Interim Report 2008

The management of Cavotec Group is pleased to present the consolidated Interim Report 2008 of Cavotec MSL Holdings Ltd and subsidiaries.

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

CAVOTEC

Cavotec MSL Group Management Report June 30th, 2008

FINANCIAL RESULTS AS OF 30 JUNE 2008

Our Group continued to grow in 2008, producing another all-time record for revenues. For the six months ended 30 June 2008, Cavotec MSL achieved a consolidated sales revenue from operations of € 66.0 million, compared with € 62.7 million for the same period in 2007. This represents a 5.2% increase over last year's turnover, including 2 months of activity from the Dabico group of companies (acquired on 23 April 2008) and without excluding 2007 activity from the Gantrex operations (disposed of on 8 January 2008).

Our order book increased by 16.8% to € 44.4 million in June 2008, up from its December 2007 level of € 38.0 million. I am very pleased to report that, as of 31 July 2008, our order book stands at a Cavotec MSL record level of € 48.8 million, or a full 10.0% higher than June 2008 and 28.4% from where we ended the year in December 2007.

Our Operating Profit (EBIT) is consistent with the level of revenue generated through 30 June 2008, amounting to € 5.1 million for the six months ended 30 June 2008 (Jan-Jun 2007: € 5.7 million).

In line with our disclosure in the 2007 Annual Report, the disposition of Gantrex in January 2008 generated approximately € 2.7 million of non-operating income and a non-recurring cash inflow of € 6.0 million.

With the additional income from the sale of Gantrex our Net Profit for the period increased to € 5.4 million, a 65% increase over June 2007's level of € 3.2 million.

Finally, Net Cash Inflows from operations were € 3.9 million versus a Net Cash Outflow of € 0.2 million during the same period in 2007.

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

BEHIND THE NUMBERS

Many of the global economic worries which came to the forefront during 2007 (the sub-prime and credit market crises, crude oil price appreciation, the potential for economic recession in the USA) continued to deepen in 1H 2008. Though the immediate impacts of these events were concentrated in the international banking, currency and financial services markets, ripple effects quickly made their way into broader commercial and industrial markets – where they continue to be felt today.

During 1H 2008, as these market pressures forced some of our customers to re-evaluate the size and/or timing of their capital expenditures, Cavotec MSL experienced some minor delays both in receiving expected new orders and in delivering a handful of already registered orders. Of course, these delays can have a potentially corresponding negative impact on our Group's consolidated order intake and, thus, order invoicing.

Throughout this period, however, Cavotec MSL managed to operate with relative resilience to these trends, as evidenced by the combination of our increasing year-over-year revenues and record € 48.8 million July order book. Consistent with our historical experience and diverse operating structure, delays or slowdowns in certain geographic markets or business segments are typically offset by increased activities in other markets or segments.

For instance, between 1H 2007 and 1H 2008, revenue in the Americas decreased 9.7% and remained basically flat in Asia Pacific, but increased 8.4% in Europe and the Middle East – netting out to a consolidated net increase in revenue of 4.6%. Similarly, the € 3.0 million reduction in revenue from the Ports & Maritime sector was more than offset by increases of € 2.8 million and € 0.7 million in revenue from General Industry and Mining & Tunneling, respectively.

Finally, we have continued in 2008 with some of the investments begun in 2007, including those at Cavotec Micro-Control in Germany and Cavotec MoorMaster in New Zealand. We have also invested in new personnel in other key areas of the business, ensuring that we stay ahead of our growth curve and maintain our good reputation for operating performance and customer satisfaction. As in 2007, we expect to have stronger revenue performance in 2H 2008, generating year-end EBIT margins in line with our earlier forecasts.

2008 – THE YEAR OF MOORMASTER

One of the main driving forces of optimism thus far in 2008 has been the transformative commercial success of MoorMaster. As those who have followed the technology from its beginnings can appreciate, MoorMaster has experienced an evolution of potential market applications over time.

Conceived initially as primarily a safety enhancement feature for large ferry mooring operations, MoorMaster has developed into a technology with an increasingly diverse range of applications – each confirmed within this calendar year. With the delivery of two MM200l units to the St. Lawrence Seaway in 1Q, the two orders for four plus eight MM400's received from NFS (Nordic Ferry Systems) during 2Q, and culminating with an order for twelve MM200c units from the Port of Salalah, MoorMaster is now an accepted technology in three distinct ports & maritime applications: canal locks, ferry operations and container terminal operations.

