each country of operation by each primary reporting segment (Note 11).

(ii) Research and development

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

(iii) Patents

A part of the excess of cost over the fair value of the net assets of the subsidiaries and associate entities may be recorded as patents on purchase accounting. Patents are amortised on a straight line basis over the period over which they are valid (not exceeding 20 years) or their estimated useful life if shorter.

(n) Trade and other payables

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

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. 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.

(p) Borrowing costs

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

(q) Provisions

Provisions for deferred compensation and warranty are recognised when the Group has a present, legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

(r) Share capital

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

(s) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. In Italy employees are entitled to deferred compensation which vests immediately and is determined in accordance with local legislation and national labour regulations. Based on recent legislation employees have the right to have the amounts accrued from 1 January 2007 transferred to certain Government approved funds and such amounts are considered as comprising a defined contribution plan.

(t) Dividends

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

(u) Segment reporting

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

(v) Changes in accounting policies

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

Note 3. Financial risk management

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

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

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

Risk management is carried out by the central finance department (Group Finance) under policies approved by the Board of Directors. This department is assited 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, foreign exchange risk while ageing analyses of receivables is used to assess credit risk.

(a) Market risk

(i) Foreign exchange risk

As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities. An area of potential market risk arises from the fact that the Group's major manufacturing units, except for the operations of Dabico, are located in Euro currency based jurisdictions while significant sales are also made in territories where the US dollar has historically had a significant influence. As a matter of policy, sales are denominated in the currency of the country in which the sales company is located and material deviations from this policy require the approval of the CEO, and for smaller amounts by the Regional Manager. Apart from the US, this would include the UAE, China, Hong Kong and Singapore. Sales to all these territories and to Australia and Canada represent 43.9% of the Group's total sales and there is a risk that a significant reduction in the relative strength of the respective currency versus the Euro would require substantial price increases to maintain profitability. This risk is mitigated by the fact that the Group's major competitors are also mainly located in Euro jurisdictions and, consequently, it is possible to adjust sales prices to negate the adverse effect of the change. This issue of international pricing is under constant attention at the highest levels of management. It is the assessment of management that a 10% change in the parity of the US dollar to the Euro would have no significant impact on the results of the Group from this market risk.

The Group is exposed to foreign exchange risk related to exposures on transactions in various currencies, primarily with respect to:

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

A summarised analysis of the Group exposure to foreign exchange movements can be found in the sensitivity table below.

At 31 December 2009, 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 29,000 lower/higher (2008: 337,000). This is mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the Euro and in respect of operations in non Euro jurisdictions for financial assets and liabilities not in their local currency.

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

Notes to the Financial Statements for the year
ended 31 December, 2009

As at 31 December 2009 EUR (000's)	Foreign exchange risk	
	EUR +10%	EUR -10%
Financial assets	21	(21)
Financial liabilities	(18)	18
Receivables	86	(86)
Payables	(118)	118
Total increase / (decrease)	**(29)**	**29**

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

	Consolidated	
EUR (000's)	**Financial Assets**	**Financial Liabilities**
EUR	2,551	27,651
AED	927	-
HKD	27	185
SEK	502	31
USD	538	157
NOK	384	-
AUD	192	119
NZD	28	155
Chinese RMB	571	-
Other	788	66
Total	**6,508**	**28,364**

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

	Consolidated	
EUR (000's)	**Receivables**	**Payables**
EUR	14,954	9,360
AED	2,339	253
HKD	58	11
SEK	1,131	706
USD	3,870	1,499
NOK	2,361	3,135
AUD	2,313	1,905
NZD	738	886
Chinese RMB	3,514	1,145
Other	3,497	1,878
Total	**34,775**	**20,778**

(ii) 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 a fixed interest rate loan agreement in the normal course of business in order to eliminate the exposure to increases in interest rates in the future in accordance with the Group's financial risk management policies. The 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 December 31, 2009 54% of the net financial debt was floating rate.

The impact of a 1% increase/decrease in interest rates will result in an decrease/increase on profit for the year of EUR 178,000 (2008: 190,000).

Bank overdraft	4,448	2.35%
Short term debt	4,641	3.22%
Long term debts	23,723	3.08%
Interest bearing liabilities	**32,812**	**3.00%**

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

(iii) Fair value estimation

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

(b) Credit risk

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

Given the global turmoil in the international markets, the Company has introduced stringent practices to evaluate exposure to doubtful debts; the Group requires that provisions be recorded not only to cover exposure relative to specific accounts in difficulty but also for accounts receivables balances which are past due for periods in excess of normal trading terms. At 31 December 2009, the total of trade receivables assessed as being impaired amounted to EUR 709,000 for which provisions for impairment have been recognised; of this amount EUR 112,000 was recognised in the Statement of Comprehensive Income in 2009. As at 31 December 2009, past due trade receivables were significantly higher then at the end of 2008. The increase is related to the temporary liquidity crisis experienced in the Middle East at the end of the year and the completion of some significant projects having been delayed in China. Other than the amounts impaired referred to above, these accounts do not demonstrate any signs of specific impairment. The ageing of these balances is as follows:

