THE POWER OF INNOVATIVE ENGINEERING

ANNUAL REPORT 2013

CAVOTEC
Inspired Engineering

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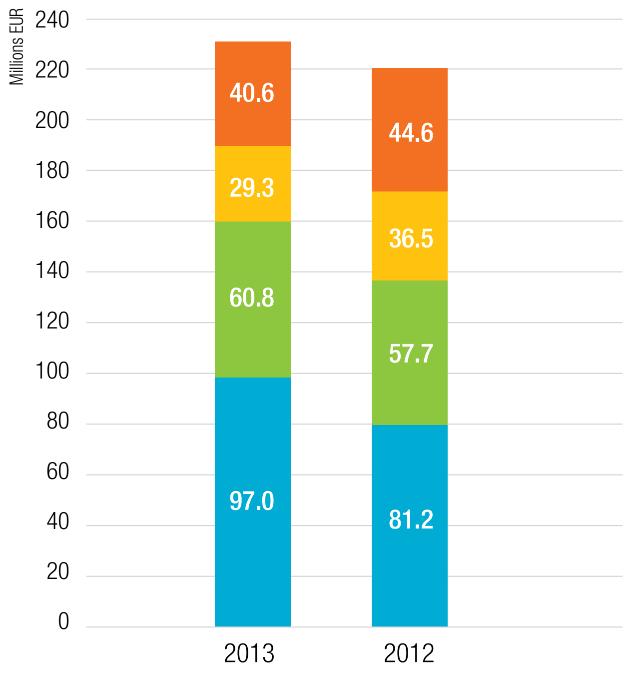
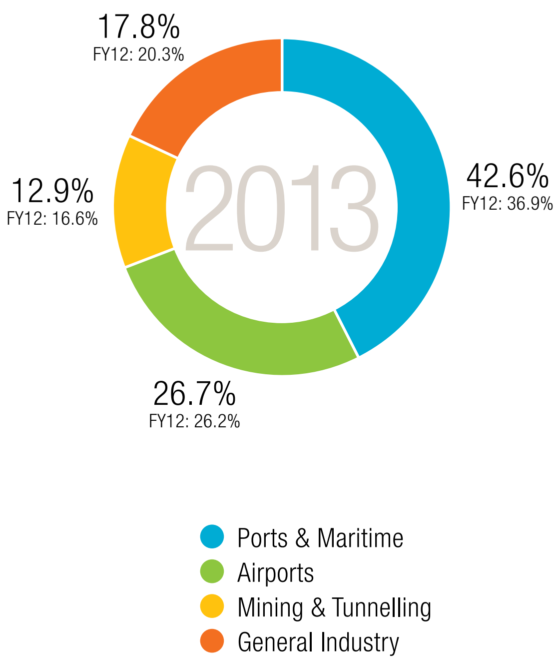
Revenues by Market Units

EUR 000's	2013	2012
Ports & Maritime	97,028	81,220
Airports	60,801	57,692
Mining & Tunnelling	29,309	36,518
General Industry	40,566	44,642
Total	**227,704**	**220,072**

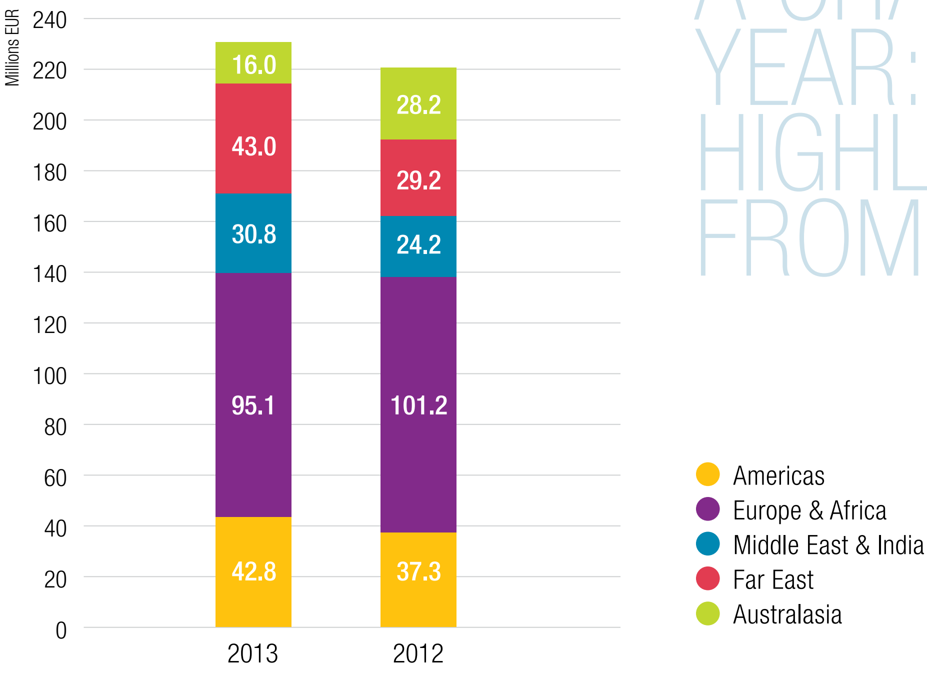




Revenues by Regions

EUR 000's	2013	2012
Americas	42,821	37,316
Europe & Africa	95,114	101,197
Middle East & India	30,826	24,205
Far East	42,975	29,192
Australasia & SE Asia	15,968	28,162
Total	**227,704**	**220,072**

RESILIENCE THROUGHOUT A CHALLENGING YEAR: SOME HIGHLIGHTS FROM 2013

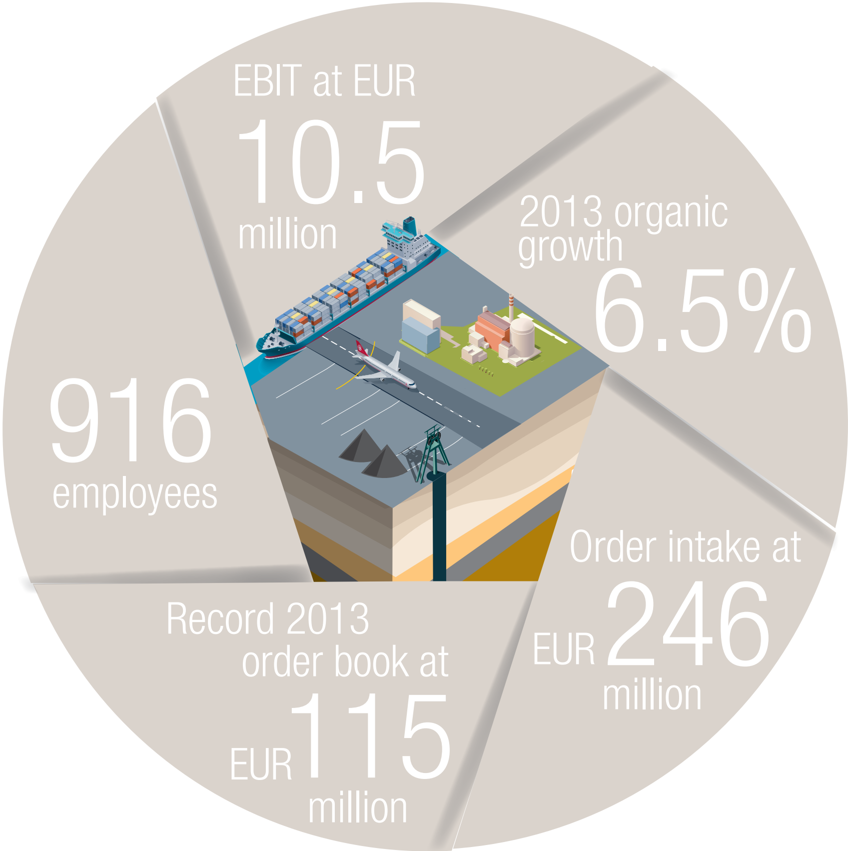


FINANCIAL INFORMATION IN SUMMARY

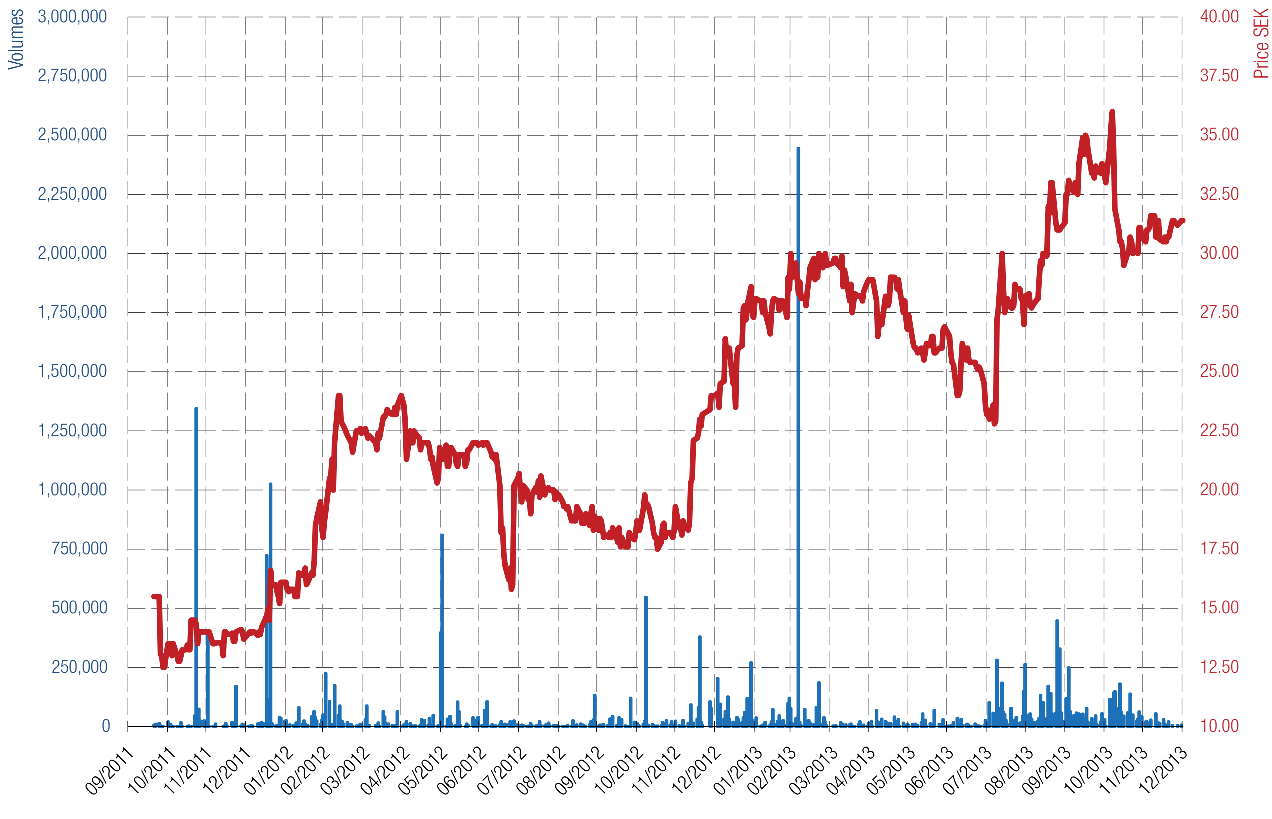
Cavotec SA & Subsidiaries	2013	2012	2011	2010	2009
EUR 000's					
INCOME STATEMENT ITEMS					
Revenue from sales of goods	227,704	220,072	189,969	144,960	125,258
Gross Operating Result (EBITDA)	**15,027**	**21,736**	**17,191**	**15,763**	**12,270**
Operating Result (EBIT)	**10,506**	**17,978**	**12,684**	**12,387**	**8,951**
Profit for the year	**10,453**	**12,192**	**5,844**	**8,006**	**5,200**
Total comprehensive income	4,718	13,018	7,018	11,005	6,521
BALANCE SHEET ITEMS					
Non-current assets	108,696	106,141	98,027	72,885	65,802
of which Goodwill	60,479	61,646	61,930	44,784	44,089
Current assets	97,013	94,271	78,762	62,538	57,849
Cash and cash equivalents	13,928	10,313	12,952	12,203	10,957
Total assets	**219,637**	**210,725**	**189,741**	**147,626**	**134,609**
Total equity	(108,769)	(106,829)	(94,873)	(76,807)	(66,917)
Interest-bearing liabilities	(50,007)	(34,828)	(36,664)	(31,878)	(32,812)
Non-interest-bearing liabilities	(60,861)	(69,067)	(58,205)	(38,941)	(34,880)
Total equity and liabilities	**(219,637)**	**(210,725)**	**(189,741)**	**(147,626)**	**(134,609)**
CASH FLOW ITEMS					
Cash flow from operating activities	(713)	11,900	5,164	10,951	8,594
Cash flow from financial activities	14,056	(5,035)	2,712	2,568	6,551
Cash flow from investing activities	(5,103)	(12,183)	(6,707)	(8,545)	(3,295)
Cash flow for the year	**8,240**	**(5,318)**	**1,169**	**4,974**	**11,850**
PROFITABILITY AND PROFITABILITY-RELATED KEY FIGURES					
Order intake	245,961	224,984	215,876	144,181	143,694
Gross operating margin	6.6%	9.9%	9.0%	10.9%	9.8%
Operating margin	4.6%	8.2%	6.7%	8.5%	7.1%
Interest coverage	8.6x	14.2x	8.1x	7.0x	4.7x
Return on average capital employed (ROACE)	6.3%	8.3%	4.6%	7.3%	6.1%
Return on equity (ROE)	9.7%	12.0%	6.9%	11.0%	8.2%
CAPITAL STRUCTURE AND CAPITAL STRUCTURE-RELATED KEY FIGURES					
Net debt	(36,070)	(24,511)	(23,708)	(19,651)	(21,850)
Net debt/equity ratio	33.2%	22.9%	25.0%	25.6%	32.7%
Equity/assets ratio	49.5%	50.7%	50.0%	52.0%	49.7%
Leverage ratio	2.4x	1.1x	1.4x	1.2x	1.8x

STOCK PERFORMANCE*						
Number of shares issued		71,397,220	71,397,220	71,397,220	63,632,700	63,632,700
Closing price	SEK	31.40	24.00	13.75	-	-
Closing price[(1)]	EUR	3.54	2.80	1.54	1.95	1.29
Market cap[(1)] (million)	EUR	253.1	199.7	110.2	123.9	81.9
Dividend[(1)]	EUR	0.041	0.041	0.017	0.023	0.015
EPS[(1)]	EUR	0.147	0.173	0.089	0.125	0.082

[(1)] at end of the year prevailing exchange rate
** for the year 2009-2011 the company was listed on the NZX*



Stock performance - Nasdaq OMX



St. Lawrence Seaway, Canada

THE CHAIRMAN'S PERSPECTIVE

2013 was a good year for Cavotec, especially with regards to the internal growth and development of our organisation. It was also an eventful and demanding period, as we had foreseen 2013 to become a year of consolidation and preparation for future expansion. After two years of strong growth, we had forecasted 2013 to be a relatively calmer year regarding revenue and order intake development. As you can see from the following pages, the end result was lower than forecasted. Nevertheless, 2013 was a milestone year for our core innovation MoorMaster™, something I will explore in greater detail on further in this message.