With these diverse, significant orders in hand and other active projects with companies such as Chevron, we believe MoorMaster's transition from a 'developmental' to 'commercially consistent' technology has occurred. Beginning in 2H 2008, Cavotec MoorMaster will begin fulfilling these orders and contributing a significant amount of ongoing revenue – and profitability – to the Group.

AIRPORTS – CAVOTEC DABICO

In addition to MoorMaster sales coming online in 2H 2008, we also expect sales from both Cavotec Dabico US and Cavotec Dabico UK to materially augment our Airports sector's performance. Dabico's integration – both with Cavotec Fladung's airport systems and the global Cavotec sales force – has been ongoing since April, and is beginning to open up new markets and opportunities for Cavotec Dabico fuel systems worldwide.

Despite the economic uncertainties imposed on many North American and European airlines recently, air travel growth within Asia and the Middle East continues to outpace all other regions of the world. Additionally, Cavotec Fladung and Cavotec Dabico's complementary systems reduce carbon emissions at airports – an important environmental issue facing most existing and new airport initiatives around the world. We expect the combination of these factors to enhance our already well-established reputation in and penetration of the global Airports sector.

Cavotec MSL
Group Management Report
June 30th, 2008

LOOKING AHEAD

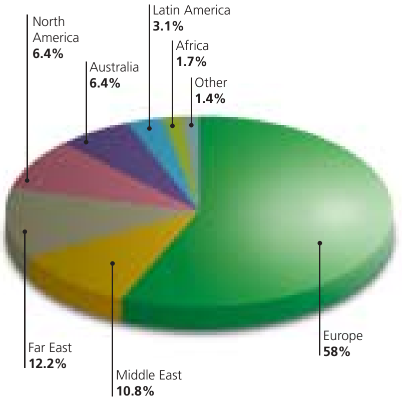
With our strong operating cashflows and a healthy balance sheet, our management team continues to evaluate additional future acquisition opportunities in Cavotec's existing market sectors. The requirement that target companies are profitable, well-established and have technology recognized as 'top' in their field remains an unwavering rule of our acquisition program.

Throughout the rest of 2008, we will continue to monitor carefully the state of our markets and maintain close communications with our customers. Our current evaluation of the year's progression gives us confidence in achieving our existing revenue and EBIT forecast of € 143.0 million and € 14.0 million, respectively.

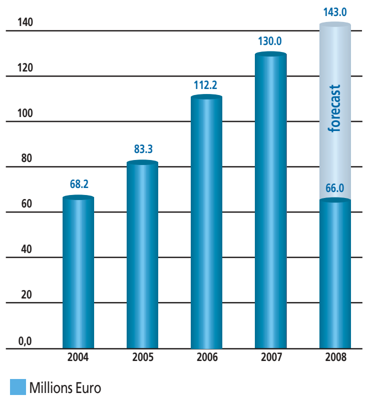
Christchurch August 28th, 2008

Ottonel Popesco
Chief Executive Officer

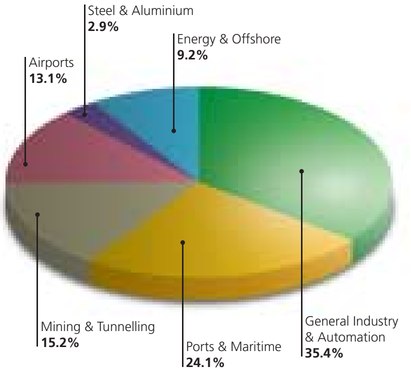
Financial results at a glance



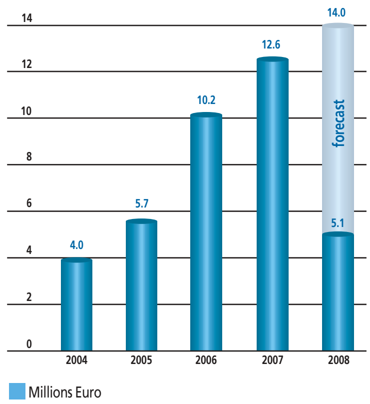
Main Regions June 2008
(Revenue)