EUR (000's)	2009	2008
Overdue up to 30 days	7,426	6,121
Overdue up to 30 and 60 days	2,783	1,444
Overdue up to 60 and 90 days	2,498	1,032
Overdue up to 90 and 120 days	487	751
Overdue more than 120 days	4,407	405
Total	17,601	9,753

Provision for doubtful debts by segment EUR (000's)	2009	2008
Americas	(42)	(17)
Europe & Africa	(437)	(312)
Middle East	(143)	(155)
Far East	(59)	(95)
Australasia SE Asia	(28)	(16)
Total	(709)	(595)

(c) 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 ongoing 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 central resources which are responsible for investing liquid asset surplus`s which are not immediately required by operating companies. Each group company maintains a pool bank account denominated in Euro which is used to settle all intercompany payables.

In December 2009 the Group signed a syndicated loan facility agreement with a pool of international lenders led by Skandinaviska Enskilda Banken AB for EUR 35.0 million; the facility was increased at the beginning of 2010 to EUR 50.0 million with the entrance of two additional lenders. The facility is available in two parts - EUR 20.0 million ("Facility A") and EUR 30.0 million ("Facility B") with a maturity of 3 years, with two additional one-year extension options in favour of the lenders.

The Facility A is a secured term loan facility repayable in three yearly tranches of EUR 3.0 million commencing June 30, 2010 with the balance due at maturity, while Facility B is a revolving credit line with a commitment fee of 1.0% calculated on a daily basis on such portion of the total commitments not yet disbursed. Facility A was fully drawn at the end of 2009, drawings of facility B amounted to EUR 2.0 million.

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

Syndication and upfront fees of EUR 0.5 million were paid at the beginning of 2010 in accordance with the agreement and capitalised and will be amortised over the duration of the facility. The loans are subject to certain restrictive covenants, including, but not limited to, certain financial ratios, limitations on acquisitions and disposals of assets. The Group is in compliance with all existing bank loan covenants as of December 31, 2009. As of December 31, 2009, the Group's total available credit facilities, which related to the above mentioned syndicated loan facility agreement and to several other credit facilities with local banks, amounted to EUR 53.5 million, of which EUR 20.7 million was utilised. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

At 31 December 2009, EUR (000's)	Less than 1 year	1 and 5 years
Bank overdrafts and short term debt*	9,344	-
Long term debt*	-	25,184
Trade payables	20,778	-

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

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

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

(d) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of its debt to equity ratio. This ratio is calculated by comparing net debt (interest bearing liabilities less cash and cash equivalents) and Group equity. Total Group equity is calculated as equity shown in the Balance Sheet (including minority interest). In monitoring the level of debt ongoing attention is given by management to the level of interest cover. During 2009, the Group's strategy, which was unchanged from 2008, was to maintain a debt to equity ratio of no more than 75%, consistent with the Company's financial covenant requirement under its long-term financing arrangements.

The debt equity ratios at 31 December 2009 and 31 December 2008 were as follows:

EUR (000's)	Consolidated	
	2009	2008
Total interest bearing liabilities	32,812	33,919
Less: cash and cash equivalents	10,957	6,628
Net consolidated debt	**21,855**	**27,291**
Total equity	**67,613**	**61,092**
Debt equity ratio	32.3%	44.7%

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.

Estimated impairment of intangible assets: The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy (m). A significant part of the goodwill at 31 December 2009 arose from the reverse acquisition of Mooring Systems Limited on 5 January 2007 and was supported by independent valuations. Similarly, patents are examined for any indications of impairment and the majority of these were subject to an independent valuation. In 2008 goodwill amounting to Euro 8,589,833 was recorded relative to the acquisition of the Dabico Group on 23 April 2008 and of Euro 3,849,081 relative to the acquisition of the Meyerinck Group on 30 October 2008. See Note 27 for further details and assumptions supporting the carrying value of goodwill at 31 December 2009.

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

Note 5. Other income

	Consolidated		Parent	
	2009	2008	2009	2008
Carriage, insurance and freight	1,539,896	1,780,902	-	-
Foreign exchanges gains	2,456,326	925,361	34	4,720
Royalties	235,113	237,087	276,871	-
Grants received	51,095	5,120	-	-
Dividend received	-	-	-	1,755,190
Other miscellaneous income	760,714	599,291	-	-
Total	5,043,144	3,547,761	276,905	1,759,910

Foreign exchange losses are included in operating expenses EUR. 2,306,051 (2008: 718,241)

Note 6. Employee benefit costs

	Consolidated		Parent	
	2009	2008	2009	2008
Salaries and wages	28,578,796	26,839,460	-	-
Social security contributions	4,889,696	4,971,130	-	-
Other employee benefits	3,434,174	3,495,960	-	-
Total	36,902,666	35,306,550	-	-