We are also very pleased to see that our share price continued to gain value by some 30% in 2013 (70% in 2012), underlining our shareholders' strong support and a good understanding of our business model and long-term strategies. Cavotec was also up-graded to become a MidCap company on the NASDAQ OMX Stockholm on January 2nd, 2014.

OUR MAIN CHALLENGES

Our challenges came primarily due to a continued slowdown in some sectors like Mining and General Industry, especially during the second half of the year.

Furthermore, in the first half of the year, we experienced a continued postponements of several large projects, which temporarily impacted order levels. Fortunately this trend changed dramatically in the second half and brought about a strong and healthy order intake in general for the full year. However, these projects will be delivered in 2014 and beyond, leaving us with a significant shortfall in revenues in 2013. This drop in volume constitutes one of the main reasons for the temporary lowering of our overall profits for the year.

The necessary restructuring of our Cavotec INET operations in the US placed a heavy burden on our overall profitability. While we expect a noticeable improvement of Cavotec INET's operations in 2014, we foresee it will still take 12 to 18 months before Cavotec INET is positioned to realise its full potential.

As you might recall from our previous reports, we are also engaged in an on-going legal dispute in the US, with our ex-partner, the former owner of Cavotec INET. Despite our best efforts to resolve this issue as soon as possible (and thus move forward), we have to accept and live through the formal procedures and steps of a legal dispute in the US. Due to the seriousness of the allegations in our counterclaim (involving theft, serious misconduct, and unethical business practices of our ex-partner and others) we are committed to undertake whatever steps are necessary to bring this matter to a final judgement and resolution. The court hearings are scheduled to start in October 2014, and are foreseen to last for some 4-5 weeks.

OUR MAIN OPPORTUNITIES

On a positive note, 2013 brought about a very significant accomplishment for the Group. We received some five MoorMaster™ orders for a total of approximately EUR 20 million, with an additional milestone order for approximately EUR 25 million in February 2014 from the St. Lawrence Seaway in Canada. This meant that in 2013 we were finally able to record a genuine, global breakthrough for automatic mooring technology. We have worked hard and consistently over the past 10 years to achieve this goal, so we are delighted to see this positive development of our MoorMaster™ business.

INVESTING IN CAVOTEC

As described in earlier annual reports, introducing innovative technologies and improving industry standards takes time. It is therefore encouraging - once in a while - when you can clearly see that the efforts and work undertaken to reach a long-term goal comes to fruition. In the past few years, we have seen a number of our major investment areas become an important part of our business and thereby start contributing to our future development. This achievement is a great gratification to all our employees, and will encourage us to move forward with confidence and determination.

Investing in Cavotec should be considered as a medium to long-term investment in a solid company with a long-term perspective, providing steady value creation through strong growth while achieving good and consistent profitability levels. Despite not reaching all our targets in 2013, we believe that with our strong order intake, and by having resolved the majority of issues at Cavotec INET, we are now well positioned for a period of strong and sustained growth. We are fully committed to work in this direction and to meet all our financial goals in the years to come.

Lugano, March 2014

Stefan Widegren
Chairman

THE CEO'S REPORT

Despite challenges in certain markets in 2013, Cavotec's diverse product mix and evolving geographical presence ensured the Group performed strongly, and was able to report its largest order book on record.

Our innovative technologies continued to drive growth in several niche and rapidly growing markets. Airports and Ports & Maritime were strong, while, as we forecast in 2012, Mining & Tunnelling and General Industry were weaker.

We also continued to take the necessary steps to ensure the Group's future growth and competitiveness by, for example, continuing to refine our operational structure in order to maximise synergies and minimise costs. These factors ensured that 2013 was a good year for the Group, despite macro economic uncertainty in some areas.

KEY FIGURES

After growing 31.0% in 2011 and 15.8% in 2012, we had forecasted 2013 to achieve approximately 10% growth in revenues and order intake. However, revenues ended up lower than forecasted, increasing with approximately 3.5% to EUR 228 million (EUR 220 million).

Operating result amounted to EUR 10.5 million compared to EUR 18 million in 2012. Organic growth was 6.5%, while the exchange rate fluctuation detracted 3.3%.

Excluding the EUR 2 million cost related to on-going litigation in the US, adjusted operating result reached EUR 12.5 million. Financial items were unchanged while the recognition of deferred tax assets contributed to a net profit of EUR 10.5 million.

Order Intake grew with approximately 9.3% to EUR 246 million (EUR 225 million), translating into a record level Order Book for FY13. I am pleased to report this trend has continued into the first two months of 2014 with the February 2014 Order Book amounting to a record of EUR 143.6 million.

Revenues derived from sales in Europe dropped below 40 per cent for the first time in the Group's history. The Americas, the Far East and the Middle East were Cavotec's second, third and fourth largest markets respectively. This is a development I welcome wholeheartedly. As Europe recedes in importance as a market, we are already growing our presence in newer, emerging markets where growth potential is significantly higher.

A YEAR OF RECORD ORDERS AND A WORLD-FIRST

Our Ports & Maritime segment grew in a market that was shrinking overall. Key drivers of this growth were our flagship innovative technologies MoorMaster™, Alternative Maritime Power (AMP) and Automated Stacking Crane (ASC) technologies. Our customers continue to demand automation and electrification systems such as these – areas where Cavotec is a well-established supplier and a technological innovator.

In an excellent example of this, in July we announced a unique order for a combined and fully integrated AMP and MoorMaster™ system – the very first of its kind anywhere in the world – for a passenger ferry application in Norway. The degree of automation in this system is unprecedented, and is set to deliver considerable efficiency and environmental benefits. It will also serve as an excellent reference for other potential customers who are looking to simplify their operations, and make them safer and more environmentally friendly.

In November, it was announced that the Group had secured the largest single MoorMaster™ order to date for EUR 10 million, the first such order in Africa. Furthermore, this order was only the initial phase of a three-part project.

And in another first for MoorMaster™, we are supplying 18 MoorMaster™ units to a bulk handling application in Narvik, Norway. This will be the first bulk MoorMaster™ application in Europe, and illustrates the potential the technology has in this and other markets. MoorMaster™ is increasingly well established, and widely recognised as the safest and most efficient way to moor ships.

Demand for our AMP systems was especially strong in 2013. We received orders for these systems from a variety of customers for a total of EUR 12 million. Cavotec has a uniquely comprehensive shore power offering, which includes medium and low voltage systems for ship-based and shore-based applications.

As a growing number of regulatory requirements regarding emissions in ports come into force, we are likely to see demand for shore power technologies increase. As a well-established supplier of these systems – Cavotec's first AMP system went on line in 1985 – the Group is well placed to grow its already strong position as a key supplier of these systems.

Turning to Airports, with the addition of fuelling systems to our E3 Gate range of services, our customer offering became complete, thereby further improving our product offering. Customers find it easier to approach Cavotec to provide a comprehensive range of equipment and services, than dealing with several different suppliers.

The US market was especially strong throughout the year. We were awarded and completed a EUR 10 million project at Phoenix International Airport, where we installed air conditioning units onto some 40 passenger bridges.

In November, we announced orders totalling EUR 13 million for our Airports systems for customers in Europe, the Middle East and India. These orders – for a variety of systems – emphasise the Group's technical expertise and geographical scope.

The General Industry market unit registered growing interest in automation and radio remote control systems, and the electrical vehicles (EV) segment also delivered increased demand.

OPERATIONS

On the operations level, 2013 was another critical year for the Group. We took several initiatives in different areas to improve our internal operational efficiency to generate synergies, and therefore prepare the Group for growth.

We concluded the reorganisation of Cavotec Germany, where Cavotec Fladung completed its move to new, larger premises outside Frankfurt. Also in Germany, we merged Cavotec Meyerinck with Cavotec Alfo to better serve customer demand. And in the US, we completed the merger of Cavotec Dabico and Cavotec INET manufacturing facilities.

Given the strength of demand in China, India and the US, we employed several new staff members to strengthen our sales and engineering teams in these increasingly important markets. This is to ensure that we focus resources where they are most needed and take full advantage of opportunities that exist.

In China, for example, to keep pace with our growth there and across Asia as a whole, we opened a new, larger facility in Shanghai. The facility will serve customers in all four of our market units.

We also started operations in Brazil, an indicator of the growth potential we see in the country. Cavotec Brazil was formally established in 2012, and day-to-day operations got underway in 2013.

We also oversaw the beginning of the introduction of our new Enterprise Research Planning (ERP) initiative. Complete introduction will take three to five years. This new ERP system is a step-change for our organisation and will ensure our internal operating system will be contemporary, user-friendly and will improve our operational efficiency.

LOOKING AHEAD

I look ahead with optimism for the Group as a whole. While conditions in some markets remain challenging, especially for Mining & Tunnelling, our two largest market units – Airports and Ports & Maritime – seem set for continued growth in 2014 and beyond. Development in General Industry is likely to be flat in 2014, but our technological advantage and product mix, and our established position with major suppliers on the market, will ensure that this units' prospects to return to growth in the years ahead are strong.

Ports & Maritime will likely be driven by continued product innovation in automation and electrification systems. And Airports, while innovation will of course continue to play a role, a primary driver for our growth in the segment will be our proven ability to integrate advanced ground support systems, which makes it more efficient for customers to work with Cavotec.

While the outlook for Mining & Tunnelling appears challenging, we see opportunities for future growth for Cavotec in the provision of systems that improve operational efficiency. We are an established supplier to the major mining groups – such as Sandvik and Atlas Copco – and despite a current drop in investment in new equipment, we continue to provide retrofitting, and engineering services. Human Operator Interface (HOI) systems also present a considerable opportunity for the Group in these sectors. It is generally recognised in these industries that there is substantial potential for the types of technologically advanced systems that Cavotec is bringing to the market – perhaps not in 2014, but certainly in the years ahead.

In General Industry, we also have significant scope for growth with HOI systems, as well as EV (Electrical Vehicles) solutions, an area where we are already well established and continue to work with several large suppliers in the US and Europe.

Order intake over the last two quarters of 2013 has been weighted towards larger projects with longer delivery times, opposed to day-to-day business with short delivery times, providing management with improved visibility. This development combined with recent market activity and enhanced performance of our Cavotec INET operations, indicates a return to our historic growth rate with double-digit increase in the rate of growth towards 2H14.

We foresee quite a slow start with lower revenues in 1Q14, while revenues are expected to grow rapidly in the following quarters. For the year 2014 our target is EUR 250 million in revenues and an EBIT margin of 8%.

Lugano, March 2014

Ottonel Popesco
Chief Executive Officer

BUSINESS MODEL

CAVOTEC'S BUSINESS MODEL

Cavotec's business concept is to design, engineer and supply innovative products and systems that enable a wide variety of industry sectors to improve safety, efficiency and environmental sustainability. We build long-term relationships with customers that drive operational efficiency and improve return on investment.

STRUCTURE

The Group's structure is designed to ensure our customers receive the local support they need, backed by our global engineering experience and resources.

Cavotec Centres of Excellence

Cavotec's research, development and manufacturing operations are conducted at its Centres of Excellence (CoE). More information on our CoE on page 98 of this report.

Cavotec sales companies

Cavotec now has an extensive network of local sales companies in some 40 countries all around the world. These companies ensure that we have the sales presence and technical know-how needed to provide our customers with outstanding service, further sustained by relationships developed over the long-term.

STRATEGY

Unrivalled customer service and engineering excellence

Our overriding focus is high quality service and advanced engineering. Our customers' operations are dependent on Cavotec's products fulfilling highly stringent service demands. Furthermore, our pricing capacity is determined by the high engineering content of our products. Thus, quality and engineering are our primary competitive advantages.

Attract and retain highly skilled and talented staff

Cavotec offers a positive and rewarding work environment for employees. We cultivate a friendly, professional working atmosphere where fresh thinking and a willingness to explore new approaches are encouraged. An open working environment, that fosters the free exchange of ideas and mutual respect between individuals, underpins our unique capabilities as a global engineering group.

