Interim Report 2007

The management of the Cavotec Group is pleased to present the consolidated Interim Report 2007 of Cavotec MSL Holdings Ltd and susbidiaries.

Please note that all reported values in these reports are in Euro unless otherwise stated.

CAVOTEC
Connecting mobile equipment

INTERIM REPORT 2007

Cavotec MSL Group Management Report June 30th, 2007

FINANCIAL RESULTS AS OF 30 JUNE 2007

Our Group continued to grow this year, producing another all time record level of revenues. For the six months ended 30 June 2007, Cavotec MSL achieved a consolidated turnover of € 64.7 million, compared with € 51.3 million for the same period in 2006. This growth represents a 26.2% increase over last year's turnover and has been completely organic. Our order book has increased 22.6% to € 41.3 million in June, from its December 2006 level of € 33.7 million.

Our Gross Profit of € 27.8 million, versus € 21.5 million reported for 30 June 2006, represents an increase of 29.2%. I am pleased to announce that Gross Margins also increased to 42.9% from 41.9%. This is consistent with our previous expectation that, as Cavotec continues to sell more of its own manufactured goods from companies like Specimas, Connectors, Fladung and Alfo, our margins will also increase.

Our operating profit (EBIT) amounted to € 5.7 million (Jan-Jun 2006: € 5.8 million, Jul-Dec 2006: € 4.4 million), while the consolidated net profit amounted to € 3.3 million (Jan-Jun 2006: € 3.8 million, Jul-Dec 2006 € 3.0 million).

Finally, corporate income taxes increased moderately due to the impact of New Zealand's CFC Regime and a higher concentration of sales in Europe this year than realized in 2006.

Cavotec is pleased to report these results to its investors and I will now discuss their composition in greater detail.

BEHIND THE NUMBERS

As previously discussed, in 2006, Cavotec made investments in new activities and expanded operational capacities to prepare the Group for future growth. These decisions led to a significant increase in operating expenses throughout the calendar year, burdening the first six months ended 30 June 2006 much less so than the last six month period ended 31 December 2006. The EBIT margins for these periods were, respectively, 11.3% and 7.3%, blending into an annual EBIT margin of 9.1%.

Again in 2007, the Group is realizing order book growth in excess of 22% over last year's levels. Also this year, we have invested prudently and strategically to ensure that our manufacturing and delivery execution surpasses our customers' expectations.
I am very pleased to announce that, notwithstanding these increases in expenses, the EBIT margin for the six months ended 30 June 2007 is 8.8%, or 21% higher than the 7.3% EBIT margin of our previous six month period ending 31 December 2006.
I view this as confirmation that our investments are continuing to pay off.

Furthermore, included in our 30 June 2007 financial statements are the newly acquired opportunities of Cavotec Moormaster in New Zealand and Cavotec Micro-control in Germany – two investments which have yet to generate other than marginal turnover in 2007 but have increased our annual operating costs by approximately € 1.8 million. Excluding the net effect of these operations to 30 June 2007 indicates that the 'traditional Cavotec activities' provided margins EBIT of 10.2%. Thus, our 'base business' continues to grow and expand its margins significantly, providing our Group with a stable and secure platform to continue cultivating our newest technologies and capitalize on our future opportunities.

SEGMENT REPORTING

In the enclosed financial statement you will also find a section reporting our results by geographical segments in accordance with IFRS accounting rules and regulations. Please find a few comments below on this geographical segment reporting for the six months ended 30 June 2007 compared to the same period in 2006.

Dominance of Europe over other segments

Due to historical reasons, the segment Europe and Others represents our largest geographical segment with 25 out of a total of 38 companies (including five of our seven production units, or "centres of excellence"). The Asia Pacific segment has 8 companies (with one "centre of excellence") while, finally, the Americas segment has 5 companies (with one "centre of excellence").

Asia Pacific – growing and gaining critical mass

One consequence of this distribution of companies is that Asia Pacific has a lower overall gross margin at 28.3% as compared with the Group's consolidated margin of 42.9%. This is due to the fact that Asia Pacific engages primarily in sales activities, and that it is also shouldering new investments in their start-up phases: Cavotec India, Cavotec Korea and Cavotec MoorMaster.