Note 7. External services

	Consolidated		Parent	
	2009	2008	2009	2008
This caption includes purchased services as summarised below:				
Occupancy costs	3,828,276	3,638,553	-	-
Telecommunications and postal services	1,555,753	1,720,049	-	192
Administration costs including	1,173,243	1,841,683	148,167	146,745
Repairs and maintenance	203,431	568,990	-	-
Costs of temporary employees	506,222	441,111	-	-
Other external services	1,825,024	3,100,924	73,587	92,794
Total	9,091,949	11,311,310	221,754	239,731

Note 8. General expenses

	Consolidated		Parent	
	2009	2008	2009	2008
Advertising and public relations	994,228	1,596,190	-	95,892
Insurance	1,146,285	1,226,236	-	-
Licence fee and royalites	20,009	320,208	-	-
Sales commission and other selling expenses	1,755,791	1,277,301	-	-
Office supplies and consumables	872,937	930,352	-	-
Losses on sales of fixed assets	22,047	20,621	-	-
Donations and gifts	8,572	34,358	-	-
Provision for doubtful debts	111,912	142,624	-	-
Bad debts written off	671,580	-	-	-
Proceeds from bad debts recovered	-	(100,835)		
Warranty cost	552,099	539,377	-	-
Provision for warranty	68,537	275,708	-	-
Other	862,014	1,088,576	54,041	69,928
Total	7,086,011	7,350,716	54,041	165,820

Note 9. Finance cost - net

	Consolidated		Parent	
	2009	2008	2009	2008
Interest income	809,717	1,329,719	8,324	8,553
Currency exchange difference on assets	528,184	(292,079)	134,209	-
Total	**1,337,901**	**1,037,640**	**142,533**	**8,553**
Interest expenses	(2,699,751)	(2,865,703)	(22,698)	(35,278)
Currency exchange difference on liabilities	542,084	(1,185,090)	-	(184,046)
Total	**(2,157,667)**	**(4,050,793)**	**(22,698)**	**(219,324)**
Total	**(819,766)**	**(3,013,153)**	**119,835**	**(210,771)**

Note 10. Income taxes

EUR (000's)	Consolidated		Parent	
	2009	2008	2009	2008
Current tax	3,356	4,091	9	175
Deferred tax	(424)	(276)	-	-
Total	**2,932**	**3,815**	**9**	**175**

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

EUR (000's)	Consolidated		Parent	
	2009	2008	2009	2008
Profit before income tax	8,132	13,013	9	1,370
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,182	4,334	- 3	411
Tax effect of non taxable income included in profit before tax	(218)	(894)	-	(527)
Taxes on non deductible expenses	1,179	313	-	288
Additional regional tax in Italy	213	379	-	-
Deferred taxes	(424)	(276)	-	-
Other	-	(41)	6	3
Total	**2,932**	**3,815**	**9**	**175**
Imputation credits				
Imputation credit account balance	188,417	297,127	187,504	296,260
Movements				
Balance at 1 January 2009	297,127	325,036	296,260	323,411
RWT deducted from interest	112	-	49	-
Tax payments net of refunds	(118,860)	(451)	(118,860)	106
Exchange difference	10,038	(27,458)	10,055	(27,257)
Balance at 31 December 2009	**188,417**	**297,127**	**187,504**	**296,260**

Note 11. 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 who reports directly to the CEO. The principal regional groupings which constitute operating segments are:

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

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

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

Year ended 31 December, 2009

	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Inter-Group elimination	Total
Revenue from sales of goods	13,172,390	68,490,890	19,371,142	14,969,166	9,254,308	-	125,257,896
Revenue from sales of goods, group	978,891	33,327,704	12,803	168,824	2,637,452	(37,125,674)	-
Other income	360,758	2,744,020	768,558	631,522	538,286	-	5,043,144
Other income, group	104,045	1,531,814	120,491	10,407	-	(1,766,757)	-
Total revenue	14,616,084	106,094,428	20,272,994	15,779,919	12,430,046	(38,892,431)	130,301,040
Operating expenses before depreciation and amorisation	13,980,400	96,595,316	18,869,433	14,881,466	12,804,506	(39,100,291)	118,030,830
EBITDA	635,684	9,499,112	1,403,561	898,453	(374,460)	207,860	12,270,210

Information by operating segment for the year ended 31 December 2008 for each reportable segment is summarised below:

Year ended 31 December 2008

	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Inter-Group elimination	Total
Revenue from sales of goods	11,423,900	88,205,808	13,887,441	16,201,203	12,005,652	-	141,724,004
Revenue from sales of goods, group	613,544	35,027,810	-	151,696	348,226	(36,141,276)	-
Other income	188,433	2,796,755	485,101	(76,917)	(49,009)	203,488	3,547,761
Other income, group	139,981	1,200,631	29,418	34,736	62,572	(1,467,338)	-
Total revenue	12,365,858	127,231,004	14,401,960	16,310,718	12,367,351	(37,405,126)	145,271,765
Operating expenses before depreciation and amorisation	12,253,481	112,604,537	13,684,426	15,229,964	12,650,423	(37,557,203)	128,865,628
EBITDA	112,377	14,626,467	717,534	1,080,754	(283,072)	152,077	16,406,137