Organic growth through innovative products, systems delivery and project management

Cavotec is targeting strong organic growth going forward. Throughout the Group's history, we have invested in innovative products including MoorMaster™ automated mooring systems, Alternative Maritime Power systems for ships, Pre Conditioned Air systems (sub-freezing cooling of aircraft) and Azipod marine slip rings. We are constantly alert to new product areas and segments, two of the most recent being Human Operator Interface and Electric Vehicles. Such systems have achieved, or are expected to achieve, structural, above market growth. In addition, as part of our long-term growth strategy, we are actively growing our system servicing, project management and system integration offerings.

Acquisitions

Cavotec's management has identified some 10 to 15 possible future acquisition targets in Cavotec's business areas. All of these candidates are, Cavotec's management believes, leading players in their respective niches. They are well structured, profitable, reputable and of a manageable size.

Continued international expansion

Cavotec aims to continue its successful international expansion, both organically and through acquisitions. We are active in, and continue to target regions and segments where we believe growth will be strong. Our global reach provides a compelling argument for customers worldwide to use our products.

Proven mission-critical products and system integration

Since its foundation, we have focused on providing high quality products with an increasing degree of engineering content. Our consistent approach in this respect has won the Group a solid reputation that we strive to maintain and capitalise on.

The majority of our products are considered key components in equipment produced by OEM customers or by end customers. In many cases our products make up a relatively small portion of the total cost of a final product or system, while the income lost from disruptions could be significant for end-customers. Thus, Cavotec has strong negotiating and pricing powers, and is shielded from cost cutting initiatives. In addition to the above, we continue to build our role as a systems integrator, and have demonstrated our capacity to manage projects valued at more than EUR 30 million.

CAVOTEC'S TIMELINE

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

1974

Incorporation of Specimas AB in Sweden

1976

Specimas AB renamed Cavotec AB

1984

Incorporation of Cavotec sales company in Finland

Acquisition of Specimas SpA in Italy

1986

Incorporation of Cavotec sales company in the United Kingdom

1988

Incorporation of Cavotec sales companies in Canada, Italy and Norway

1989

Incorporation of Cavotec Group Holdings NV in the Netherlands

1990

Incorporation of Cavotec sales company in the Netherlands

Acquisition of CTA Srl in Italy

Incorporation of ET Power Connectors AB in Sweden

1991

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

1993

Incorporation of Cavotec sales companies in Germany and the UAE

1995

Incorporation of Cavotec sales companies in Hong Kong and Shanghai

1996

Incorporation of Cavotec sales company in Argentina

1997

Acquisition of Alfo Apparatebau GmbH in Germany

Incorporation of Cavotec sales company in Singapore

1999

Acquistion of Metool Pty Ltd. in Australia

Acquisition of RMS Enrouleurs SA in France

Incorporation of Cavotec sales company in Denmark

2002

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

2004

Acquisition of Fladung GmbH in Germany

Cavotec Group and Mooring Systems Ltd. sign sales agreement

Acquisition of Micro-control AS in Norway

Cavotec marks 30-year anniversary

2005

Incorporation of Cavotec sales company in India

2007

Listing of Cavotec MSL on the New Zealand Stock Exchange

Group Corporate Office is established in Switzerland

Reverse acquisition with MSL

Incorporation of Cavotec sales company in Russia

2008

Acquisition of the Dabico Group in US and UK

Acquisition of Meyerinck GmbH in Germany

Divestment of Gantrex operations

2009

Milestone order received for PCAir for Bahrain International Airport

2011

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

Incorporation of Cavotes sales company in Spain

Incorporation of Cavotec sales company in Brazil

Acquisition of INET Group in the US

Cavotec SA listed on NASDAQ OMX Stockholm

2012

Acquisition of Combibox in Sweden

1st Anniversary of the listing on NASDAQ OMX

2013

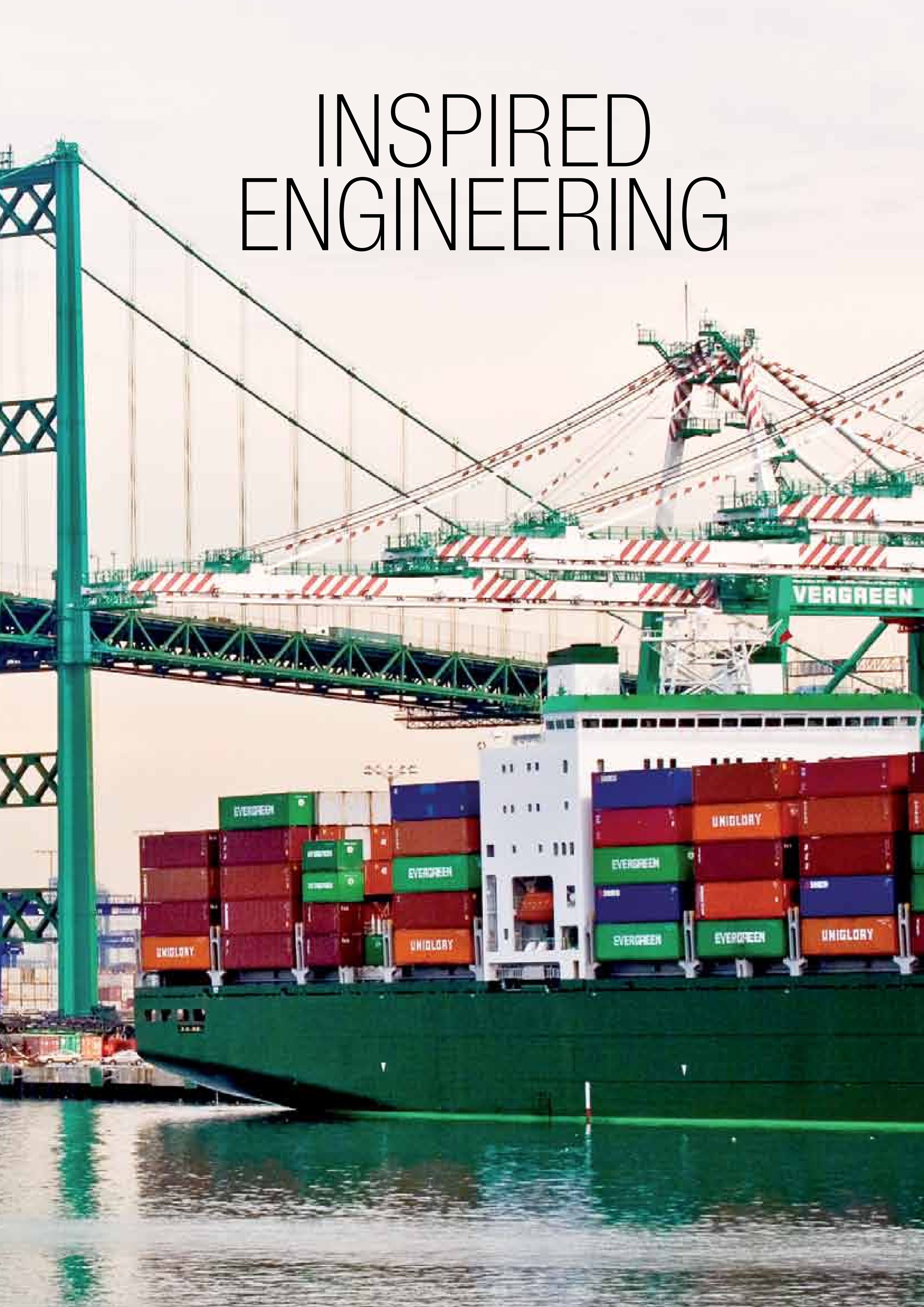
Cavotec wins largest MoorMaster automated mooring order to date in South Africa

Port of Los Angeles, USA

"Today, the Port of Los Angeles has more AMP-connected berths than any port worldwide. Our work with Cavotec over the past decade has made it possible for us to meet state emissions requirements and continue to lower ship emissions at the Los Angeles trade gateway. We are most appreciative of our partnership with Cavotec and the manufacturing jobs they have created here in Southern California."

Arley Baker, Port of Los Angeles.

INSPIRED ENGINEERING



Cavotec AMPtainer for PIL, Port of Los Angeles

PORTS & MARITIME

43%

Accumulated Revenues
EUR 97,028 thousands

44%

Accumulated Order Intake
EUR 109,342 thousands

56%

Order Book
EUR 64,427 thousands

Ports & Maritime generated the highest revenue of the MUs, representing approximately 43% of total revenues for the Group, amounting to EUR 97 million. Order Intake is slightly higher than last year and is the highest compared to the other MUs (44% of the total order intake of the Group), amounting to EUR 109.3 million. Order Book increased by 20.1% compared to last year, amounting to EUR 64.4 million.

FY13 Revenues
EUR 97,028 thousands

FY12 Revenues
EUR 81,220 thousands

+19.5%

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

ABB • Aker • APMT • Canrig • Cargotec • China Harbour Engineering • Dalian Huarai • DP World • HHI • Huisman
Khalifa Port • Konecranes • Max Streicher • MSC • Narvik • National Oilwell Varco • Port of Los Angeles • Port of Long Beach • PSA • SLSMC
Statoil • Transnet National Ports Authority (TNPA) • ZPMC

SUSTAINABLE, EFFICIENT PORTS AND TERMINALS

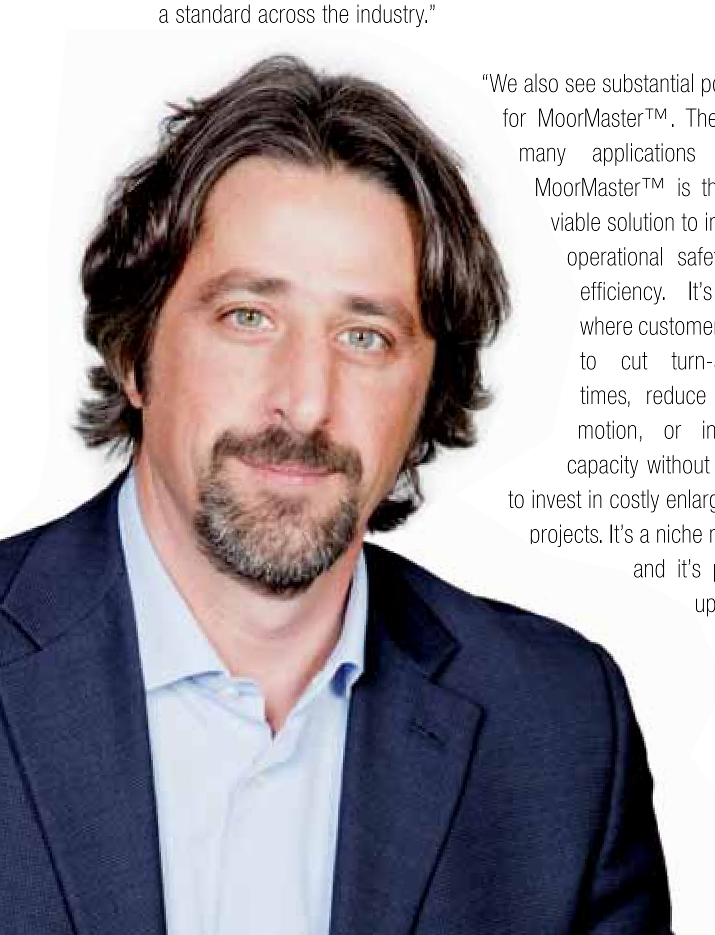
As automated systems and environmentally conscious technologies continue to be top priorities for port authorities and shipping lines alike, Cavotec's Ports & Maritime market unit performed strongly in 2013, despite tough overall market conditions. Ports & Maritime Market Unit Manager, Luciano Corbetta, explains.

"Despite a flat market for port equipment as a whole, order intake for the unit was resilient in 2013, a year in which we won our largest MoorMaster™ order to date, secured our largest oil and gas project ever, and began work on a world first application that will combine AMP and MoorMaster™ in a single system."

"In a sluggish market, we saw a marked increase in interest in our advanced technologies. It was a good year for new products, and in many ways, I'd say that this is the highlight of 2013."

"As ports and shipping lines face increasing pressure to reduce emissions – in the form of legal requirements and public sentiment – it's likely that AMP will continue to register growing demand, from an already strong base."

"The next five years will be very important for the wider application of AMP. If the market continues to develop strongly, I expect it to become a standard across the industry."



"We also see substantial potential for MoorMaster™. There are many applications where MoorMaster™ is the only viable solution to improve operational safety and efficiency. It's ideal where customers want to cut turn-around times, reduce vessel motion, or increase capacity without having to invest in costly enlargement projects. It's a niche market, and it's picking up."

"In November we announced our largest order for the technology to date, from Transnet National Ports Authority (TNPA), for an application in South Africa. We're seeing growing interest in MoorMaster™ elsewhere in Africa, further afield, and for use in lock and offshore applications."

"The year was also strong for our growing oil and gas offering, with primary demand drivers being safety and automation. In August, we announced our largest single order to date in the segment, to supply, install and commission stainless steel drag chains for an application in the North Sea.

A Cavotec world first

"In the summer, we announced an order for the very first combined automated mooring and shore power system for the world's first battery-powered passenger ferry application in Norway. This project really is a joint effort from across Cavotec, involving our engineers in Italy, New Zealand and the UK, and our sales staff in Norway."

"In this project, you've got two signature Cavotec technologies – MoorMaster™ and AMP – combined with our Automatic Plug-in System (APS), to create an entirely new system that will moor the ferry and connect it to shore side power."