We know from experience that newly opened sales companies and new acquisitions need some time before they are as fully developed, structured and profitable as other Cavotec companies. We oftentimes elect to take steps that initially increase these companies' operating costs but ensure that they are properly resourced and integrated into our Group. Therefore, Cavotec India, Cavotec Korea and Cavotec MoorMaster's low results are consistent with our globalisation strategies. As we develop them, and as they achieve critical mass and higher turnover, we expect to see an overall improvement in their profitability. Of course, this will translate into better performance both for the Asia-Pacific segment and the consolidated Group as well.

It is my opinion that Cavotec India, Cavotec Korea and Cavotec MoorMaster, along with the rest of the Asia-Pacific segment, represent Cavotec's greatest potential for future growth. This region's economic expansion and unprecedented level of infrastructure spending continue to align very well with our Group's already established geographical presence there and our proven technological innovations.

The Americas – developing well despite lower turnover

In the Americas, turnover for the six months ended 30 June 2007 is 8.1% lower than the same period in 2006. However, Gross Margin increased to 41.5% from 2006's level of 34.9%, thus yielding an increase in Gross Profit year over year of 9.2%. We expect sales in the Americas to increase throughout 2007 and beyond as Cavotec innovations, especially in the Ports & Maritime and Airports markets, make further inroads. In addition to our traditional Cavotec products, we see large opportunities on the horizon for increased sales of Alternative Maritime Power (AMP) systems, Rubber Tyred Gantry crane electrification systems (E-RTG), automated mooring systems, and aircraft ground support systems.

MAIN PRIORITIES FOR BALANCE OF 2007

Additional resources to production companies

All of our production and local assembly units have once again grown considerably in 2007. Cavotec Fladung and Cavotec Micro-control provide particularly good examples of this, as their respective order intakes have increased by 124% and 56% in the first six months of 2007 compared to levels in 2006.

More importantly, we have managed to achieve this growth while ensuring acceptable delivery times and a continued high level of service for our customers. Maintaining and, in fact, enhancing our reputation for quality and reliability is expected to accelerate our development in the future.

To keep our Group ahead of increasing demand for our systems in the foreseeable future, we have made or will make by year's end selective investments in our companies. Many of the following will serve to increase our manufacturing capabilities, further enhancing our gross margins over time:

- The acquisition and construction of a new 5,000 sqm logistics and assembly factory in UAE (Jebel Ali zone) to prepare for significant future projects in the new Dubai airport, and in Middle Eastern off-shore and ports and maritime markets
- The renting of an additional 1,500 sqm building for Cavotec Specimas to further develop and manufacture AMP, ERTG, and MoorMaster technologies
- The renting of an additional 1,000 sqm building to keep pace with the increased demand for Cavotec Fladung airport equipment globally
- The renting of an additional 1,000 sqm building in Stockholm in response to the huge increase in JIT delivery demand from our principal mining customers
- The planning and construction of a new 3,000 sqm assembly plant in North Carolina, USA for 2008
- The acquisition of a new 6,000 sqm manufacturing factory to accommodate the growth of Cavotec Alfo's general industry systems
- Investment in the final stages of research and development for the new PC Air system at Cavotec Fladung
- Investment in AMP's shore-to-ship electrical connections and systems standardization process with the United Nations ISO Committee
- Investment in the relocation and consolidation of corporate officers and activities into one central office location in Lugano, Switzerland

MoorMaster development

Throughout the period, MoorMaster continued to gain international recognition with ports and shipping lines. Present and prospective customers are analysing and realising the significant potential costs savings and efficiency benefits inherent with the mooring technology. We are presently formalizing a repeat order from an existing customer that we expect will be confirmed in September. In addition to this anticipated order, there are 10 other highly rated opportunities under negotiation with prospective customers in Europe, the Americas, the Middle East and Australasia.

At the Port of Salalah in Oman, the important trial of our four MoorMaster 600 units is yielding very pleasing provisional results during this year's Khareef season. We will issue a performance report to the Port of Salalah and AP Moller Terminals by the end of September.

Additional resources for Cavotec Micro-control

In the early part of the year, our Group had the fortunate opportunity to hire ten top managers and staff who had decided to leave a leading competitor in the field of radio remote controls. As already mentioned above, this has resulted in some extra operational costs for the year, but it has also provided us with a significant opportunity to strengthen our market position and expedite the development of this important core product line. The new production unit in Germany – Cavotec Micro-control GmbH, in Abensberg – will become a powerful addition to our current organisation, which we expect will produce € 3 to € 5 million of profitable turnover in 2008.