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

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

	Year ended December 2009	Year ended December 2008
Adjusted EBITDA for reportable segments	12,062,350	16,254,060
Other segments EBITDA	207,860	152,077
Depreciation	(2,211,087)	(2,057,261)
Amortisation	(1,107,653)	(1,030,972)
Gain on sale of subsidiary / associate	-	2,708,453
Financial costs - net	(819,766)	(3,013,153)
Profit before income tax	8,131,704	13,013,204

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

Assets at 31 December 2008	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia
Total current assets	8,413,220	49,797,689	5,815,436	9,520,855	5,291,951
Intangible assets	7,951,023	15,683,902	-	-	25,730,597
Total non-current assets	630,073	12,688,598	2,144,220	422,966	330,243
Total assets	16,994,315	78,170,189	7,959,656	9,943,821	31,352,791

Reportable segments`assets are reconciled to total assests as follows:

	Year ended December 2009	Year ended December 2008
Segment assets for reportable segments	164,127,570	144,420,772
Intersegmental eliminations	(28,846,866)	(13,697,421)
Unallocated:		
Deferred tax	24,118	24,118
Total assets	135,304,822	130,747,469

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

Liabilities at 31 December 2008	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia
Total current liabilities	3,209,057	32,736,545	3,281,094	5,063,881	5,060,691
Total non-current liabilities	555,951	12,368,974	152,738	646,689	113,686
Total liabilities	3,765,008	45,105,519	3,433,832	5,710,570	5,174,377

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

	Year ended December 2009	Year ended December 2008
Segment assets for reportable segments	80,675,757	63,189,307
Intersegmental eliminations	(12,984,058)	6,466,485
Total liabilities	67,691,699	69,655,765

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

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

Year ended 31 December 2008	Americas	Europe & Africa	Middle East	Far East	Australasia SE Asia	Total
Ports and Maritime	3,374,948	19,772,128	3,560,814	8.027,523	2,228,755	36,964,168
Mining and Tunnelling	1,180,193	15,445,656	6,391	387,702	4,561,310	21,581,252
Airports Industry	3,196,707	13,736,699	1,330,142	2,335,904	126,374	20,725,826
General Industry	3,672,051	39,251,325	8,990,094	5,450,075	5,089,213	62,452,758
Total liabilities	11,423,899	88,205,807	13,887,441	16,201,204	12,005,652	141,724,004

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

Note 12. Trade and other receivables

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Trade receivables	32,352,841	30,566,454	-	-
Provision for doubtful debts	(709,176)	(594,772)	-	-
Trade receivables, net	**31,643,665**	**29,971,682**	-	-
Other receivables	1,799,536	1,376,952	55	188,423
Prepayments	1,332,172	1,691,266	8,837	15,389
Total	34,775,373	33,039,900	8,892	203,812

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

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Balance at 1 January 2009	(594,772)	(88,387)	-	-
Provision recorded in the year	(111,912)	(142,624)	-	-
Reclassification	-	(358,552)	-	-
Currency exchange difference	(2,492)	(5,209)	-	-
Balance at 31 December 2009	(709,176)	(594,772)	-	-

Note 13. Inventories

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Raw materials	3,143,367	3,334,186	-	-
Work in progress	1,002,590	1,732,623	-	-
Finished goods	19,808,869	22,528,582	-	-
Provision for slow moving inventories	(797,864)	(886,026)	-	-
Total	23,156,962	26,709,365	-	-

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

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Balance at 1 January 2009	(886,026)	(507,702)	-	-
Provision written off during the year	415,425	-	-	-
Provision recorded in the year	(286,977)	(423,727)	-	-
Currency exchange difference	(40,286)	45,403	-	-
Balance at 31 December 2009	(797,864)	(886,026)	-	-

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Note 14. Property, plant and equipment

Group	Land & buildings	Plant & equipment	Fixtures & fittings	Total
At 31 December 2008				
Opening net book value	6,805,066	3,185,274	1,007,002	10,997,342
Acquired through business combination	15,211	654,732	151,680	821,623
Additions	432,895	2,288,965	518,093	3,239,953
Disposals	(1,459)	(139,011)	(71,168)	(211,638)
Depreciation	(274,003)	(1,470,418)	(312,841)	(2,057,262)
Currency exchange differences	(7,196)	(186,135)	(3,150)	(196,481)
Net book amount	6,970,514	4,333,407	1,289,616	12,593,537
At 31 December 2008				
Cost	8,146,424	13,720,169	2,064,195	23,930,788
Accumulated depreciation	(1,175,910)	(9,386,762)	(774,579)	(11,337,251)
Net book amount	6,970,514	4,333,407	1,289,616	12,593,537
Year ended 31 December 2009				
Opening net book value	6,970,514	4,333,407	1,289,616	12,593,537
Additions	2,595,121	826,346	117,288	3,538,755
Disposals	(157,151)	(101,086)	(37,150)	(295,387)
Depreciation	(333,259)	(1,460,259)	(417,569)	(2,211,087)
Currency exchange differences	113,532	157,831	22,223	293,586
Closing net book value	9,188,757	3,756,239	974,408	13,919,404
At 31 December 2009				
Cost	10,380,979	14,234,149	2,205,554	26,820,682
Accumulated depreciation	(1,192,222)	(10,477,910)	(1,231,146)	(12,901,278)
Net book amount	9,188,757	3,756,239	974,408	13,919,404