"This project illustrates really well one of Cavotec's key strengths: our range of products from various sectors that can be applied to resolve specific problems. We control all steps from manufacturing to sales and, together with customers, we deliver solutions that meet specific requirements."

"In addition to AMP and MoorMaster™, our motorised cable reels for high-speed, automated container handling applications are performing strongly – although these are areas where we could make further improvements."

"Other systems that supported the strong performance of the unit in 2013 were Panzerbelt crane protection systems, radio remote controls and ship propulsion systems."

Meeting customers' key concerns

"Customers' key concerns are competitiveness, and of course

CLEANER, MORE EFFICIENT PORTS

Cavotec develops uniquely innovative systems for the ports and terminals sector that include Alternative Maritime Power, MoorMaster™ automated mooring, motorised cable reels, Panzerbelt cable protection systems, radio remote controls, cable chains and ship propulsion systems. In 2013, we pioneered the world's first ever integrated automated mooring and shore power system. Here are a few more key achievements of our Ports & Maritime market unit.

With more than 28 years' experience in shore power, we offer a full range of low and high voltage AMP equipment including AMP Fix, AMP Mobile and AMPtainer.

28%

of post-Panamax vessels due for delivery by 2015 will be fitted with Cavotec AMP.

90%

Connecting to shore power reduces NOx, SOx and particulate matter or PM emissions by 90%.[1]

500

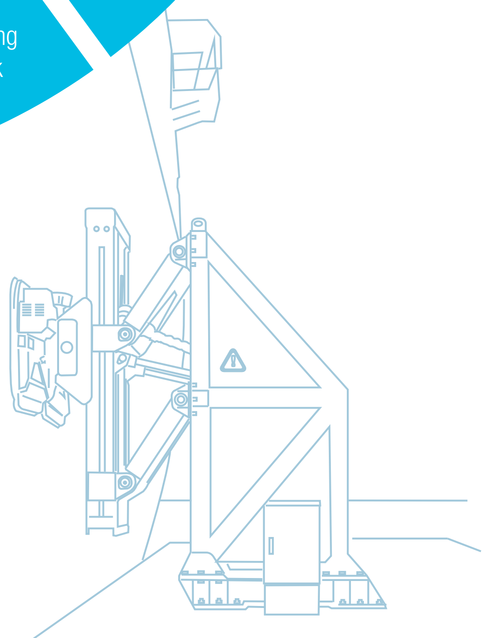
By 2015, 500 container vessels will be fitted with Cavotec AMP systems.

80,000

As of August 2013, our MoorMaster™ automated mooring systems had carried out some 80,000 mooring operations, at container, Ro/Ro, bulk handling and lock applications.

Uniquely innovative systems

Cavotec has pioneered the world's first integrated automated mooring and shore power system.



[1] Source: Entec UK Ltd.

safety. They're also looking for reliability: equipment that delivers better value for money over a long service life, rather than a lower purchase price for a sub-standard product. There's currently a great deal of interest in our automated systems, especially in the bulk and container handling segments."

"Our systems give customers – not just OEMs, but end-users – the advantages they need in a very tough market."

A unique, comprehensive offering

"We offer our clients a variety of products for use in terminals and on board ships. Increasingly, we're in a position to offer end-users a full range of these products: everything supplied by one company."

"So at a container handling application, you might have a customer buying MoorMaster mooring units, AMP systems, and motorised cable reels for container cranes. This comprehensive system offering is something our competitors struggle to compete with."

"Another aspect that makes the Cavotec offering so unique, is our focus on listening to customers and delivering what they actually want. This might sound obvious, but it's often overlooked.

Furthermore, we're local, almost everywhere. If you want to listen to your customers, you have to be close to your customers. Sales is a continuous process – not a one-off transaction."

Research & Development

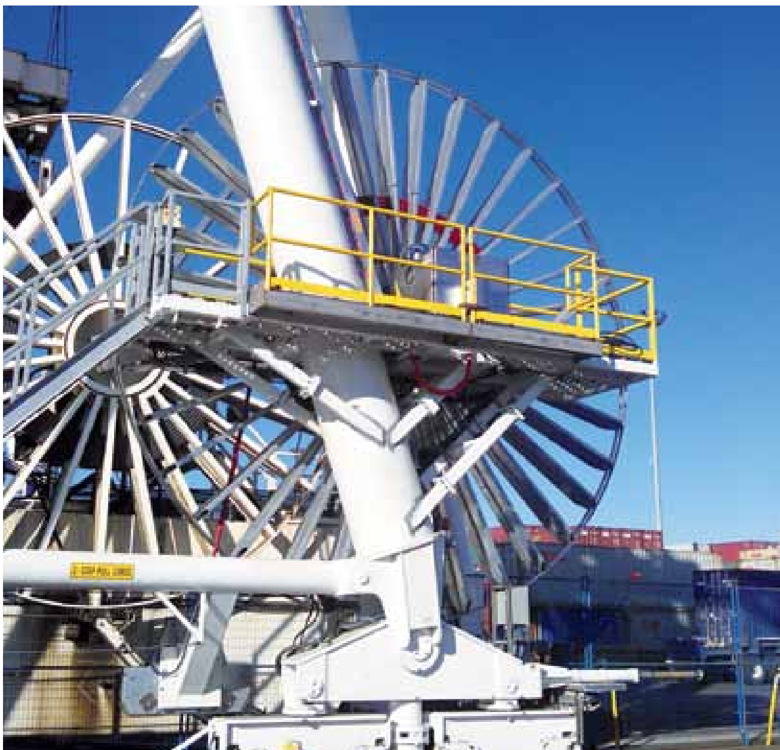
The Ports & Maritime unit carries out the bulk of its research and development at Cavotec Specimas in Italy, and Cavotec MoorMaster™ in New Zealand. Cavotec Specimas designs and manufactures AMP systems, motorised cable reels, Panzerbelt cable protection systems and marine propulsion systems.

The unit also operates manufacturing centres, for example in China, the US and elsewhere, which enable us to stay close to our customers and reduce their supply chain costs.

"Looking ahead, we'll continue to focus on product development, particularly automation, in systems such as E-RTGs, where we've made substantial investment, and APS, a technology that provides automated connection and disconnection of E-RTGs while using motorised cable reels fitted with fiber optics."

"The Ports & Maritime unit, and the Group as a whole, will also continue to position Cavotec as a provider of systems, rather than components. This is important for generating revenue and elevating the perception of Cavotec in the eyes of customers."

"We'll also be reinforcing our after-sales service. We're already strong in after-sales, and it's an area that's becoming more important for customers."




Frankfurt Airport, Germany

AIRPORTS

27%

Accumulated Revenues
EUR 60,801 thousands

28%

Accumulated Order Intake
EUR 67,650 thousands

32%

Order Book
EUR 36,621 thousands

Airports is the second MU in terms of revenues for the Group, amounting to approximately 27% of total revenues, coming in at EUR 60.8 million. Order Intake grew to 28% of Group total, amounting to EUR 67.7 million. Order Book reached EUR 36.6 million, increasing by 22.4% compared to last year.

FY13 Revenues
EUR 60,801 thousands

FY12 Revenues
EUR 57,692 thousands

+5.4%

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

Aeromexico • Airbus • Boeing Corporation • Bombardier • Cargolux • ClaVal • Dubai Airport • Emirates Airline
Frankfurt Airport • Heathrow International Airport • Hong-Kong Int'l Airport • LAN Chile • Lufthansa • Munich Airport • New Delhi Airport
Oslo Airport • Paris CDG Airport • Phoenix Int'l Airport • Shanghai Airport • Siemens • US Air Force

INTEGRATED SYSTEMS, BETTER AIRPORTS

Cavotec's Airports market unit provides integrated ground support systems that ensure fast, safe and clean operations at airports worldwide. The unit reported steady growth throughout 2013 in a wide variety of markets, with substantial projects being awarded in the Middle East, Europe, China and the US. A strong order book was not the only important development for the unit in 2013 however, with product launches and an expansion of its "one-stop-shop" offering – moves that are set to maximise growth potential for the years ahead. Airports Market Unit Manager, Gary Matthews, tells us more.

Cooler, faster, cleaner

"In addition to a strong performance in terms of sales, 2013 also saw several important developments on the product side for the Airports unit, with two of our standout systems making progress. Sub-freezing pre-conditioned air (PCA) is one of these systems, the other: integrating a fuelling function into our E3 Gate Concept."

"Current methods for cooling wide-body aircraft tend to be inefficient and ineffective. Airlines consider their ability to maximise passenger comfort by cooling these aircraft quickly a key competitive differentiator. We offer a quick, effective and clean way of doing this."

"Our Sub-freezing PCA system cools the largest passenger aircraft in service today under the most severe ambient conditions in unbeatable operating times."

We remain the only company in the world to have AHM997 compliant Subfreezing PCA systems installed.

"Not only is Sub-freezing PCA just one of the PCA systems we offer, we remain the only company in the world to have Sub-freezing PCA systems installed, approved and operational. These systems are at Bahrain International Airport, where eighteen such units have been in operation since 2011. So Sub-freezing PCA is certainly important to the Group, but it's equally important that we continue to offer customers conventional PCA systems and related technologies according to their specific requirements, from DX to central systems."

"We also launched a fuelling element to our E3 Gate concept during the Inter Airport Europe exhibition in October, making the E3 Gate one of the most uniquely integrated aircraft servicing systems available today."

"We call it E3 Gate because it delivers improvements in Ergonomics, Economy and the Environment, and supplies parked aircraft with 400Hz power, PCA, blue and potable water and sewage – and now fuel – via underground pit systems. This makes for an uncluttered tarmac around aircraft, thus improving safety and operational efficiency."

"In November, we announced Airports orders worth EUR 13 million, with projects in locations as diverse as the Middle East, India and Norway. These orders included two projects at Dubai International Airport, where we are supplying a large number of PCA units, pop-up utility pits and electrical converters. The equipment will be installed at the airport's 17 new stands, four of which will serve wide-body aircraft (like the A380), and for the airport's Expo Area."

"It's not only what you sell. It's how you sell it."

System sales: tuned in to customer needs

"It's not only what you sell. It's how you sell it: we believe that system sales and integration are very important for the future growth of the Airports unit. This is because our customers are increasingly looking for a "one-stop-shop" when improving existing infrastructure and commissioning new-build projects. So not only are we continually developing our equipment and increasing our range of services, but we're also reviewing how we supply them."

SIMPLER, MORE COST-EFFECTIVE AIRCRAFT SERVICING

Cavotec's unique presence on the global GSE market

41,000

According to Boeing, there are currently 20,000 aircraft in service. By 2032, that number will more than double to 41,000.[2]

$4 billion

According to IATA estimates, damage to parked aircraft by ground vehicles amounts to $4 billion annually. Cavotec systems reduce the number of vehicles servicing aircraft by over 50%.[1]

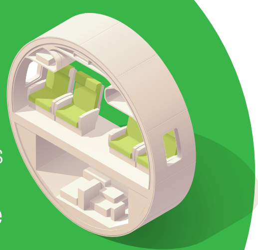
40,000+

More than 40,000 Cavotec fuel pits installed worldwide; more than all other manufacturers combined.

Cavotec is also the only company in the world that designs, manufactures, supplies and installs all four main GSE services.

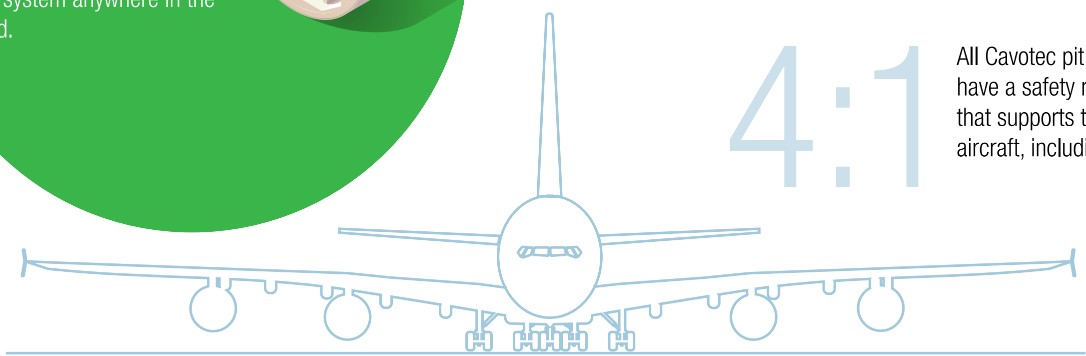
Cavotec has supplied systems to every major airport and air base in the world.

Cavotec is the only GSE manufacturer to have an installed, working and Airbus approved, fixed sub-freezing PCA system anywhere in the world.



4:1

All Cavotec pit systems have a safety ratio of 4:1 that supports the heaviest aircraft, including the A380.



[1] Source: Harmonization and Global Standards Key to a Safer Aviation Industry, IATA press release April 24, 2012: http://www.iata.org/pressroom/pr/Pages/2012-04-24-01.aspx

[2] Source: Boeing Current Market Outlook 2013-2032: http://www.boeing.com/boeing/commercial/cmo/

"System sales mean that customers are able to buy entire, integrated systems, rather than dealing with a large number of separate suppliers. It's a service to the customer and an area we expect will deliver the largest amount of growth in the years ahead."

"While we have an excellent portfolio of products with strong day-to-day sales, which are of course important for growth, it's system sales and system integrations where we see the greatest potential."

"We continue to improve our products, services and technical offering, and expect our position as a leading supplier of advanced utility systems to be further reinforced in the months and years ahead."