Filling out the Acquisition Pipeline

Now that we are some eight months into our formal integration with Moormaster, the Group has rededicated attention and resources to identifying future acquisition candidates. While there are likely no transactions which will close and become effective during the 2007 calendar year, we believe there are strong prospects for acquisitions closing within 2008 and beyond.

As is consistent with our successful, historical approach to acquisitions, we will follow a similar discipline in the future of actively seeking to acquire those companies whose technologies and systems are of a quality and sophistication on par with our own. Like Cavotec MSL, only those companies who are financially stable, are leaders in their respective market sectors and offer Cavotec MSL strategic growth opportunities will be invited to join our Group.

LOOKING AHEAD

Looking to the second half of 2007, we are expecting continued strong demand overall with particularly good growth from the Airports, Port & Maritime, Mining & Tunnelling and Off-shore markets. Despite the recent volatility in the global financial markets, our key customers have continued to signal strong prospects throughout 2007.

As MoorMaster in New Zealand, Micro-Control in Germany, and our major innovations like AMP, PC Air and 'ERTG-conversions' begin to contribute significant turnover in 2008 and beyond, we expect our rates of turnover growth and EBIT margin to also increase.

In summary, we are very comfortable with the business trends we are expecting through the end of 2007 and into 2008. We expect 2007 revenues to grow beyond € 130 million with an EBIT in the vicinity of € 12 million, thus moderately improving on our earlier published forecast for the year.

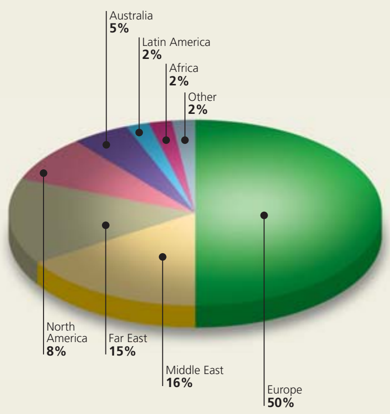
Please refer to the enclosed un-audited consolidated Interim Report ending 30 June 2007.

Cavotec MSL Holdings Ltd

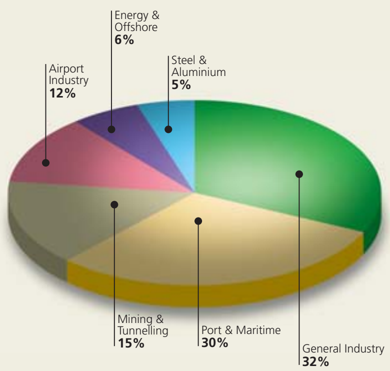
Ottonel Popesco
Chief Executive Officer

INTERIM REPORT 2007

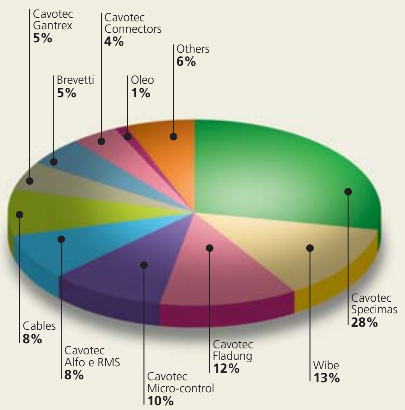
financial results at a glance



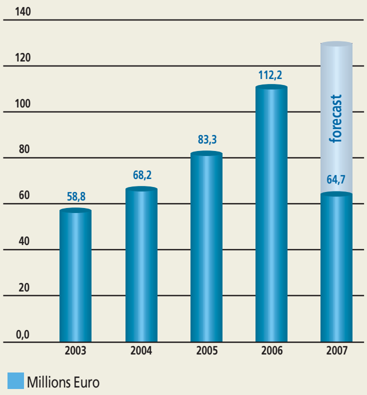
Main Regions June 2007



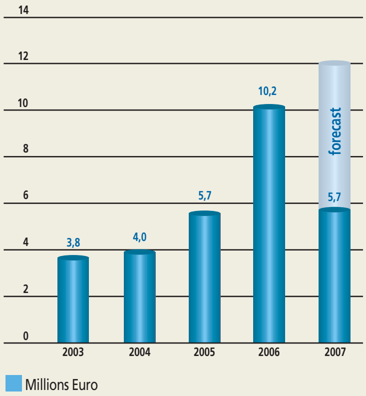
Main Market Sectors June 2007



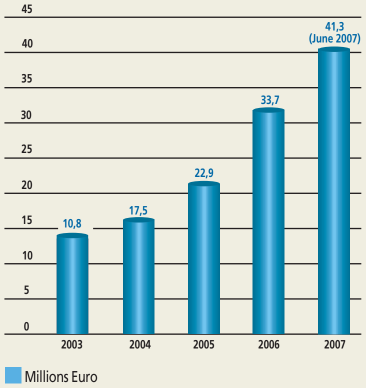
Main Product Ranges June 2007



Turnover



Net margin on sales (ebit)