Property, plant and equipment Parent	Land & buildings	Plant & equipment	Fixtures & fittings	Total
At 31 December 2008				
Opening net book value	-	93,105	8,867	101,972
Depreciation	-	(20,692)	(3,050)	(23,742)
Currency exchange differences	-	(17,370)	(1,496)	(18,866)
Net book amount	-	55,043	4,321	59,364
At 31 December 2008				
Cost	-	198,394	21,431	219,825
Accumulated depreciation	-	(143,351)	(17,110)	(160,461)
Net book amount	-	55,043	4,321	59,364
Year ended 31 December 2009				
Opening net book value	-	55,043	4,321	59,364
Disposals	-	(10,881)	-	(10,881)
Depreciation	-	(11,633)	(1,902)	(13,535)
Currency exchange differences	-	10,053	774	10,827
Closing net book value	-	42,582	3,193	45,775
At 31 December 2009				
Cost	-	215,821	26,371	242,192
Accumulated depreciation	-	(173,239)	(23,178)	(196,417)
Net book amount	-	42,582	3,193	45,775

Note 15. Intangible assets

Group	Research & development	Patents & trademarks	Goodwill	Total
At 31 December 2008				
Opening net book value	1,761,457	5,316,384	31,634,986	38,712,827
Acquired through business combination	-	25,358	12,438,914	12,464,272
Additions	1,439,459	106,670	-	1,546,129
Disposals	(98,682)	-	(1,893)	(100,575)
Amortisation	(615,284)	(415,688)	-	(1,030,972)
Currency exchange differences	(132,551)	(84,418)	(431,679)	(648,648)
Net book amount	**2,354,400**	**4,948,306**	**43,640,328**	**50,943,033**
At 31 December 2008				
Cost	3,963,739	6,472,791	43,640,328	54,076,858
Accumulated amortisation	(1,609,340)	(1,524,485)	-	(3,133,825)
Net book amount	**2,354,399**	**4,948,306**	**43,640,328**	**50,943,033**
Year ended 31 December 2009				
Opening net book value	2,354,399	4,948,306	43,640,328	50,943,033
Additions	155,024	124,667	-	279,691
Disposals	(300,289)	(24,622)	-	(324,911)
Amortisation	(625,258)	(482,395)	-	(1,107,653)
Currency exchange differences	114,543	81,445	449,139	645,126
Closing net book value	**1,698,419**	**4,647,401**	**44,089,467**	**50,435,287**
At 31 December 2009				
Cost	3,519,755	6,664,748	44,089,467	54,273,969
Accumulated amortisation	(1,821,336)	(2,017,347)	-	(3,838,683)
Net book amount	**1,698,419**	**4,647,401**	**44,089,467**	**50,435,287**

The impairment of the goodwill balance has been considered in note 27.

Intangible assets Parent	Research & development	Patents & trademarks	Goodwill	Total
At 31 December 2008				
Opening net book value	100,678	341,527	1,529,617	1,971,822
Additions	-	101,219	-	101,219
Amortisation	-	(28,869)	-	(28,869)
Currency exchange differences	(22,075)	(85,528)	(335,370)	(442,973)
Net book amount	**78,603**	**328,349**	**1,194,247**	**1,601,199**
At 31 December 2008				
Cost	103,028	383,412	1,194,247	1,680,687
Accumulated amortisation	(24,425)	(55,063)	-	(79,488)
Net book amount	**78,603**	**328,349**	**1,194,247**	**1,601,199**
Year ended 31 December 2009				
Opening net book value	78,603	328,349	1,194,247	1,601,199
Additions	-	120,580	-	120,580
Amortisation	(22,699)	(67,807)	-	(90,506)
Currency exchange differences	15,463	81,870	275,302	372,635
Closing net book value	**71,367**	**462,992**	**1,469,549**	**2,003,908**
At 31 December 2009				
Cost	126,779	576,197	1,469,549	2,172,525
Accumulated amortisation	(55,412)	(113,205)	-	(168,617)
Net book amount	**71,367**	**462,992**	**1,469,549**	**2,003,908**

Note 16. Other current liabilities

	Consolidated		Parent	
	2009	2008	2009	2008
Tax and social security	763,339	506,291	35,351	29,279
Employee entitlements	4,391,327	4,666,879	-	-
Accrued expenses and other	2,892,998	3,337,476	72,750	(13,479)
Total	**8,047,664**	**8,510,646**	**108,100**	**15,800**

Note 17. Bank overdrafts, short and long term debt

	Consolidated		Parent	
	2009	2008	2009	2008
Bank overdrafts	4,448,495	11,418,867	607,127	551,036
Short term debt	4,641,068	6,923,909	-	57,390
Long term debt	23,722,556	15,576,404	-	-
Total	**32,812,119**	**33,919,180**	**607,127**	**608,426**