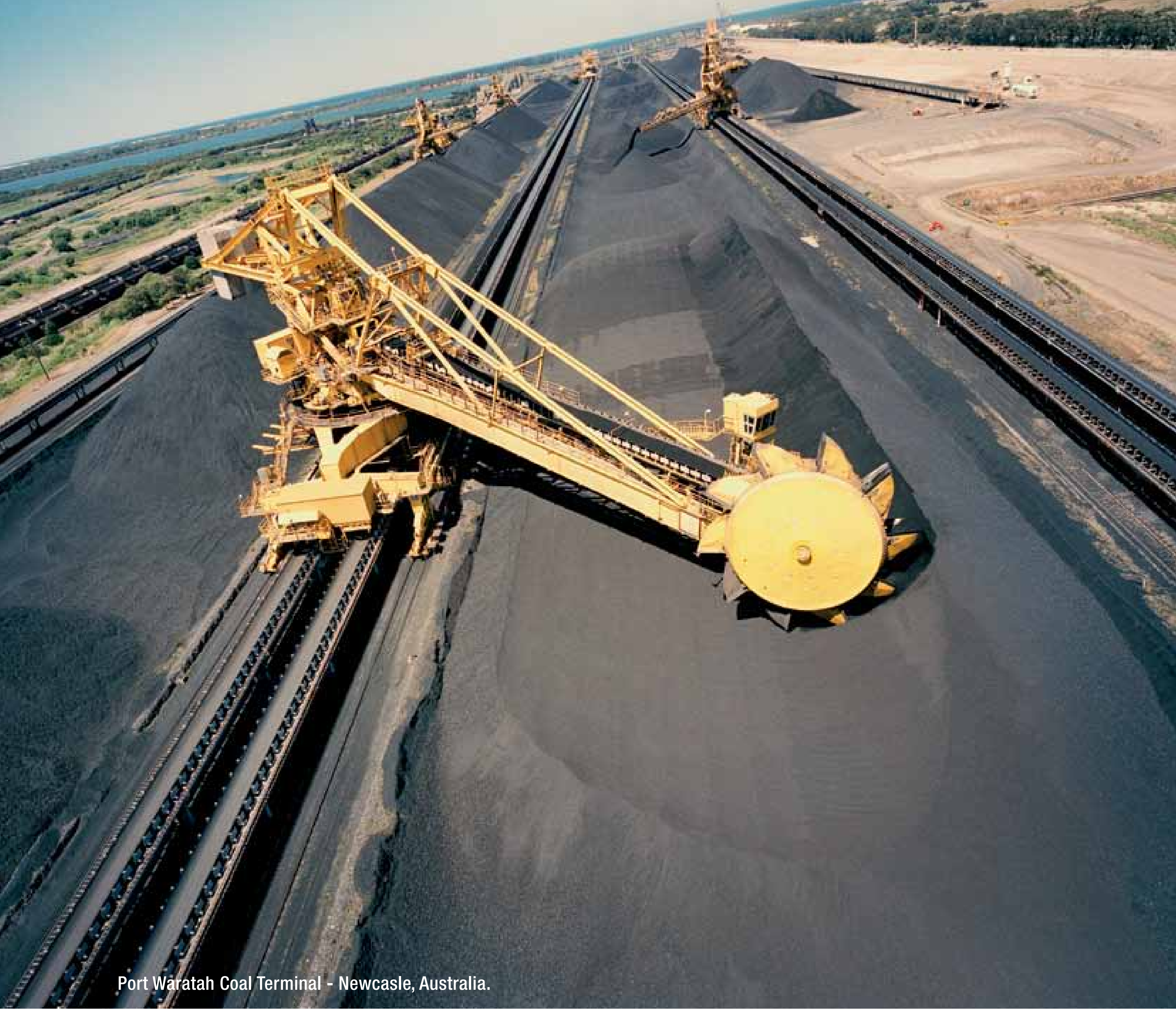
"We are the only company that actually manufactures, supplies and integrates the key elements of GSE: 400Hz electrical supply, PCA and fuel. This means that we are able to provide functional performance guarantees for entire systems from incoming power to aircraft connection."

"Our position in the market is further strengthened by the fact that Cavotec has a fantastic sales and distribution network. This enables us to be genuinely close to our customers in all our key markets. Over the years, we have developed a culture of close cooperation and outstanding customer service. We always strive to nurture and develop long-term customer relationships, rather than going for quick, one-off projects."

Cavotec's airports systems are developed at four of Cavotec's nine Centres of Excellence: Cavotec Dabico, Cavotec Fladung, Cavotec INET and Cavotec Meyerinck. Cavotec Dabico's advanced in-ground fuelling systems are used at airports and other applications worldwide. Cavotec Fladung leads the industry in the development of innovative pit and tunnel utility systems, mobile units, aircraft cables, connectors, tow bars and cable coilers. Cavotec INET manufactures PCA units and 400Hz converters, and is a preferred supplier for federal and local government in the US. Cavotec Meyerinck is an expert supplier of advanced fuelling systems.

Looking ahead

"Looking ahead to 2014 and beyond, we will be looking to consolidate our product range to focus on key growth areas, and to continue to work closely with our customers, developing those long-term relationships, in both established and emerging markets."



Port Waratah Coal Terminal - Newcasle, Australia.

MINING & TUNNELLING

13%

Accumulated Revenues
EUR 29,309 thousands

12%

Accumulated Order Intake
EUR 28,656 thousands

6%

Order Book
EUR 6,407 thousands

Mining & Tunnelling revenues amounted to EUR 29.3 million for FY13, representing 13% of the Group's total revenues. Order Intake amounted to EUR 28.6 million. The Order Book was EUR 6.4 million.

FY13 Revenues
EUR 29,309 thousands

FY12 Revenues
EUR 36,518 thousands

-19.7%

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

Atlas Copco • BHP Billiton • Blumenbecker Automation • Cargotec • Caterpillar • DHI • FAM • FMG • Herrenknecht • LKAB Normet • Pilbara Iron • Rambooms • Rio Tinto • Robbins • Sandvik • Tenova TAKRAF • ThyssenKrupp • Vale • WHBO

THE SMARTEST ENGINEERING FOR THE TOUGHEST APPLICATIONS

Challenging trading conditions in this segment for much of 2013 clearly affected results. However, our Mining & Tunnelling market unit remains a key supplier of innovative technologies that drive productivity gains for a wide variety of major industry actors – thus ensuring the unit is ready to take full advantage of opportunities as they arise. Peter Brandel, Mining & Tunnelling Market Unit Manager and Cavotec Group CTO, provides an overview of performance in 2013, takes a look at potential for future growth, and explains how the unit is leading innovation of niche technologies in this sector.

"Last year was tough across the mining and tunnelling sector. Falling commodity prices led to major contractors cutting back on investment in equipment, running down inventories and delaying major projects," says Brandel.

"However, day-to-day orders continue to be placed – it's a feature of this segment that orders tend to be smaller and regular, rather than large, one-off projects, as can be the case in Airports and Ports & Maritime," he explains.

"It should also be noted however that we, as a Group, and in the Mining & Tunnelling unit, continue to develop the innovative technologies that will drive the Group's future growth. Sometimes, it takes a while for these systems to realise their full potential in the market. Cavotec is built on innovation, and it has been the bedrock of our success for the past 40 years."

"We continue to develop the innovative technologies that will drive the Group's future growth."

"We're seeing a great deal of interest in automation and remote control technologies that enable operators to do their jobs at a safe distance from dangerous machinery and/or harsh conditions. We're playing a leading role in the growing trend of moving personnel away from the sharp end of operations to control rooms fitted with advanced remote control systems," says Brandel.

"These are technologies that we've been working with for a number of years – especially radio remote controls (RRC); and it's an area where Cavotec has been a well-known and established supplier since the mid-80s."

"We're seeing a great deal of interest in automation and remote control technologies."

"Last year, we registered a jump in interest in RRC systems fitted with video links. As a result, we have been adapting our existing systems to incorporate video links. This is an area where we expect to see further growth going forward."

"We're also seeing renewed interest in cable reels, one of our core products. Demand is growing for specialised cable reel products, and this is an area that we're following and to which we're responding."

"Looking forward, although there is currently pressure on investment in new machinery, we are seeing opportunities in equipment modernisation and in aftersales service. Although cost-conscious, customers are still keen to improve operational efficiency, so there are opportunities to supply new technologies – especially automation systems – that increase efficiency."

"The Mining & Tunnelling unit conducts research and development work at a number of Cavotec's Centres of Excellence, including Cavotec Specimas, Cavotec Connectors and Cavotec Micro-control."

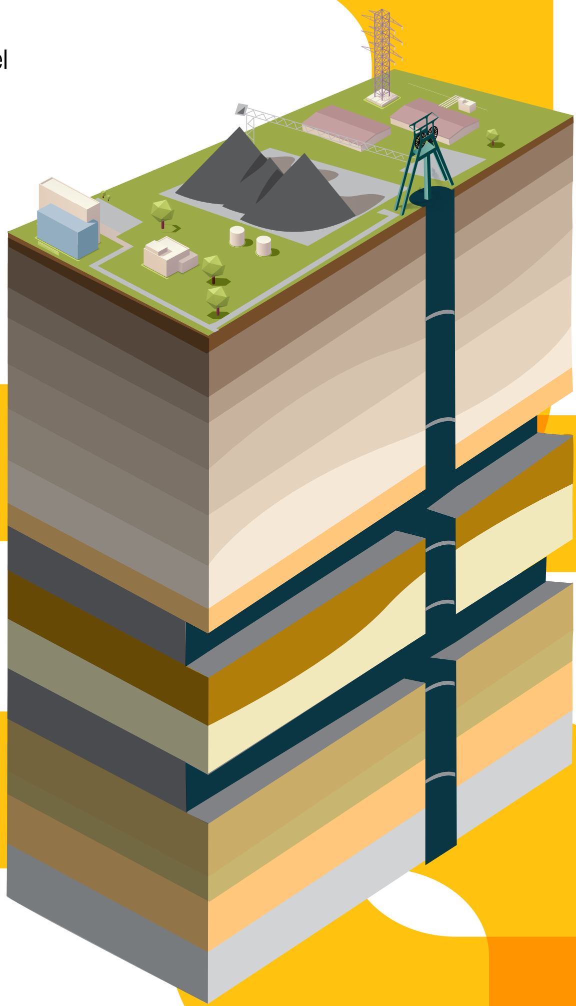
"Cavotec's position in this segment is strong: we supply a large number of the major mining and tunnelling OEMs, and often work closely with customers to develop new systems."

CLEAN, SAFE AND EFFICENT MINING & TUNNELLING

Cavotec's innovative Mining & Tunnelling technologies improve our customers' capacity to operate safely, sustainably and efficiently. Our systems increase the degree to which applications can be automated, and machinery remotely controlled, with the secure transmission of electrical power, data signals, compressed air and water.

AUTOMATION
Cavotec systems increase the level of automation, thereby improving safety and operational efficiency.

SAFETY
The safety of personnel is of paramount importance to our customers, and our systems ensure – even in the harshest of environments – outstanding operational safety.



SUSTAINABILITY
Our systems reduce reliance on diesel-driven equipment, and improve overall efficiency, thus limiting environmental impact.

OPERATIONAL EFFICIENCY
Our systems deliver gains in productivity through, amongst other factors, reduced use of diesel-driven equipment and extended service-life.

RELIABILITY
Our extensive experience in this segment ensures that our equipment is designed and manufactured to the highest standards available anywhere in the world today.

"Overall, while current prospects in this sector are under pressure, the Mining & Tunnelling unit's product and service offering are likely to ensure the unit is well placed to resume grow in the coming years.

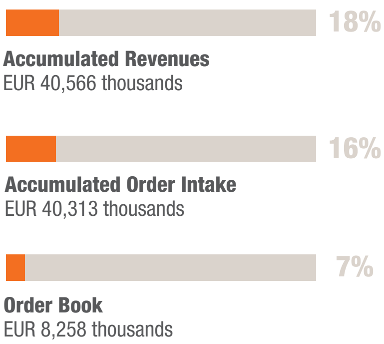
Cavotec is a specialist supplier of mining and tunnelling equipment that is used at applications worldwide. With extensive experience of the demanding mining and tunnelling segment, Cavotec is one of this segment's most trusted suppliers and innovators of motorised cable & hose reels, hoses, power connectors, radio remote controls, radio remote control receiver units, spring-driven cable reels and cables.

Our motorised cable reels ensure the safe and efficient transfer of electrical power to mining and tunnelling equipment at applications worldwide. And our electrical connectors power equipment all over the world and deep into the Earth. Cavotec cables, while mundane, are also critical to mining and tunnelling operations. Our explosion-proof RRC systems enable the safe control of machinery in the world's most demanding environments.

The Group has long-standing relationships with major global mining groups such as Atlas Copco, BHP Biliton, Blumenbecker Automation, Herrenknecht, LKAB, Pilbara Iron, Rambooms, Robbins, Sandvik, Thyssenkrupp, Vale, WHBO and many others.

Radio Remote Controls, Sweden

GENERAL INDUSTRY



General Industry generated around 19% of the total revenues for the Group, amounting to EUR 10.4 million. Order Intake amounted to EUR 40.3 million. Order Book was EUR 8.3 million.

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET UNIT:

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

DELIVERING SAFETY, PRODUCTIVITY GAINS WORLDWIDE

While several segments of the General Industry market unit faced tough market conditions in 2013, the unit was able to capitalise on our considerable strengths – in terms of product innovation and sector crossover – to ensure it was a successful year for the unit, and one that saw crucial steps taken to secure future growth. Erik Wilhelmsen, Market Unit Manager for General Industry outlines how this was achieved.