Order Book

CAVOTEC MSL HOLDINGS LTD AND SUBSIDIARIES

Consolidated Balance Sheet - unaudited
at June 30, 2007

Assets	Notes	30 June 2007	30 June 2006	31 Dec 2006
Current assets				
Cash and cash equivalents		6.172.061	6.556.748	5.945.650
Trade and other receivables		29.337.070	21.775.756	25.603.133
Inventories		22.240.584	20.526.771	18.882.491
Total current assets		€ 57.749.715	€ 48.859.275	€ 50.431.274
Non-current assets				
Property, plant and equipment		9.181.874	6.128.880	6.821.351
Intangible assets	7	41.065.903	14.623.772	14.340.720
Investment in associated companies		562.422	476.625	465.561
Other long term receivables		257.184	215.174	518.943
Total non-current assets		€ 51.067.383	€ 21.444.451	€ 22.146.575
Total assets		€ 108.817.098	€ 70.303.726	€ 72.577.849

Liabilities	Notes	30 June 2007	30 June 2006	31 Dec 2006
Current liabilities				
Bank overdrafts		8.172.207	3.302.754	4.791.882
Short term debt		59.896	900.841	354.657
Trade and other payables		16.636.736	14.517.827	15.483.506
Other current liabilities		12.275.256	11.213.181	9.408.021
Total current liabilities		€ 37.144.095	€ 29.934.603	€ 30.038.066
Non-current liabilities				
Long-term debt		16.709.686	22.647.986	18.095.104
Deferred taxation		1.723.666	41.657	172.630
Provision for taxation		256.707	677.640	535.957
Total non-current liabilities		€ 18.690.059	€ 23.367.283	€ 18.803.691
Total liabilities		€ 55.834.154	€ 53.301.886	€ 48.841.757
Net assets		€ 52.982.944	€ 17.001.840	€ 23.736.092

Equity	Notes	30 June 2007	30 June 2006	31 Dec 2006
Contributed equity		42.577.669	14.298.159	17.301.385
Currency exchange reserve		(932.787)	(2.268.219)	(1.680.790)
Retained earnings		9.883.914	3.768.722	6.653.930
Minority interest		1.454.148	1.203.178	1.461.567
Total equity		€ 52.982.944	€ 17.001.840	€ 23.736.092
Total equity and liabilities		€ 108.817.098	€ 70.303.726	€ 72.577.849

CAVOTEC MSL HOLDINGS LTD AND SUBSIDIARIES

Consolidated Profit and Loss account - unaudited
for the period of six months ended 30 June 2007

	Notes	six months 30 June 2007	six months 30 June 2006	year 31 Dec 2006
Revenue from operations		64.688.679	51.252.042	112.222.689
Change in inventory		3.358.093	6.240.300	4.596.020
Raw material and consumables used		27.471.097	18.523.803	50.825.592
Personnel costs		15.734.306	12.273.994	27.623.101
Transportation expense		1.911.328	1.476.675	3.120.161
External services	9	5.178.975	3.296.248	6.450.930
Travelling expenses		1.422.178	892.955	1.966.087
General expenses		2.900.627	2.015.600	5.636.371
Depreciation and amortization		1.030.027	760.766	1.771.038
Operating expenses		**€ 59.006.630**	**€ 45.480.341**	**€ 101.989.300**
Operating profit		**€ 5.682.049**	**€ 5.771.701**	**€ 10.233.389**
Finance income		513.990	282.137	472.575
Finance costs		(1.080.713)	(722.900)	(1.613.777)
Finance costs - net		**(€ 566.723)**	**(€ 440.763)**	**(€ 1.141.202)**
Share in net result other shares and participations		47.823	65.491	130.981
Profit / (Deficit) before income tax		**€ 5.163.148**	**€ 5.396.429**	**€ 9.223.168**
Taxation		1.913.115	1.455.423	2.420.692
Profit / (Deficit) for the period		**€ 3.250.033**	**€ 3.941.006**	**€ 6.802.476**
Attributable to				
Equity holders of the company		3.229.984	3.868.268	6.753.476
Minority interest		20.049	72.738	49.000
Basic earnings per share	6	0,05	0,74	1,25