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

Note 18. Deferred tax assets and liabilities

EUR (000's)	Deferred tax assets	Deferred tax liabilities	Total deferred tax
Balance at 1 January 2008	151	1,680	1,529
Transfer to current taxes	(151)	-	151
Additional amounts recorded	338	20	(318)
Utilisation of provision	-	(109)	(109)
Balance at 31 December 2008	**338**	**1,591**	**1,253**
Balance at 1 January 2009	338	1,591	1,253
Additional amounts recorded	527	103	(424)
Currency exchange difference	24	46	22
Balance at 31 December 2009	**889**	**1,740**	**851**

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

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

Note 19. Provisions for other liabilities and charges

Group	**Deferred compensation**	**Warranty**	**Total**
Balance at 1 January 2008	1,375,190	130,000	1,505,190
Acquired through business combination	280,291	40,617	320,908
Provision recorded in the year	373,272	476,391	849,663
Used during the year	(601,087)	(170,683)	(771,770)
Currency exchange difference	6,453	(8,732)	(2,279)
Balance at 31 December 2008	**1,434,119**	**467,593**	**1,901,712**
Balance at 1 January 2009	1,434,119	467,593	1,901,712
Provision recorded in the year	91,332	68,537	159,869
Used during the year	(305,577)	-	(305,577)
Currency exchange difference	(3,489)	11,505	8,016
Balance at 31 December 2009	**1,216,385**	**547,635**	**1,764,020**

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

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

Note 20. Contributed equity

	2009	2008
Share capital - Group		
Ordinary shares - Value	42,577,669	42,577,669
Ordinary shares - Number	63,632,700	63,632,700

Ordinary Shares

As at 31 December 2009 there were 63,632,700 shares issued and fully paid (2008: 63,632,700). All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

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

Ordinary Shares

As at 31 December 2009 there were 63,632,700 shares issued and fully paid (2008: 63,632,700). All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

Note 21. Earnings per share

	Consolidated		Parent	
	2009	2008	2009	2008
Both the basic and diluted earnings per share are calculated using the net results attributable to shareholders of Cavotec MSL Holdings Ltd and Subsidiaries as the numerator.				
Profit for the year	5,199,626	9,198,306	383	1,194,734
Attributable to				
Equity holders of the Group	5,149,495	9,161,010	383	1,194,734
Minority interest	50,131	37,296	-	-
Shares on issue	63,632,700	63,632,700	63,632,700	63,632,700
Basic and diluted earnings per share attributed				
to the equity holders of the Group		-		-
Continuing activites	0.081	0.144	0.000	0.019

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

Note 22. Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into Euro.

Note 23. Related party disclosure

Total compensation costs paid to key management, comprising of forty four people including the Chairman and the CEO, amounted to EUR 6.6 million. Compensation paid to members families of the Board of Directors under normal employment contracts with Group companies amounted to EUR 55,000. These payments related to salaries and other short term employment benefits. At 31 December 2009, the Company had loans outstanding to management totalling EUR 130,250 (2008: 130,250), bearing interest at 6-Month Euribor plus 1.5%.Cavotec MSL Holdings Limited is the legal parent of the Group. Details of Cavotec MSL Holdings subsidiaries and associates can be found on page 45 in the Cavotec Major Subsidiaries and Participations Chart.

	Parent	
	2009	2008
The following transactions were carried out with related parties:		
Sales of goods and services to subsidiaries	276,871	300,754
Dividend received from subsidiaries	-	1,755,190
Year-end balances arising from sale/purchases of goods and services:		
Receivables from subsidiaries:	154,530	85,711

Notes to the Financial Statements for the year
ended 31 December, 2009

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

Note 24. Remuneration of auditors

	Consolidated		Parent	
	2009	2008	2009	2008
During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms.				
Audit services				
PricewaterhouseCoopers	290,710	302,493	93,248	78,976
Other auditor firms	189,472	207,678	-	-
Total	**480,182**	**510,171**	**93,248**	**78,976**
Other assurance services:				
IFRS				
PricewaterhouseCoopers	4,633	57,378	-	30,197
Other auditor firms	-	-	-	-
Total	**4,633**	**57,378**	**-**	**30,197**
Taxation				
PricewaterhouseCoopers	46,149	33,751	40,191	33,751
Other auditor firms	26,626	31,712	-	-
Total	**72,775**	**65,463**	**40,191**	**33,751**
Other assurance services				
PricewaterhouseCoopers	9,746	129,127	2,848	6,872
Other auditor firms	14,714	364,728	-	-
Total	**24,460**	**493,855**	**2,848**	**6,872**
Total	**101,868**	**616,696**	**43,039**	**70,820**

Note 25. Contingencies

At 31 December 2009 there were contingent liabilities relative to guarantees provided by banks and insurance companies on behalf of the Group of EUR 5,009,577 (2008: 1,779,000) and EUR 363,813 cash collateral. The contents of the contingencies are mainly performance bonds to customers in the United Arab Emirates, Italy and Germany.