"An excellent example of this trend was the market for mobile cranes, where business was strong for us, despite the market overall being weaker," says Wilhelmsen.

"Our mobile crane offering faired exceptionally well in the construction market, where we excelled with our range of established products, spring operated cable reels and slip rings for example, that have strong recognition with our customers old and new," he adds.

"One area in particular that we intend on expanding our offering is supplying complete electro hydraulic systems, including equipment and end of line test certificates as a value added service for customers. A complete package like this makes life considerably easier for customers: it enables them to order from one supplier instead of several."

"Another area that was particularly strong for us in 2013, and looks set to grow rapidly, is electrical vehicles. This segment has been especially strong in the US, were we are expanding our production and sales capacity to keep up with demand."

"We specialise in self-retracting cable management systems for charging stations that make it easier for motorists to charge their cars. This has been very successful for us, and we have developed strong relationships with key service providers both in the US and in Europe: we're talking to all the major players in this segment and developing new markets all the time."

"Towards the end of last year, we were at the Electrical Vehicle Show in Barcelona (EVS27). I've never been to such a successful show: the number of leads generated and the interest in our products was unbelievable. It was extremely good for us, and we'll certainly be attending similar events in the future."

"The number of leads generated and the interest in our products was unbelievable."

"Last year was also a watershed for the unit in Human Operated Interfaces (HOI) and the interfaces between man and machine. This is an area we expect to grow even further in 2014."

"We are currently at the development stage with a number of customers, looking at systems that improve safety and operational efficiency at a wide variety of applications."

"For example, we're looking at ways HOI interfaces can be used on fire-fighting vehicles by putting robots on tracks which can then be sent into buildings or even aircraft. Our systems provide operators with radio remote control, as well as live video and audio feeds."

"In this application, we're looking at ways jet engines can be used to spray water at enormous pressure to turn it into a very fine mist, this makes fire fighting very efficient. It's a fantastic invention, and it generated a great deal of interest when the equipment was shown at an exhibition in Dubai last December."

"We're also looking at remotely operated vehicles for the steel and alloys sectors. We are developing systems that would enable personnel to operate forklift trucks at a safe distance from the huge melting ovens common to these industries, thus removing humans from dangerous environments."

IMPROVED OPERATIONAL EFFICIENCY, REDUCED ENVIRONMENTAL IMPACT

Cavotec's General Industry systems are used in a uniquely diverse variety of applications: from theatres and fairgrounds, to steel and aluminum plants, to electrical vehicles, trains, cranes and many more. Below, we give you an idea of the breadth of our presence in this segment.

19%

of total Group revenues

STAGE TECHNOLOGIES

RRC, slip rings, connectors, cable reels and flexible cables.

MOBILE CRANES

Tens of thousands of cranes worldwide are equipped with Cavotec spring and hose reels, slip rings and cable chains.

TOWER AND OVERHEAD CRANES

Tower and overhead cranes are equipped with Cavotec slip rings and cable reels, and controlled with our RRC.

ELECTRICAL VEHICLES

Cavotec self-retracting cable management systems make connections safe and fast, and keep cables tidy.

WIND TURBINES

Cavotec slip rings enable wind turbines to produce power with optimal efficiency. Our RRC also ensure the safe transport of turbine parts.

Around the globe, in a wide variety of applications, we support our customers increase the efficiency with which electrical power, minerals and fluids are managed and transported.

“Alongside innovative products, we continue to widen the differences between the unit and our competitors. Our rivals simply do not have same palate, the same variety of technologies and breadth of expertise. Because we're one group, our sales companies and Centres of Excellence are partners.”

“We have input in manufacturing and design in an entirely different way to our competitors. I've worked as a rep., and I know the difference.”

“This means that our sales teams draw expertise from our engineers at our Centres of Excellence – and of course vice versa. So we can be flexible in our development of solutions with customers; this is another major difference that sets us apart from our competitors.”

The General Industry unit develops and manufactures systems at several of Cavotec's Centres of Excellence including Cavotec Alfo, Cavotec Micro-control, Cavotec Connectors and Cavotec Meyerinck. Cavotec Alfo is a specialist supplier of advanced spring reels and slip rings that are used in a wide variety of sectors. Cavotec Micro-control is a market leader in RRC systems for sectors ranging from oil and gas, mining and tunnelling, ports and maritime, agriculture and forestry. Cavotec Connectors is an established supplier of power supply systems. Cavotec Meyerinck manufactures advanced loading arm systems for a wide variety of fuelling and food and beverage applications.

“The unit is active in 15 different industry sectors – that's an extraordinarily broad offering.”

“Cavotec's Ports & Maritime unit has used products developed and supplied by the Airports unit for some time. Now we're bringing our innovations in the Airports sector to General Industry. In one example of this sector crossover, we're manufacturing pits with electrical equipment, compressed air and water supply for train maintenance. This is an area that is growing in Norway and elsewhere in Europe, and we're looking at taking these sort of solutions worldwide.”

“It's only imagination that can stop us from taking our technologies to completely new areas – the possibilities are endless.”

“Looking ahead to next year and beyond, we see electrical vehicles developing further in the US. There's huge potential there for our cable management systems that improve safety, cut charge times and reduce maintenance costs for users.”

“We anticipate continued growth in HOI systems, with various applications further fuelling growth in several markets.”

“Finally, I'd say that it's only our imagination that can stop us from applying our technologies to completely new areas. The possibilities are endless.”

CORPORATE SOCIAL RESPONSIBILITY REPORT – BEING A RESPONSIBLE GLOBAL CITIZEN

As a global organisation, with diverse groups of customers, suppliers, employees and investors associated with it, Cavotec ensures corporate social responsibility (CSR) lies at the heart of its operations.

Firstly, our products deliver environmental benefits to a wide variety of applications and industrial sectors all over the world. From enabling the use of electrically powered machinery at airports and mining applications, to expanding the use of automated technologies in ports and a wide variety of industrial segments, Cavotec is ensuring that the world around us functions more sustainably and more efficiently.

Secondly, as an organisation, we seek to minimise our own environmental impact, act responsibly as an employer and contribute to community projects and charitable institutions.

The Cavotec Group as a whole recognises that these endeavours are key responsibilities of a growing, multinational organisation. We have outlined our progress in CSR issues in previous annual reports for several years now. This, however, is the most comprehensive such report we have compiled to date. It is divided into two sections.

Firstly, it provides a brief overview of how our technologies are driving improvements in sustainability and environmental stewardship; and secondly, it illustrates how Cavotec itself is reducing environmental impact, ensuring that it is a responsible employer, and contributing to charity initiatives.

Steps taken in-house, and beyond

While we enable our customers to operate more sustainably, as an organisation we are also very much aware of the need to reduce our own environmental impact.

A number of our business units have achieved ISO classification, and those that have not, are taking steps to do so by, wherever possible, reducing waste, optimising recycling of materials and using environmentally friendly processes.

We believe that our responsibility as a manufacturer extends beyond our own operations, however. We emphasise sound business ethics in all our transactions and relationships with suppliers, to ensure that components for our systems are produced, tested and shipped safely and sustainably. All our business units are required to ensure that suppliers conform to the highest standards regarding employee health and safety, the environment and social responsibility.

Wherever possible, we ensure that we ship materials in ways that limit CO_2 emissions. And while we value meeting our customers face-to-face to maintain and develop relationships, we also ensure that we maximise our use of conference calling facilities whenever possible, thereby limiting air travel.

Active community involvement

Cavotec is often an active member of the local communities where it is present. The Group is currently involved in charity initiatives,

community projects and sports events all over the world. Local Cavotec companies are required to follow specific guidelines when conducting such initiatives. These include not being permitted to provide support for political or religious organisations. Here, we take a look at two recent examples.

Cavotec sponsors the work of an orphanage in Shanghai called WILL, which stands for "Walk Into Life and Learn." WILL has the goal of being a sustainable and self-sufficient eco-learning centre for disadvantaged children. The centre provides support for orphaned children, teaching them skills intended to help them fulfil their potential. Among other activities, staff at the centre instruct children how to build and maintain an organic garden to provide food for themselves and others.

Orchestra dei Popoli

Cavotec also supports the work of the Orchestra dei Popoli in Milan. The orchestra was founded in 2011 and actively supports initiatives that improve social inclusion, especially among Roma children living in Milan. Some of the original members of the orchestra are children and young people drawn from the city's Roma community.

In 2013, to mark the 50th anniversary of the founding of the Specimas engineering company – now Cavotec Specimas and one of our Centres of Excellence – the orchestra held a special performance at Cavotec Specimas, against the unusual backdrop of machinery and manufacturing equipment.

Cavotec is proud of its involvement in these two projects, and other similar initiatives, but at the same time, sees them as a natural and necessary element of its growing presence as a responsible, global citizen.

Powering a more sustainable world

Whether it's state-of-the-art tunnelling equipment in Stockholm and Hong Kong, or cooling aircraft in Dubai or heating them in Norway, or automating the mooring of ships at bulk handling ports in Western Australia, Cavotec technological know-how plays a variety of critical roles in ensuring that our customers achieve their own environmental performance targets, as well as conform to national and international requirements for reducing emissions of greenhouse gases and other pollutants, recycling and energy consumption. The result: a cleaner, more efficient global economy.

We work proactively, and on a continuous basis with customers, industry bodies and government agencies, to develop innovative power control and distribution systems that minimise environmental impact.

Powering up for a cleaner future

Switching from diesel-driven to electrically powered equipment helps our customers reduce environmental impact. In many cases, a move

away from diesel machinery also generates reductions in operating costs, for example, fuel costs and maintenance, and therefore improvements in profitability.

Our systems for ports and terminals, such as Alternative Maritime Power, motorised cable reels and Panzerbelt systems for container cranes, are reducing emissions and thereby improving air quality at these applications, and in surrounding communities.

Inspired engineering takes flight

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

In the Mining & Tunnelling sector, our systems are ensuring that growing numbers of applications use electrically operated systems that reduce the amount of harmful emissions that would have previously been the case had diesel powered equipment been used.

And in the General Industry segment, Cavotec is working closely with several manufacturers of electrical vehicle charging systems. This is an area where we are seeing substantial growth, particularly in North American and European markets.

Outstanding safety as standard

Being a responsible global citizen is not purely about caring for ecological diversity. It's about ensuring your personnel are safe from harm, particularly in the harshest, most demanding of working environments. Our RRC systems are creating safer working conditions for personnel at demanding applications all over the world. By removing staff from dangerous on-site tasks, and providing full control and monitoring capabilities, we are providing our customers with the opportunity to ensure their workers are safe and enjoy improved working environments.

Our RRC systems also have a growing role in mitigating environmental damage. For example, a particular growth area in recent years has been specially adapted systems that support the dispersal of oil during clean-up operations.

The importance of communication

Communication is a critical element in an organisation – whatever its size. Cavotec is transparent in its communications with the market, fulfilling all legal requirements, and in other spheres such as social media and internal communication.

For a B2B engineering company, Cavotec has a strong and active presence on social media. The Group runs accounts on Facebook, Twitter, YouTube, LinkedIn and MyNewsDesk, and it also posts regular updates on its blog. People outside the Group are the primary users of these platforms, although Cavotec employees are also frequent contributors on these sites.

In common with all other areas of interaction pertaining to the Group – external and internal – employees are expected to uphold certain levels of ethical behaviour. Similarly, employees are required to behave in a proper manner on social networks unrelated to Cavotec.

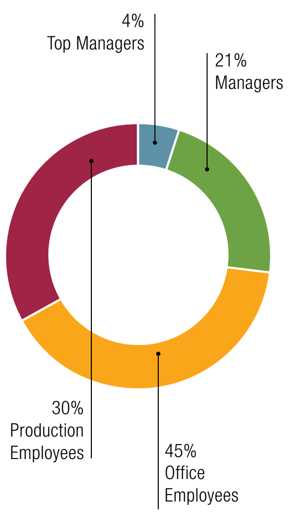
A global effort with global impact

Taken together, the increasingly widespread application of our systems and innovative technologies, as well as our own internal efforts, are helping to ensure that the global economy and international society functions more sustainably and more efficiently.

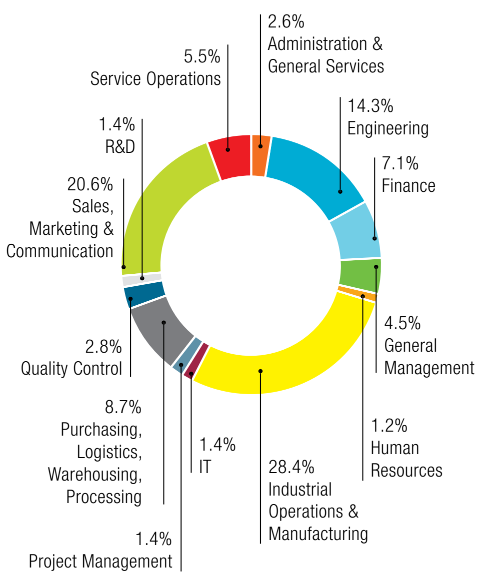
We do not however view CSR as an area with a fixed end-point. We are continuing to strive to improve our performance in this area, both outside the Group, and inside.