CAVOTEC MSL HOLDINGS LTD AND SUBSIDIARIES

Consolidated Statement of Changes in Equity - unaudited
for the period of six months ended 30 June 2007

Equity (in Euro)	30 June 2007	30 June 2006	31 Dec 2006
Contributed equity			
Balance at beginning of period	17.301.385	204.314	204.314
Transfer from share premium	-	-	-
Capital increase	-	14.093.845	17.097.071
Reverse acquisition capital increase	25.276.284	-	-
Balance at the end of period	€ 42.577.669	€ 14.298.159	€ 17.301.385
Currency Exchange reserve			
Balance at beginning of period	(1.680.790)	-	-
Increase/decrease of the year	748.003	(2.268.219)	(1.680.790)
Balance at the end of period	(€ 932.787)	(€ 2.268.219)	(€ 1.680.790)
Retained earnings			
Balance at beginning of period	6.653.930	(99.546)	(99.546)
Net profit for the period	3.229.984	3.868.268	6.753.476
Balance at the end of period	€ 9.883.914	€ 3.768.722	€ 6.653.930
Recognized income and expense for the period	3.977.986	1.600.503	5.072.140
Total recognized income and expense for the period	€ 3.977.986	€ 1.600.503	€ 5.072.140
Minority interest	€ 1.461.567	€ 1.236.806	€ 1.236.806
Profit for the period	20.049	72.738	49.000
Currency exchange reserve	(27.468)	(106.366)	175.761
Balance at the end of period	€ 1.454.148	€ 1.203.178	€ 1.461.567
Summary of shareholders equity			
Contributed equity	42.577.669	14.298.159	17.301.385
Currency exchange reserve	(932.787)	(2.268.219)	(1.680.790)
Retained profit	9.883.914	3.768.722	6.653.930
Minority interest	1.454.148	1.203.178	1.461.567
Balance at the end of period	€ 52.982.944	€ 17.001.840	€ 23.736.092

CAVOTEC MSL HOLDINGS LTD AND SUBSIDIARIES

Consolidated Cash Flow Statement for 2007 - unaudited
Direct Method

Operating Activities	Jan to June 2007	Jan to June 2006
Cash was provided from:		
Receipts from Customers	60.954.742	49.802.768
Income Tax Refund	2.600	19.228
Interest Received	510.551	258.255
Grants Received	5.822	2.447
Total Cash Inflows	**€ 61.473.715**	**€ 50.082.698**
Cash was applied to:		
Payment to Suppliers	45.559.893	41.239.563
Payment to Employees	13.439.803	10.012.645
Income Tax Paid	1.611.613	1.243.199
Interest Paid	1.037.359	672.379
Total Cash Outflows	**€ 61.648.668**	**€ 53.167.786**
Net Cash Inflow/(Outflow) from Operating Activities	**(€ 174.953)**	**(€ 3.085.089)**

Financial Activities		
Cash was applied to:		
Capital increase	-	-
Borrowings	-	9.975.879
Repayment of debt	(1.510.693)	(7.852.709)
Net Cash (Outflow) from Financial Activities	**(€ 1.510.693)**	**€ 2.123.170**

Investing Activities		
Cash was applied to:		
Purchase of Intangible Assets	-	(457.471)
Purchase of Property, Plant and Equipment	(1.537.407)	(132.432)
Capital increase in Associated Company	(45.401)	0
Sales of Assets	114.540	18.056
Net Cash Outflow from Investing Activities	**(€ 1.468.268)**	**(€ 571.847)**
Net (Decrease)/Increase in Cash Held	(3.153.914)	(1.533.765)
Cash at Beginning of Period	1.153.768	4.787.759
Cash at End of period	**(€ 2.000.146)**	**€ 3.253.994**

financial reporting

CAVOTEC MSL HOLDINGS LTD AND SUBSIDIARIES

Consolidated Cash Flow Statement for 2007 - unaudited
Indirect Method

Equity (in Euro)	30 June 2007	30 June 2006
Reconciliation of Operating Deficit to		
Net Cash Outflows from Operating Activities	3.250.033	3.941.006
Reported Profit after Taxation	€ 3.250.033	€ 3.941.006
Items not involving Cash Flows		
Depreciation of Assets	1.030.027	760.766
	€ 1.030.027	€ 760.766
Impact of Changes in Working Capital		
Inventories incl. Work in progress	(3.358.093)	(6.243.116)
Trade Debtors	(2.090.745)	(383.262)
Other Current Assets	(1.643.192)	(593.626)
Trade Creditors	2.637.015	(566.857)
	(€ 4.455.015)	(€ 7.786.861)
Net Cash Inflow/(Outflow) from Operating Activities	(€ 174.953)	(€ 3.085.089)

financial reporting

Notes to the Interim Financial Statements for the period of six months *ended 30 June 2007*