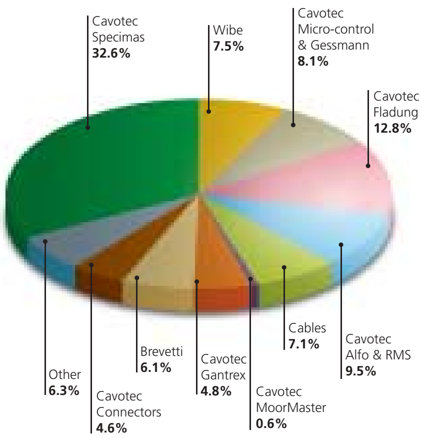
Consolidated sales
revenue from operations



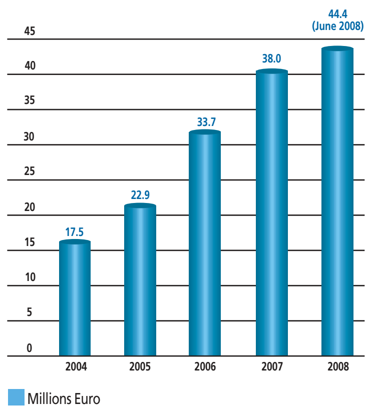
Main Market Sectors June 2008
(Revenue)



Operating profit before finance costs
and income tax (EBIT)



Main Product Ranges June 2008
(Revenue)



Order Book

Financial reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Income Statement - unaudited

for the period of six months ended 30 June 2008

	Notes	six months 30 June 2008	six months 30 June 2007	year 31 Dec 2007
Revenue from sales of goods		65,960,537	62,717,377	129,993,276
Other income	4	1,587,974	1,840,067	3,289,249
Total revenue		**67,548,511**	**64,557,444**	**133,282,525**
Change in inventory		(562,728)	3,358,091	5,819,232
Raw material and consumables used		33,433,033	27,471,097	57,931,046
Employee benifit costs		16,416,447	15,734,306	32,287,046
Transportation expenses		1,768,827	1,911,328	3,555,536
External services		5,464,226	5,047,741	9,976,080
Travelling expenses		1,412,786	1,422,178	2,608,182
General expenses		3,111,092	2,900,627	5,923,679
Depreciation and amortization		1,400,333	1,030,027	2,578,711
Operating expenses		**62,444,016**	**58,875,395**	**120,679,512**
Operating profit before finance costs and income tax		**5,104,495**	**5,682,049**	**12,603,013**
Finance income		454,214	513,989	1,152,885
Finance costs		(1,215,760)	(1,080,713)	(2,135,126)
Finance costs - net		**(761,546)**	**(566,724)**	**(982,241)**
Shares in profit / (loss) of associates		(72,053)	47,823	40,710
Gain on sale of subsidiary/associate	6	2,688,838	-	-
Profit before income tax		**6,959,734**	**5,163,148**	**11,661,482**
Income taxes		1,581,803	1,913,116	4,320,392
Profit for the period		**5,377,931**	**3,250,032**	**7,341,090**
Profit for the period comprises:				
Profit from continuing operations		5,377,931	3,253,077	7,425,390
Profit from discontinued operations		-	(3,045)	(84,300)
		5,377,931	**3,250,032**	**7,341,090**
Attributable to				
Equity holders of the company		5,301,340	3,229,983	7,235,525
Minority interest		76,591	20,049	105,565
Basic and diluted earnings per share attributed to the equity holders of the company		0.083	0.051	0.114

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Balance Sheet - unaudited
at 30 June, 2008

Assets	Notes	30 June 2008	30 June 2007	31 Dec 2007
Current assets				
Cash and cash equivalents		6,546,037	5,788,957	4,149,455
Short term investments		11,069	(908)	8,798
Trade and other receivables		26,951,638	28,021,978	27,744,480
Inventories		24,717,827	21,389,020	22,235,787
		58,226,571	**55,199,047**	**54,138,520**
Discontinued operations - assets held for sale	6	-	5,973,572	5,584,547
Total current assets		**58,226,571**	**61,172,619**	**59,723,067**
Non-current assets				
Property, plant and equipment		11,602,318	8,124,289	10,997,342
Intangible assets	7	46,786,661	39,088,745	38,712,827
Investments equity accounted		220,712	173,491	335,065
Other long term receivables		464,651	257,184	300,860
Total non-current assets		**59,074,342**	**47,643,709**	**50,346,094**
Total assets		**117,300,913**	**108,816,328**	**110,069,161**