Cavotec Specimas Team, Nova Milanese, Italy

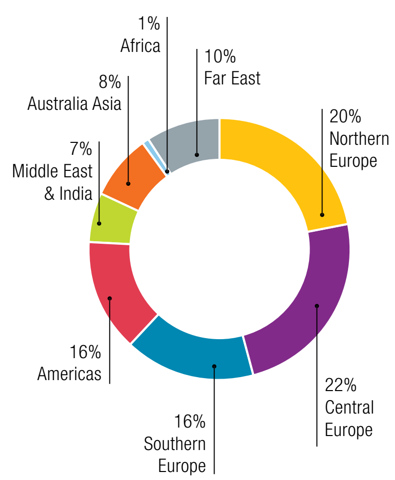
Employees by Category (2013)



Employees by Job Family (2013)



Employees by Geographical Region (2013)



HUMAN RESOURCES

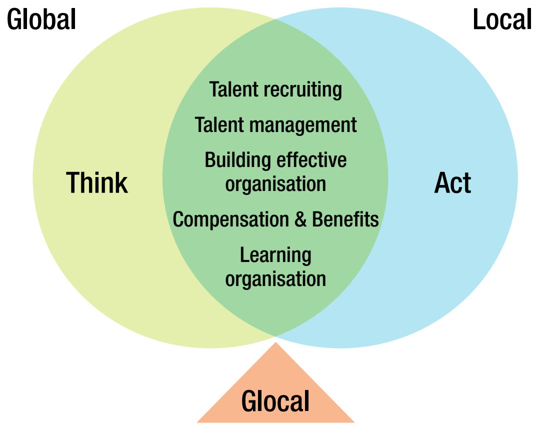
Cavotec offers challenging and rewarding careers in a fast-moving, diversified and global business. We hire exceptional, motivated individuals and invest in their future, building a culture of continuous learning through education and training.

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

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

'Glocal: Think Global, Act Local'
Following the structuring of Cavotec Corporate HR in early 2013, the focus was on both implementing global, strategic projects and on supporting local, tactical needs. One of the many ways the Group has invested in HR is through structured projects that provide greater clarity to the Board and management about the global headcount, recruitment needs and workforce's need for training programmes and competence development plans. Our initiative to map key positions both in business and support functions has substantially improved the visibility of opportunities in the organisation, and our ability to match career paths with the aspirations of employees in line with the operational needs and expectations of the Group.

For these reasons, during 2013, we implemented recruitment and reporting processes to obtain a global view and support local deployment. The goal is to think as the global group that we are, and to act locally, taking into consideration our diversity and specific needs in given markets and locations.



The continued development of the support function at corporate level is an important leverage point providing increased scope and visibility to our local companies through the implementation of support tools and structured processes.

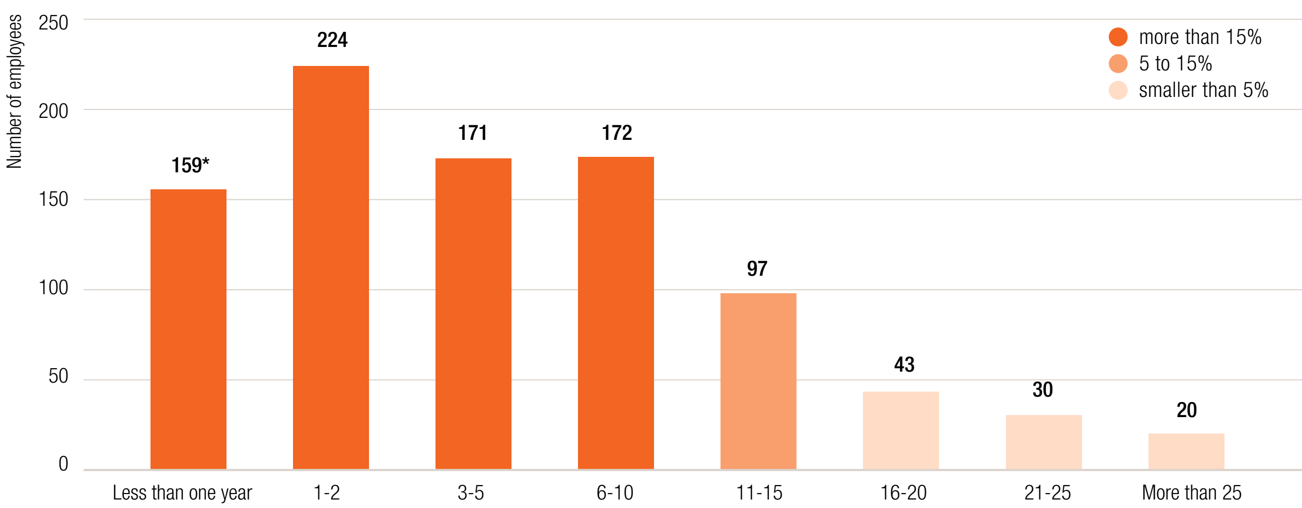
In this continuous improvement perspective, we plan to work on new HR projects in 2014 with a "Glocal" approach: empowering the group identity with global projects, and supporting our local companies to meet their distinctive needs.

Number of employees (end of period)

	2008	2009	2010	2011	2012	2013
Total	718	677	719	890	866*	916*

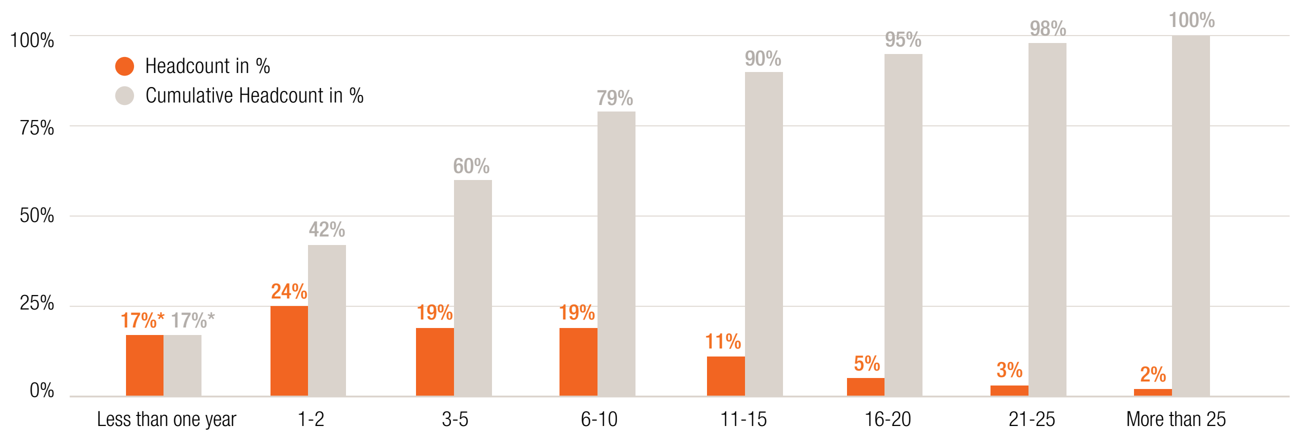
**Headcount: internal payroll not full time equivalent. Please note that Cavotec employed 1,001 FTE employees, including external employees, in 2013.*

Cavotec Employees Seniority (2013)



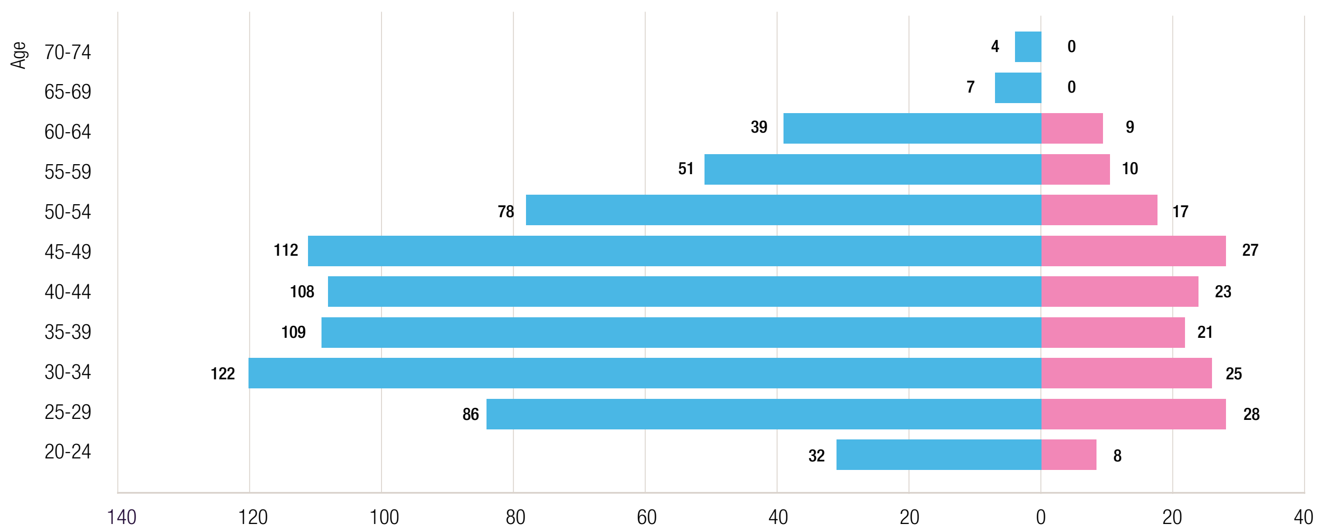
**Almost 70% of the recruitments were replacements*

Cavotec Employees Seniority (2013)

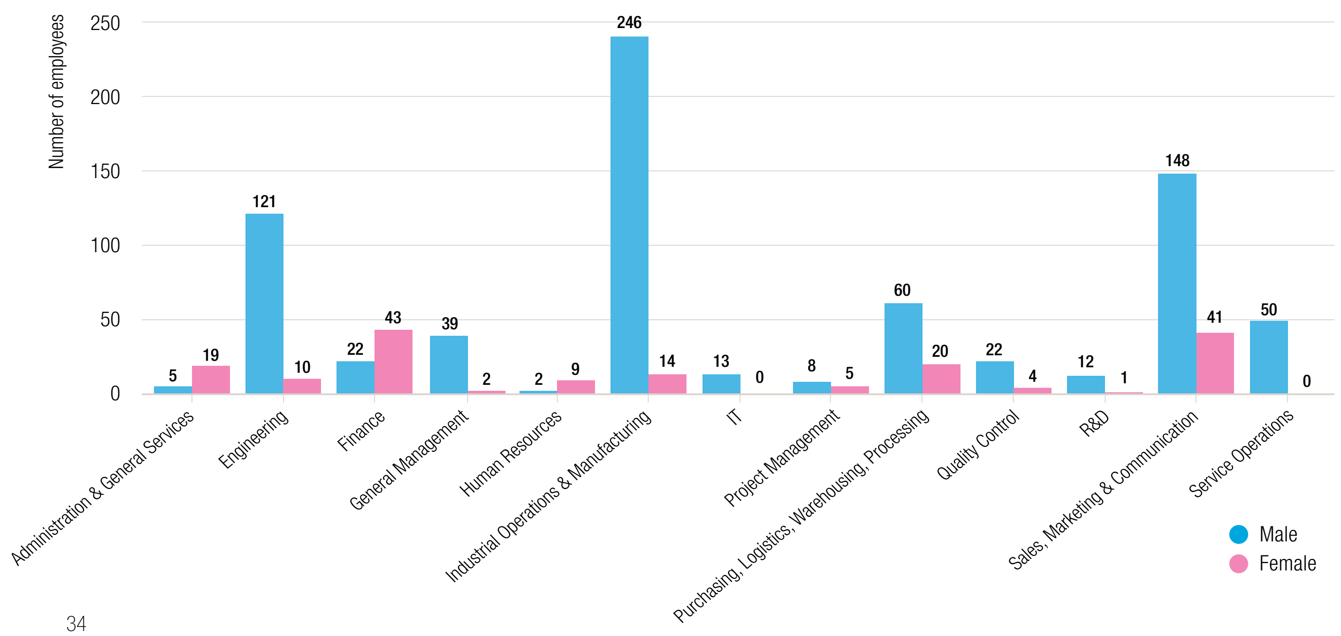


*Almost 70% of the recruitments were replacements

Age Pyramid (2013)



Employees by Job Family and Gender (2013)



CAVOTEC'S DEMOGRAPHICS

The composition of the Cavotec team reflects the group's international, multicultural and interdisciplinary character. At the end of 2013, Cavotec employed 916 people (not full time equivalent and internally paid). More than 95% of our staff are permanently employed. They come from more than 40 countries on five continents, and from a wide variety of backgrounds. The majority are employed locally, with around 15% being engineers. Almost one third of our employees have a university-level degree or higher.

Although there is still only a small number of women in executive roles within Cavotec, around 18% of its people is made up of women in support functions. Cavotec has a clear and long-stated policy underlining its approach to hiring the best possible talent and embracing diversity. Over the past three years the Group has grown approximately 30% to meet the growing needs of the business and market in general.

Cavotec employees have a low average age, with more than 47% of employees under 40. Where possible, the Group seeks to ensure that younger members of staff benefit from more experienced employees' knowledge of the industry and history of the Cavotec Group.

The average seniority in Cavotec Group is seven years and around 40% of employees started to work at the Group less than two years ago.

MUTUAL RESPECT IN AN INTERNATIONAL TEAM

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

LOCAL PRESENCE

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

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

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

BOARD OF DIRECTORS

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

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

[1] Please note that the year refers to membership in the Board of Directors of Cavotec MSL

From left to right: Fabio Cannavale, Christer Granskog, Lakshmi Khanna, Ottonel Popesco, Stefan Widegren, Leena Essén, Erik Lautmann. Not shown in photograph: Nicola Gerber.