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 7 manufacturing 'Centres of Excellence' located in Canada, France, Germany, Italy New Zealand, Norway and Sweden supported by other local manufacturing facilities in Australia, China, and the USA. Sales and distribution is achieved through 27 sales companies 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 28 August 2007.

The entity's owners do not have the power to amend these financial statements once issued.

The interim financial statements for the period of six months ended 30 June 2007 are being presented in a condensed form and do not include all of the customary note disclosures associated with annual financial statements. Therefore to obtain a more complete understanding of these financial statements they should be read in conjunction with the annual financial statements for 2006 of Cavotec Group Holdings NV.

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, 30 June 2007, 31 December 2006 and 30 June 2006.

(a) Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

Entities reporting

In accordance with accounting for reverse acquisitions under NZ IFRS 3 'Business Combinations' (refer notes 3 & 4) the consolidated financial statements presented are those of the previous Cavotec Group 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 profit-oriented entities 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.

Application of NZ IFRS 1 First time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1).

As stated previously in accordance with reverse acquisition accounting under NZ IFRS 3 'Business Combinations' the legal subsidiary Cavotec Group NV has prepared consolidated financial statements. The consolidated financial statements have been prepared under IFRS since 1 January 2002 therefore NZ IFRS 1 does not apply to the consolidated financial statements.

Financial statements of the Parent, Cavotec MSL Holdings Limited until 31 December 2006 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When the financial statements of the Parent are published as at 31 December 2007 they will include an NZ IFRS transition note.

Critical accounting estimates

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

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Euros, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.
Translation differences on non monetary financial assets and liabilities are reported as part of the fair value gain or loss.

(iii) Foreign operations

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.
Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Notes to the Interim Financial Statements for the period of six months
ended 30 June 2007

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

(ii) Transactions and minority interests

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

(iii) Associates

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

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

(d) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Sales of goods

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

(ii) Sales of services

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

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's 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 foreign operations 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) Goods and Services Tax (GST) and Value Added Tax (VAT)

The statement of financial performance has been prepared so that all components are stated exclusive of GST or VAT. All items in the statement of financial position are stated net of GST or VAT, with the exception of receivables and payables, which include GST or VAT invoiced.

(g) Leases

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

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

The property, plant and equipment acquired under a finance lease is depreciated over the asset's useful life.
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(h) Impairment of non financial assets

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

(i) Cash and cash equivalents

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

(j) Trade receivables

Trade receivables are recognised initially at fair value and any long term receivables are 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 receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and realisable value. The amount of the provision is recognised in the income statement.

Notes to the Interim Financial Statements for the period of six months
ended 30 June 2007

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost is determined on a first in, first out basis and in the case of manufactured goods, includes direct materials, labour and production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated 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. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

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

(m) Intangible assets

(i) Goodwill

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

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the company's investment in each country of operation by each primary reporting segment (note 5).

(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 and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from 3 to 5 years.

(iii) Patents

Patents are carried at cost. The cost of patents acquired in a business combination are determined by independent valuation. Patents are amortized over the period over which they are valid or their estimated useful life if shorter.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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) Financial assets

The Group has some loans receivable from associated companies which are classified as non current assets

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw down 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 company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) 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.

(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. This is a defined benefit and the amount of such compensation is determined in accordance with local legislation and national labour regulations and amounts to some 7.5% of the annual compensation of the employee. Further the provision at the end of the preceding year is re valued by 75% of the inflation index plus 1.5%. The liability accrued represents the actual liability vesting in favour of employees at period end. Employees have the right to have the amounts so accrued transferred to certain Government approved funds.

(t) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. Dividend distribution to the Company 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 shareholders.

Notes to the Interim Financial Statements for the period of six months
ended 30 June 2007

(u) Segment reporting

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

(v) Changes in accounting policies

There have been no material changes in accounting policies during the period and the Company has not applied or adopted early any other New Zealand international financial reporting standards.