Liabilities	Notes	30 June 2008	30 June 2007	31 Dec 2007
Current liabilities				
Bank overdrafts		3,098,464	8,172,207	6,304,655
Short term debt		5,274,140	34,958	4,261,773
Trade payables		17,850,070	15,862,784	18,285,990
Other current liabilities		8,661,729	12,438,089	8,320,714
Current income tax liabilities		766,384	(274,521)	(36,630)
		35,650,787	**36,233,517**	**37,136,502**
Discontinued operations - liabilities held for sale		-	2,565,831	2,214,656
Total current liabilities		**35,650,787**	**38,799,348**	**39,351,158**
Non-current liabilities				
Long-term debt		20,397,761	15,617,432	11,131,156
Deferred taxation		1,242,295	802,455	1,528,897
Provision for tax		817,360	1,058,943	871,817
Provisions for other liabilities and charges		1,784,590	97,471	1,505,190
Total non-current liabilities		**24,242,006**	**17,576,301**	**15,037,060**
Total liabilities		**59,892,793**	**56,375,649**	**54,388,218**
Net assets		**57,408,120**	**52,440,679**	**55,680,943**

Equity	Notes	30 June 2008	30 June 2007	31 Dec 2007
Contributed equity		42,577,669	42,577,669	42,577,669
Currency exchange reserve		(3,218,462)	(932,787)	(1,259,303)
Retained earnings		17,720,379	9,883,914	14,019,039
		57,079,586	**51,528,796**	**55,337,405**
Minority interest part of equity		328,534	911,883	343,538
Total equity		**57,408,120**	**52,440,679**	**55,680,943**
Total equity and liabilities		**117,300,913**	**108,816,328**	**110,069,161**

Financial reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Changes in Equity - unaudited

for the period of six months ended 30 June 2008

Group	Share Capital	Currency Reserves	Retained earnings	Total	Minority Interest	Total Equity
Balance as at 1 January 2007	17,301,385	(1,680,792)	6,653,930	22,274,523	1,461,567	23,736,090
Currency translation differences	-	748,005	-	748,005	(27,468)	720,537
Discontinued operations	-	-	-	-	(542,265)	(542,265)
Profit for the period	-	-	3,229,984	3,229,984	20,049	3,250,033
Total recognised income and expenses	17,301,385	(932,787)	9,883,914	26,252,512	911,883	27,164,395
Issue of share capital	25,276,284	-	-	25,276,284	-	25,276,284
Balance as at 30 June 2007	42,577,669	(932,787)	9,883,914	51,528,796	911,883	52,440,679
Balance as at 1 January 2007	17,301,385	(1,680,792)	6,653,930	22,274,523	1,461,567	23,736,090
Currency translation differences	-	421,489	129,584	551,073	(149,325)	401,748
Discontinued operations	-	-	-	-	(1,074,269)	(1,074,269)
Profit for the year	-	-	7,235,525	7,235,525	105,565	7,341,090
Total recognised income and expenses	17,301,385	(1,259,303)	14,019,039	30,061,121	343,538	30,404,659
Issue of share capital	25,276,284	-	-	25,276,284	-	25,276,284
Balance as at 31 December 2007	42,577,669	(1,259,303)	14,019,039	55,337,405	343,538	55,680,943
Balance as at 1 January 2008	42,577,669	(1,259,303)	14,019,039	55,337,405	343,538	55,680,943
Dividends	-	-	(1,600,000)	(1,600,000)	-	(1,600,000)
Currency translation differences	-	(1,959,159)	-	(1,959,159)	(91,595)	(2,050,754)
Profit for the period	-	-	5,301,340	5,301,340	76,591	5,377,931
Total recognised income and expenses	42,577,669	(3,218,462)	17,720,379	57,079,586	328,534	57,408,120
Balance as at 30 June 2008	42,577,669	(3,218,462)	17,720,379	57,079,586	328,534	57,408,120