Note 26. Commitments

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

	Consolidated		Parent	
	2009	2008	2009	2008
(a) Rental commitments				
Within one year	2,279,324	2,091,446	-	-
Later than one, not later than two years	1,689,920	1,635,029	-	-
Later than two, not later than five years	1,993,155	2,203,975	-	-
Later than five years	685,429	1,905,749	-	-
Total	**6,647,828**	**7,836,199**	**-**	**-**

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

	Consolidated		Parent	
	2009	2008	2009	2008
(b) Operating lease commitments				
Within one year	360,039	452,306	-	-
Later than one, not later than two years	253,337	373,964	-	-
Later than two, not later than five years	103,805	199,755	-	-
Later than five years	-	-	-	
Total	**717,181**	**1,026,025**	**-**	**-**

(c) Capital commitments

There were no significant capital commitments at 31 December 2009 (2008: nil)

Note 27. Goodwill impairment test

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

Business segments - 2009

EUR (000,000's)	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Ports and Maritime	2.6	20.9	0.1	-	23.6
Mining and Tunnelling	-	-	-	-	-
Airport Industry	5.6	-	5.2	-	10.8
General Industry	-	-	5.0	-	5.0
Non allocated	-	-	4.7	-	4.7
Total	8.2	20.9	15.0	-	44.1

Business segments - 2008

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

Goodwill is not amortised but tested for impairment annually. Value in use calculation`s are used to calculate the recoverable amounts. Value in use is calculated as the net present value of the projected risk adjusted, pre tax, free cash flows of the cash generating unit in which the goodwill is contained applying a discount rate equivalent to the weighted average cost of capital calculated to be 12.7% pre tax, 8.5% post tax (2008: 12% pre tax, 8.04% post tax). Cash flows are based on five year forecasts approved by management and zero growth has been assumed in perpetuity. The projected growth rate over the five year period is related to the maturity of the product, its market, and an assessment as to the ability of the Company to take advantage of this market taking into account orders received, commercial negotiations currently in place and future expectations. These projections are deemed by management as being conservative.

A significant part of goodwill relates to recently acquired businesses including Mooring Systems Ltd. Based on the above analysis, the carrying value of Goodwill at 31 December 2009 is deemed not to be impaired. The key assumption used in MoorMaster's™ value in use calculation is revenue growth including the terminal growth rate. A reasonably possible change in any other assumption does not remove the remaining headroom in the impairment test. The projected growth for MoorMaster™ for the years ending 31 December 2010 to 2013 is based on applying a probability weighting to identified potential orders and other projects of 50% and 25% respectively. A conservative growth rate of 2.5% has been applied for the year ending 31 December 2014 and to the terminal growth rate. The projected growth rate for MoorMaster™ for the years ending 31 December 2010 to 2013 is relatively high when expressed as a percentage but due to its relatively low initial base actually approximates to Euro 2.0 million per annum for each of these years.

Based on the above analysis, the carrying value of Goodwill at 31 December 2009 is deemed not to be impaired.

Note 28. Securities and collaterals

The new syndicated loan agreement with a pool of international lenders led by Skandinaviska Enskilda Banken AB for EUR 35.0 million at 31 December 2009 which was increased to EUR 50.0 million in February 2010 is secured by a pledge of shares of Cavotec Specimas SpA; these shares had previously been pledged for the financing arrangements then in place which were replaced by the new facility.

Real estate related loans amounting in total to EUR 3,419,621 at 31 December 2009 (2008: 3,075,000) are secured by mortgages on land and buildings in Italy, Germany, Norway and France.

Note 29. Subsequent events

There were no post Balance Sheet events which required to be reported relative to the Financial Statements for the year ended 31 December, 2009.