**Note 3.
Critical accounting estimates and judgements**

Estimates and judgements 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. Given that the majority of the goodwill at 30 June 2007 arose on the reverse acquisition on 5 January 2007 which was supported by independent valuations. Similarly patents are examined for any indicators of impairment and the majority of these were subject to an independent valuation during the period to allocate the purchase price. Refer note 5.

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 include trade receivables (refer accounting policy j) and inventory (refer to accounting policy k.)

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 the carrying amount of assets and liabilities within the next financial year.

**Note 4.
Reverse acquisition share issue**

On 5 January 2007 Cavotec Group NV was acquired by Mooring Systems Limited, which purchased 100% of Cavotec Group NV for Euro101.105m. Mooring Systems Limited changed its name to Cavotec MSL Limited to reflect the business of the newly combined company. The acquisition was satisfied by the issue of 50,906,107 shares at an issue price of $3.72 per share converted at Euro 0.5339. This gave Cavotec Group NV vendors 80% of the issued share capital of Mooring Systems Limited at that date.

In accordance with International Financial Reporting Standards and NZ IFRS this transaction is recorded as a reverse acquisition. At the date of the reverse acquisition Mooring Systems Limited had 12,726,540 shares on issue which had a fair value of $3.72 per share. This resulted in a reverse acquisition share issue of Euro 25.276m. Further detail is provided in note 4.

**Note 5.
Accounting for reverse acquisition share issue**

As mentioned in the preceding note, the acquisition of Mooring Systems Limited, renamed Cavotec MSL Limited, has been treated as a reverse acquisition for financial reporting purposes recognising that Cavotec Group NV shareholders retained the controlling interest following the transaction. The following assets and liabilities relative to Mooring Systems Limited were recorded in the consolidated financial statements as a consequence of this reverse merger.

	Euro thousand
Cash at Bank	207
Accounts receivable	140
Other current assets	74
Property plant and equipment	136
Development costs	382
Patents	5 250
Goodwill	20 908
Total assets acquired	**27 097**
Accounts payable	70
Other liabilities	71
Deferred taxes	1 680
Total liabilities acquired	**1 821**
Purchase consideration	27 276

**Note 6.
Earnings per share**

Following the reverse merger, to which reference has been made in Notes 3 & 4 above, the capital structure of the Group has changed significantly as have the number of shares in issue. The weighted average number of shares in issue by Cavotec Group Holdings NV prior to the merger amounted to € 5.204.314 during the period of six months ended 30 June 2006 and € 5.402.154 during the year ended 31 December 2006. On the other hand the average number of shares issued in Cavotec MSL Holdings limited post merger during the period of six months ended 30 June 2007 amounted to € 63.632.700. As a consequence of this there is a significant variation in the reported numbers for Earnings per share 2007 versus 2006.

Note 7.
Intangible assets

Six months

ended 30 June 2007

	Research & Development	Patents & Intellectual Property	Goodwill	Total
Intangible assets				
Beginning of period	1.428.945	1.295.335	13.101.539	15.825.819
Acc. amortization and value change at beginning of period	(561.384)	(667.694)	(256.021)	(1.485.099)
Unamortized balance at beginning of period	€ 867.561	€ 627.641	€ 12.845.518	€ 14.340.720
				-
Development Expenditure capitalized	51.895	-	-	51.895
Increase due to reverse merger with MSL Ltd.	382.000	5.250.000	20.908.000	26.540.000
Goodwill increase due to purchase company	-	-	270.500	270.500
Depreciation	(148.239)	(56.887)	-	(205.126)
Currency exchange differences	-	13.863	54.051	67.914
				-
June 30, 2007	€ 1.153.217	€ 5.834.617	€ 34.078.069	€ 41.065.903

Six months

ended 30 June 2006

	Research & Development	Patents & Intellectual Property	Goodwill	Total
Intangible assets				
Beginning of period	1.428.945	1.295.335	12.863.373	15.587.653
Acc. amortization and value change at beginning of period	(745.445)	(914.343)	238.166	(1.421.622)
Unamortized balance at beginning of period	€ 683.500	€ 380.992	€ 13.101.539	€ 14.166.031
Development Expenditure capitalized	525.393	-	-	525.393
Amortization	(122.999)	(28.870)		(151.869)
Currency exchange differences	-	-	84.217	84.217
June 30, 2006	€ 1.085.894	€ 352.122	€ 13.185.756	€ 14.623.772