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows - Direct Method - unaudited

for the period of six months ended 30 June 2008

Operating Activities	six months 30 June 2008	six months 30 June 2007	year 31 Dec 2007
Cash was provided from:			
Receipts from Customers	66,755,669	59,432,350	126,491,910
Income Tax Refund	(104,238)	2,600	-
Interest Received	500,576	505,555	1,078,532
Grants Received	-	(5,822)	-
Total Cash Inflows	67,152,007	59,934,683	127,570,442
Cash was applied to:			
Payment to Suppliers	44,499,641	44,767,937	83,023,934
Payment to Employees	16,241,331	12,646,218	30,048,195
Income Tax Paid	1,398,575	1,598,058	4,339,198
Interest Paid	1,139,675	1,080,471	2,073,323
Total Cash Outflows	63,279,222	60,092,684	119,484,650
Net Cash Inflow/(Outflow) from Operating Activities	3,872,785	(158,001)	8,085,792

Financial Activities	six months 30 June 2008	six months 30 June 2007	year 31 Dec 2007
Cash was applied to:			
Issue of Shares Capital	-	-	-
Borrowings	11,000,000	-	2,200,000
Repayment of loans	(1,386,495)	(1,466,997)	(6,397,385)
Dividend	(1,600,000)	-	-
Net Cash (Outflow) from Financial Activities	8,013,505	(1,466,997)	(4,197,385)

Investing Activities	six months 30 June 2008	six months 30 June 2007	year 31 Dec 2007
Cash was applied to:			
Purchase of Intangible Assets	(867,405)	-	(919,329)
Purchase of Property, Plant and Equipment	(2,816,927)	(1,485,827)	(6,013,096)
Purchase of Goodwill	(8,185,379)	-	(264,950)
Sales of Property, Plant and Equipment	366,746	114,540	-
Net Sales of other Assets	5,219,448	(45,401)	-
Net Cash (Outflow) from Investing Activities	(6,283,517)	(1,416,688)	(7,197,375)
Net (Decrease)/Increase in Cash Held	5,602,773	(3,041,686)	(3,308,968)
Cash at Beginning of Period	(2,155,200)	658,436	1,153,768
Cash at End of period	3,447,573	(2,383,250)	(2,155,200)
Cash comprises:			
Cash and cash equivalents	6,546,037	5,788,957	4,149,455
Bank overdrafts	3,098,464	8,172,207	6,304,655
Total Cash	3,447,573	(2,383,250)	(2,155,200)

Financial reporting

CAVOTEC MSL HOLDINGS LTD & SUBSIDIARIES

Statement of Cash Flows - Indirect Method - unaudited

for the period of six months ended 30 June 2008

	six months 30 June 2008	six months 30 June 2007	year 31 Dec 2007
Reconciliation of Net Profit for the period to Net Cash from Operating Activities			
Reported Profit after Taxation	5,377,931	3,250,032	7,341,090
Of which reported as investing activities	(2,688,838)	-	-
Items not involving Cash Flows			
Depreciation of Assets	1,400,333	1,030,027	2,578,711
Shares in profit of associates	72,053	(47,823)	(40,710)
Impact of Changes in Working Capital			
Inventories incl. Work in progress	(2,482,040)	(3,358,093)	(4,216,295)
Trade Debtors	(792,842)	(2,090,745)	(3,272,579)
Other Current Assets	2,339,738	(1,578,414)	(346,312)
Trade Creditors	708,109	2,637,015	4,190,438
Non current liabilities	(61,659)	-	1,851,449
	(288,694)	(4,390,237)	(1,793,299)
Net Cash Inflow/(Outflow) from Operating Activities	3,872,785	(158,001)	8,085,792

Notes to the Financial Statement for the period of six months
ended 30 June, 2008

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 9 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 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 interim financial statements have been approved for issue by the Board of Directors on 28 August 2008.

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 2008, 31 December 2007 and and 30 June 2007.

(a) Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). This complies with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate, for profit oriented entities. These interim financial statement comply with NZ IAS 34 Interim Financial Reporting.

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 consolidated 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.