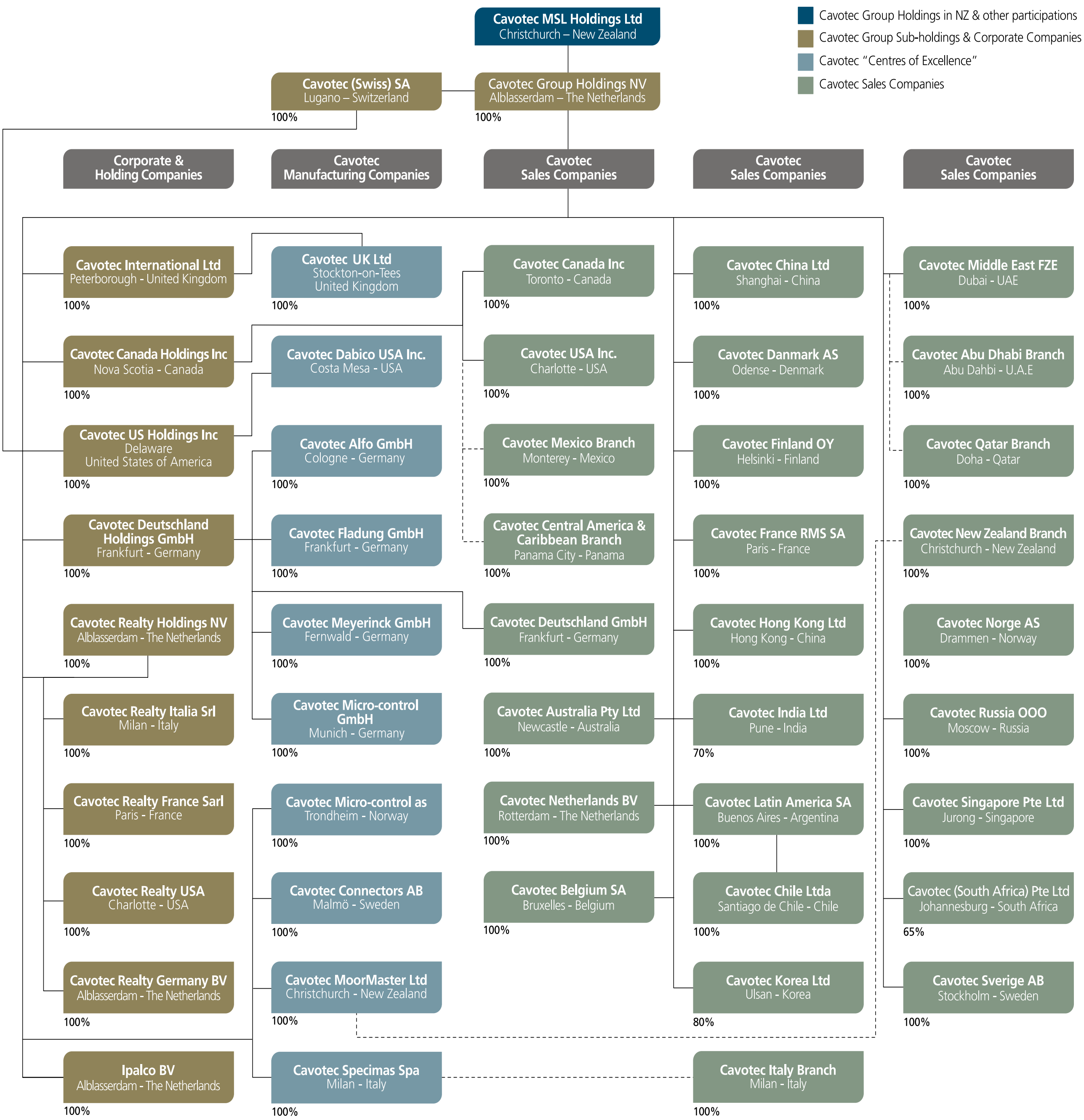
Notes to the Financial Statements for the year
ended 31 December, 2009

Foreign currency exchange rates for the year ended 31 December 2009

Currency	Average rate	Year end rate
AED	0.19534	0.18987
ARS	0.19195	0.18352
AUD	0.56411	0.62469
CAD	0.63093	0.66103
CHF	0.66224	0.67404
CLP	0.00129	0.00137
DKK	0.13430	0.13438
EUR	1.00000	1.00000
GBP	1.12241	1.12600
HKD	0.09249	0.08952
INR	0.01485	0.01492
KRW	0.00056	0.00060
NOK	0.11458	0.12048
NZD	0.45205	0.50497
RMB	0.10496	0.10168
RUB	0.02266	0.02317
SEK	0.09417	0.09754
SGD	0.49405	0.49520
USD	0.71696	0.69416
ZAR	0.08566	0.09376

CAVOTEC MAJOR SUBSIDIARIES AND PARTICIPATIONS

Cavotec MSL Organisation Chart as per 31 December 2009



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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
119 Armagh Street
PO Box 13244
Christchurch
New Zealand
Telephone +64 3 374 3000
Facsimile +64 3 374 3001

Auditors' Report

To the shareholders of Cavotec MSL Holdings Limited

We have audited the financial statements on pages 18 to 45. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 December 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 23 to 28.

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

Directors' Responsibilities
The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 December 2009 and their financial performance and cash flows for the year ended on that date.

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

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

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

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors, tax advisors and providers of other assurance related services.

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

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
(b) the financial statements on pages 18 to 45:
    (i) comply with generally accepted accounting practice in New Zealand;
    (ii) comply with International Financial Reporting Standards; and
    (iii) give a true and fair view of the financial position of the Company and Group as at 31 December 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 24 February 2010 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers
Chartered Accountants — Christchurch

Where we are

CAVOTEC ON THE SIX CONTINENTS

Argentina
Australia
Bahrain
Belgium
Canada
Chile
China
Denmark
Egypt
Finland
France
Germany
Hong Kong
India
Ireland
Italy
South Korea
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Qatar
Russia
Saudi Arabia
Singapore
South Africa
Sweden
Switzerland
Taiwan
Turkey
U.A.E.
U.K.
U.S.A.
Vietnam

Head Office

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

Corporate Office

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

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

Cavotec MSL is listed on the NZX

Project coordination
Cavotec Corporate Communications
communications@cavotec.com

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www.winningassociati.it

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Inspired Engineering