Twelve months

ended 31 December 2006

	Research & Development	Patents & Intellectual Property	Goodwill	Total
Intangible assets				
Beginning of period	1.428.945	1.295.335	12.863.373	15.587.653
Acc. amortization and value change at beginning of period	(745.445)	(914.343)	238.166	(1.421.622)
Unamortized balance at 31 dec 2005	€ 683.500	€ 380.992	€ 13.101.539	€ 14.166.031
Goodwill on purchase Cavotec (pre-reorganization) shares	-	-	4.722.147	4.722.147
Unamortized balance at 1 jan 2006	€ 683.500	€ 380.992	€ 13.101.539	€ 14.166.031
Development Expenditure capitalized	441.887	304.389	-	746.276
Amortization	(245.998)	(57.740)	-	(303.738)
Currency exchange differences	(11.828)	-	(256.021)	(267.849)
December 31, 2006	€ 867.561	€ 627.641	€ 12.845.518	€ 14.340.720

Note 8.
Gross Margins

	six months 30 June 2007	six months 30 June 2006	year 31 Dec 2006
Revenue from continuing operations	64,688,679	51,252,042	112,222,689
Cost of sales of goods and services	36,922,353	29,755,469	66,178,271
Total operating result	€ 27,766,325	€ 21,496,573	€ 46,044,418

Note 9.
External services

In common with general practice this line caption includes a variety of expense type related to services purchased including, inter alia, temporary staff expense, operating leases relative to motor vehicles, occupancy cost including heating and air conditioning, maintenance, consulting fees, directors fees,etc.

Note 10.
Segment information

Segment information - **Primary reporting format - geographical areas**

The group is organized into the following geographical areas: Americas; Asia Pacific; Europe, Middle East, Africa

Six months ended 30 June 2007	Americas	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from external customers	6.424	13.624	44.641	-	64.689
Operating result	(49)	788	4.991	-	5.730
Net financial items	30	29	(240)	(386)	(567)
Income tax expense	-	-	-	(1.913)	(1.913)
Net profit for the period	(19)	817	4.751	(2.299)	3.250
Non cash expenses					
Depreciation and amortization	156	141	733	-	1.030
Segment assets	9.698	40.414	58.705	-	108.817
of which goodwill represents	4.533	21.966	7.579	-	34.078
Investment in associated companies	-	510	-	-	510
Total assets	9.698	40.414	58.705	-	108.817
Segment liabilities	1.564	5.737	34.790	13.743	55.834
Total liabilities	1.564	5.737	34.790	13.743	55.834
Total capital expenditure excluding goodwill	60	5.976	2.944	-	8.980
Goodwill acquired		20.962	271	-	21.233
Impairment of goodwill	-	-	-	-	-

Six months ended 30 June 2006	Americas	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from external customers	6.991	8.558	35.703	-	51.252
Operating result	(170)	1.121	4.886	-	5.837
Net financial items	23	29	(113)	(380)	(441)
Income tax expense	-	-	-	(1.455)	(1.455)
Net profit for the period	**(147)**	**1.150**	**4.773**		**3.941**
Non cash expenses					
Depreciation and amortization	151	53	557	-	761
Segment assets	11.004	8.671	50.629	-	70.304
of which goodwill represents	2.077	-	11.109	-	13.186
Investment in associated companies	-	411	-	-	-
Total assets	**11.004**	**8.671**	**50.629**	**-**	**70.304**
Segment liabilities	979	2.606	39.717	10.000	53.302
Total liabilities	**979**	**2.606**	**39.717**	**10.000**	**53.302**
Total capital expenditure	-	166	1.139	-	1.305
Goodwill acquired	-	-	4.807	-	4.807
Impairment of goodwill	-	-	-	-	-

Secondary reporting format - business segments	30 June 2007	30 June 2006
The following table shows the group's revenue by business segment		
Port & Maritime	19.443	15.367
Mining & Tunnelling	9.645	7.160
Airport Industry	7.427	5.344
Energy & Offshore	3.672	3.173
Steel & Aluminium	3.285	2.912
General Industry & Others	21.217	17.297
Total	**64.689**	**51.252**

The Group's accounting systems do not currently provide aggregated data relative to assets and liabilities by business segment and it is not possible to assemble such asset and liability data by business segment on a retroactive basis; therefore this information is not provided.

Note 11.
Subsequent events

As of the date of issue of these financial statements no events have taken place subsequent to 30 June 2007 which could have a material impact on the financial statements as of 30 June 2007 or have an adverse effect on the ongoing operations of the group.

Board of Directors
28 August 2007