Notes to the Financial Statement for the period of six months
ended 30 June, 2008

Standards Approved but not yet Effective

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

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

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

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

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

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(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 Groups 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; and
- all resulting exchange differences are recognised as a separate component of equity.

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

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

(c) Consolidation

(i) Subsidiaries

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

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

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

(ii) Transactions and minority interests

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

Notes to the Financial Statement for the period of six months
ended 30 June, 2008

(iii) Associates

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

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

(d) Revenue recognition

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

(i) Sales of goods

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

(ii) Sales of services

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

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

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

(g) Leases

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

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

The property, plant and equipment acquired under a finance lease 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

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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.

(k) Inventories

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

(l) Property, plant and equipment

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

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

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

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

Capital work in progress is not depreciated until commissioned.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(m) Intangible assets

(i) Goodwill

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

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the company's investment in each country of operation by each primary reporting segment (Note 8).

(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 amortized 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) Financial assets

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

Notes to the Financial Statement for the period of six months
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(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 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 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) Provisions

Provisions for retirement 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.

(s) 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.

(t) 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.

(u) 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 Board of Directors.

(v) 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.

(w) Changes in accounting policies

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

Note 3. 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 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 in conjunction with reverse acquisition referred to previously.

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 to accounting policy j.), inventory (refer to accounting policy k.) and provisions (refer to accounting policy r.) 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 forseeable future.

Note 4. Other income

	six months 30 June 2008	six months 30 June 2007	year 31 Dec 2007
Carriage, insurance and freight	867,063	1,001,388	1,818,051
Foreign exchanges gains on sales	263,323	60,330	388,851
Royalties	111,111	85,220	196,395
Other miscellenious income	346,477	693,129	885,952
Total	**1,587,974**	**1,840,067**	**3,289,249**

Notes to the Financial Statement for the period of six months
ended 30 June, 2008

Note 5. Business Combination

On 23 April 2008 the Group acquired the Dabico group comprising of two companies: Dabico Inc., USA and Dabico Europe, UK. The acquired business contributed Euro 1,527,081 in revenues and Euro 188,792 in net profit in the period from the date of acquisition to 30 June 2008. If the acquisition had occurred on 1 January 2008, the combined group's total revenues up to June 30 2008 would have amounted to Euro 68,634,493 and the net profit would have amounted to Euro 5,055,715. These amounts have been calculated using the Groups accounting policies.

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

Total purchase consideration	9,999,874
Direct costs relating to the acquisition	424,150
Total purchase consideration	10,424,024
Fair value of net assets acquired	2,238,645
Goodwill acquired (Note 7)	8,185,379

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

The assets and liabilities as of 22 April 2008 arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
Cash and cash equivalents	586,202	586,202
Trade and other receivables	571,008	571,008
Inventories of raw materials and work in process	1,145,386	1,145,386
Property, plant and equipment	382,973	382,973
Intangible assets	25,358	25,358
Deferred taxes	401,384	(3,070)
Trade payables	(396,440)	(396,440)
Other current liabilities	(477,226)	(477,226)
Net assets acquired	2,238,645	1,834,191

As can be seen from the table above, the fair values of the assets and liabilities acquired were in line with the carrying amounts in the acquiree's books at the acquisition date and the main fair value adjustment related to the recording of the fair value of the deferred tax asset arising as a consequence of purchased goodwill in Dabico Inc., USA which is tax deductible.

The purchase consideration for this acquisition was all settled in cash.

Note 6. Divestment of Gantrex operations

On 8 January 2008 the Gantrex operations, which included a manufacturing facility in Canada and modest sales operations in the US and modest investments in associated companies in China, Hong Kong and Singapore were divested. Profit and loss data relative to this discontinued operation for 2007 and for the period of six months ended 30 June 2007 may be summarized as follows:

	30 June 2007	31 Dec 2007
Revenues	3,077,471	6,411,526
Costs and expenses	3,074,426	6,428,256
Profit / (Loss) before Income Tax	3,045	(16,730)
Income taxes	-	67,571
Profit/ (Loss) for the year	3,045	(84,301)

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

	30 June 2007	31 Dec 2007
Accounts recivable	1,228,283	930,860
Inventories	851,563	863,525
Fixed assets	1,057,585	956,795
Goodwill and intangible assets	2,278,098	2,275,324
Investment in Associates	558,043	558,043
	5,973,572	5,584,547
Accounts payable and other liabilities	2,566,602	2,214,656
Net assets	3,406,970	3,369,891
Sale proceeds	-	6,058,729
Gain on sale	-	2,688,838
Operating cash flows	16,952	1,259,781
Investing cash flows	43,700	162,575
Financing cash flows	51,580	(618,144)
Total cash flows	112,232	804,212

Notes to the Financial Statement for the period of six months

ended 30 June, 2008

Note 7.
Intangible Assets

Group	Research & Development	Patents & Trademarks	Goodwill	Total
At 30 June 2007				
Opening net book value	867,561	627,641	12,845,518	14,340,720
Additions	433,895	5.250,000	21,178,500	26,862,395
Disposals	(0)	(0)	(1,977,158)	(1,977,158)
Amortisation	(148,239)	(56,887)	(0)	(205,126)
Currency exchange differences	-	13,863	54,051	67,914
Net book amount	**1,153,217**	**5,834,617**	**32,100,911**	**39,088,745**
Held for sale	-	-	1,977,158	1,977,158
At 30 June 2007				
Cost or valuation	1,862,840	6,559,198	32,100,911	40,522,949
Accumulated depreciation	(709,623)	(724,581)	(0)	(1,434,204)
Net book amount	**1,153,217**	**5,834,617**	**32,100,911**	**39,088,745**
At 31 December 2007				
Opening net book value	867,561	627,641	12,845,518	14,340,720
Acquired through business combination	382,000	5,250,000	21,178,500	26,810,500
Additions	1,353,400	-	-	1,353,400
Disposals	(444,535)	(101,920)	(2,385,678)	(2,932,133)
Amortisation	(403,357)	(453,393)	0	(856,750)
Currency exchange differences	6,389	(5,944)	(3,355)	(2,910)
Net book amount	**1,761,458**	**5,316,384**	**31,634,985**	**38,712,827**
Held for sale	22,505	-	2,252,819	2,275,324
At 31 December 2007				
Cost or valuation	2,726,198	6,437,741	31,634,986	40,798,925
Accumulated depreciation	(964,741)	(1,121,357)	(0)	(2,086,098)
Net book amount	**1,761,457**	**5,316,384**	**31,634,986**	**38,712,827**
At 30 June 2008				
Opening net book value	1,761,457	5,316,384	31,634,986	38,712,828
Additions	842,508	101,331	8,185,379	9,129,218
Amortisation	(190,542)	(274,437)	-	(464,979)
Currency exchange differences	(13,756)	(30,577)	(546,072)	(590,405)
Closing net book value	**2,399,667**	**5,112,701**	**39,274,293**	**46,786,661**
At 30 June 2008				
Cost or valuation	3,554,951	6,508,495	39,274,293	49,337,739
Accumulated depreciation	(1,155,284)	(1,395,794)	(0)	(2,551,078)
Net book amount	**2,399,667**	**5,112,701**	**39,274,293**	**46,786,661**

Note 8.
Segment
Information

Primary reporting format - geographical areas

Six months ended 30 June 2008	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from sales of goods	5,763	13,838	46,360	-	65,961
Operating Profit	457	58	4,589	-	5,104
Net financial items, including gain on sale of subsidiary	387	(6)	1,474	-	1,855
Income tax expense	135	40	1,407	-	1,582
Net profit of the period	**709**	**12**	**4,656**	**-**	**5,378**
Non cash expenses					
Depreciation and amortization	37	273	1,090	-	1,400
Segment assets	7,916	29,885	98,907	(19,407)	117,301
of which goodwill	-	20,865	18,409	-	39,274
Investment in associated companies	172	-	49	-	221
Total assets	**7,916**	**29,885**	**98,907**	**(19,407)**	**117,301**
Segment liabilities	1,584	5,366	52,942	(0)	59,893
Total liabilities	**1,584**	**5,366**	**52,942**	**(0)**	**59,893**
Total capital expenditure	-	-	-	-	-
excluding goodwill	-	-	-	-	-
Goodwill aquired	4,847	-	3,338	-	8,185
Impairment of goodwill	-	-	-	-	-

Financial reporting

Notes to the Financial Statement for the period of six months
ended 30 June, 2008

Primary reporting format - geographical areas

Six months ended 30 June 2007	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from sales of goods	6,379	13,567	42,771	-	62,717
Operating Profit / (Loss)	(49)	788	4,943	-	5,682
Net financial items	30	29	(240)	(338)	(519)
Income tax expense	-	-	-	1,913	1,913
Net profit / (loss) of the period	**(19)**	**817**	**4,703**	**(2,251)**	**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	4,533	21,966	7,579	-	34,078
Investment in associated companies	-	173	-	-	173
Total assets	**9,698**	**40,414**	**58,705**	**-**	**108,817**
Segment liabilities	1,564	5,737	35,332	13,743	56,376
Total liabilities	**1,564**	**5,737**	**35,332**	**13,743**	**56,376**
Total capital expenditure	-	-	-	-	-
excluding goodwill	60	5,976	2,944	-	8,980
Goodwill aquired	-	20,962	271	-	21,233
Impairment of goodwill	-	-	-	-	-

Primary reporting format - geographical areas

Twelve months ended 31 December 2007	America	Asia Pacific	Europe, Middle East, Africa	Non allocated	Total
Revenue from sales of goods	14,198	27,061	88,734	-	129,993
Operating Profit	329	581	11,693	-	12,603
Net financial items	120	201	(1,987)	724	(942)
Income tax expense	321	767	3,332	100	4,320
Net profit of the period	**128**	**15**	**6,374**	**824**	**7,341**
Profit for the period comprises					
Profit from continuing operations	212	15	6,374	824	7,425
Loss from discontinued operations	(84)	-	-	-	(84)
Net profit of the period	**128**	**15**	**6,374**	**824**	**7,341**
Non cash expenses					
Depreciation and amortization	261	542	1,776	-	2,579
Segment assets	4,922	31,423	69,002	4,722	110,069
of which goodwill	2,557	21,172	3,184	4,722	31,635
Investment in associated companies	153	24	158	-	335
Total assets	**4,922**	**31,423**	**69,002**	**4,722**	**110,069**
Segment liabilities	3,451	5,659	34,640	10,638	54,388
Total liabilities	**3,451**	**5,659**	**34,640**	**10,638**	**54,388**
Total capital expenditure	3,052	27,117	3,493	4,722	38,384
excluding goodwill	3,052	5,945	3,224	4,722	17,206
Goodwill aquired	-	21,178	-	-	21,178
Impairment of goodwill	-	-	-	-	-

Secondary reporting format - business segments

	Consolidated		
	30 June 2008	30 June 2007	31 Dec 2007
Port and Maritime	15,884	18,850	34,399
Mining and Tunnelling	10,086	9,351	18,186
Airport industry	8,699	7,201	23,111
Energy and Offshore	6,022	3,560	8,318
Steel and Aluminium	1,892	3,185	5,567
General Industry and others	23,378	20,570	40,412
Total	65,961	62,717	129,993

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Note 9.
Earnings per share

Both the basic earnings per share are calculated using the net results attributable to shareholders of Cavotec MSL Holdings Ltd and Subsidiaries as the numerator.

	Consolidated		
	six months 2008	six months 30 June 2007	year 31 Dec 2007
Profit for the period	5,377,931	3,250,032	7,341,090
Profit for the period comprises:			
Profit from continuing operations	5,377,931	3,253,077	7,425,390
Profit from discontinued operations	-	(3,045)	(84,300)
	5,377,931	3,250,032	7,341,090
Attributable to			
Equity holders of the company	5,301,340	3,229,983	7,235,525
Minority interest	76,591	20,049	105,565
Shares on issue	63,632,700	63,632,700	63,632,700
Basic earnings per share attributed to the equity holders of the company	-	-	-
Continuing activites	0.083	0.051	0.114
Discontinued activities	-	(0.000)	(0.001)

Note 10.
Contingencies

There were no significant contingent liabilities at 30 June 2008.

Note 11.
Subsequent Events

There are no significant events subsequent to 30 June 2008 to report.

www.cavotec.com

For more information:
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