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

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

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

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

Leena Essén holds 558,686 shares in Cavotec personally, 1,622,921 shares through Anelea Holdings Ltd. (of which Leena holds 10 per cent of the shares) and 177,100 shares through Anelea Sverige AB (a wholly-owned subsidiary of Anelea Holdings Ltd.).

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

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

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

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

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

LAKSHMI C. KHANNA

Lakshmi holds a BA in Mathematics from Punjab University. He is a Chartered Accountant and is a Member (FCA) of the Institute of Chartered Accountants in England and Wales. Lakshmi is respectively a member of the Non-Executive Directors Special Interest Group, a member of the Valuations Special Interest Group and a member of the Financial Reporting Faculty of this Institute. He is also an Associate Member (ACA) of the Institute of Chartered Accountants of India.

Lakshmi worked at Price Waterhouse & subsequently at PricewaterhouseCoopers (PwC) in Italy, from 1966 to his retirement, as a Partner, in 2001. During his distinguished career, he was responsible for client services for the Italian operations of multinational groups such as Exxon, General Foods, IBM, Ingersoll Rand, Trust Houses Forte and United Technologies amongst others. Lakshmi has also chaired Price Waterhouse Management Consultants in Italy.

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

Lakshmi conducts limited consulting services for the Group.

Lakshmi Khanna holds 263,406 shares in Cavotec.

ERIK LAUTMANN

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

Since 2007, Erik has been at Cavotec as a Non-executive Board Director and industrial advisor. In addition, he chairs five private equity and privately owned businesses.

Erik is a Fellow of the Royal Swedish Academy of Engineering Sciences (IVA), Chairman of the Board of IVA 's Business Executives Council, and sits on the IVA Board.

Erik Lautmann holds 97,802 shares in Cavotec.

OTTONEL POPESCO

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

Ottonel Popesco, together with related parties, holds 2,438,408 shares in Cavotec.

STEFAN WIDEGREN

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

Stefan Widegren, together with related parties, holds 7,254,264 shares in Cavotec.

EXECUTIVE MANAGEMENT COMMITTEE

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

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

From left to right: Michael Scheepers, Luciano Corbetta, Michael Widegren, Gary Matthews, Juergen Strommer, Ottonel Popesco, Erik Chilò, Giorgio Lingiardi, Diego Fiorentini, Ester Cadau, Patrick Rosenwald, Christian Bernadotte, Yann Duclot, Gustavo Miller.

CHRISTIAN BERNADOTTE

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

Christian Bernadotte holds 44,438 shares in Cavotec.

ESTER CADAU

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

Ester Cadau holds 3,000 shares in Cavotec.

ERIK CHILÒ

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

Erik Chilò holds 44,585 shares in Cavotec.

LUCIANO CORBETTA

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

Luciano Corbetta holds 17,560 shares in Cavotec.

YANN DUCLOT

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

Yann Duclot holds 10,262 shares in Cavotec.

DIEGO FIORENTINI

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

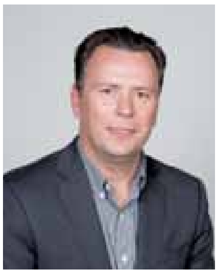
Diego Fiorentini holds 13,454 shares in Cavotec.

GIORGIO LINGIARDI

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

Giorgio Lingiardi holds 26,727 shares in Cavotec.

From left to right:
Stan Tomsic, Executive Director, PortTechLA; Ottonel Popesco;
Eric Garcetti, Mayor of Los Angeles.



GARY MATTHEWS

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

Gary Matthews holds 19,578 shares in Cavotec.

GUSTAVO MILLER

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

Gustavo Miller holds 13,077 shares in Cavotec.

PATRICK ROSENWALD

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

Patrick Rosenwald holds 52,091 shares in Cavotec.

MICHAEL SCHEEPERS

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

Michael Scheepers holds 35,155 shares in Cavotec.

JUERGEN STROMMER

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

Juergen Strommer holds 27,578 shares in Cavotec.

MICHAEL WIDEGREN

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

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

Michael Widegren, together with related parties, holds 1,045,625 shares in Cavotec.

CORPORATE GOVERNANCE

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

THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

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

SHAREHOLDERS' MEETINGS

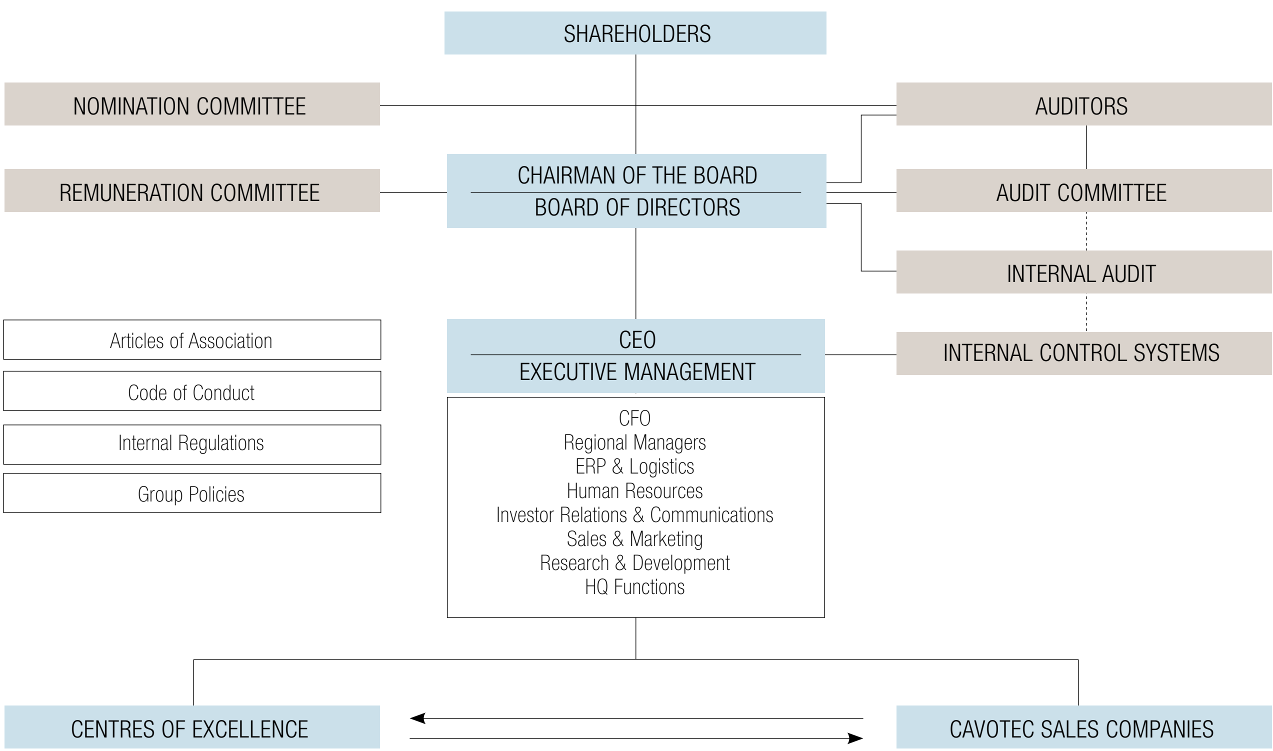
General

The shareholders' rights to resolve on company matters are exercised at the shareholders' meeting. An ordinary shareholders' meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors. Extraordinary shareholders' meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders' meetings are held at the domicile of the Company or at such other place as the Board of Directors shall determine. Since the Company is listed in Stockholm, the Board of Directors has the ambition to as far as possible and as long as in compliance with Swiss rules and regulations and if no public deed issued by a Swiss notary is needed, to hold shareholders' meetings in Sweden. The shareholders' meetings, deviating from the Code, will be held in English and information and material will be available in English only. This is in accordance with an exemption granted by the Swedish Financial Supervisory Authority. The minutes from shareholders' meetings will be published on the Company's website.

Right to attend shareholders' meetings

All shareholders who are registered directly in Euroclear Sweden's and SIX Switzerland's share registers on April 14, 2014 and who notify the

Cavotec Corporate Governance structure



Company of their intention to attend the shareholders' meeting at the latest by the date specified in the convening letter shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may usually register for shareholders' meetings in several different ways, which are described in the meeting convening letter.

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

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

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

The present Nomination Committee was appointed on April 23, 2013 in accordance to the Articles of Association of the company. Please note, that while the Nomination Committee in a Swiss company is appointed by the Board of Directors, the composition of the Cavotec Nomination Committee will follow the recommendations of the Swedish Corporate Governance Code.

The Nomination Committee proposes that the Board of Directors shall comprise of eight members. The appointed Nomination Committee members are:

Lars Hellman, Chairman of the Committee and Founder shareholder
Peter Brandel, Founder shareholder
Stefan Widegren, Chairman of Cavotec SA and Founder shareholder

The members of the Nomination Committee represent some 25% of all votes in the company. A way of contact with the Nomination Committee has been establish through the company website www.cavotec.com.

In December 2013 the Committee began preparing a proposal for the Board of Directors to be submitted to the Ordinary General Meeting. Since an evaluation of the work performed by the Board was completed in February 2014, a new evaluation is scheduled for 2015.

On December 5th, 2013 the Nomination Committee met in Huntington Beach, CA, USA in order to discuss various proposals with major shareholders (representing more than 45% of the votes) and among other topics also discussed the proposals for the future composition of the Board of Directors.

After having received the support and approval by the Board on March 18th, 2014 for its final proposal the Nomination Committee defined its final proposal as follows:

According to Art.13 of the current Articles of Association, as well as according to Art.3 of the Federal Ordinance on Excessive Compensation, the directors are elected each year to hold office until the following annual shareholders' meeting. Directors may be re-elected.

It is proposed the Ordinary General Meeting in Lugano to be chaired by Lakshmi C. Khanna, while Stefan Widegren will preside the Information Meeting in Stockholm.

Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco and Stefan Widegren will stand for re-election.

The Nomination Committee proposes that Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco and Stefan Widegren be re-elected as Directors for a further one-year term of office expiring at our ordinary general meeting to be held in 2015.

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

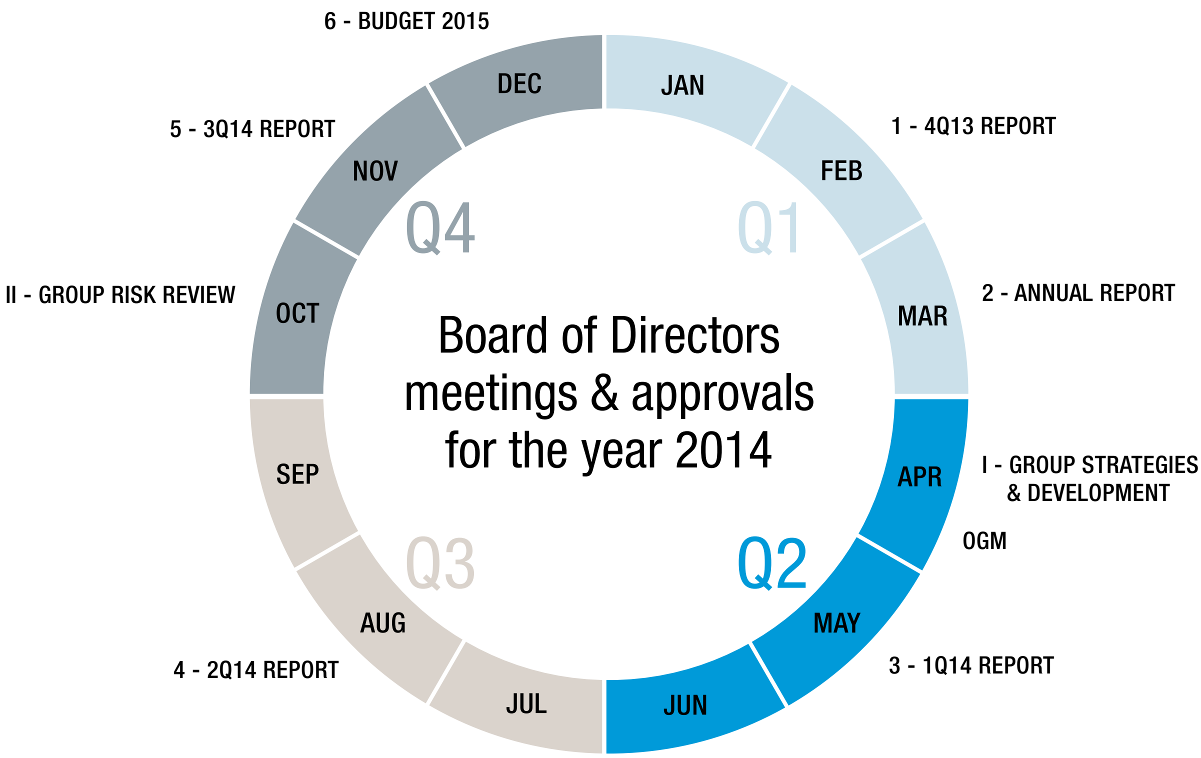
With respect to the requirements in the Swedish Corporate Governance Code (the Code) that a majority of the directors elected by the shareholders' meeting are to be independent of the company and its executive management and that at least two of this majority also are to be independent in relation to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

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

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

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

Cavotec Board of Directors Work Calendar



Finally, the Nomination Committee proposes that Pricewaterhouse-Coopers SA, Lugano, Switzerland be re-elected as Cavotec's independent auditor for business year 2014.

Shareholders representing more than 45% of the votes support the above mentioned proposals made by the Nomination Committee.

In the notice of Meeting for the Ordinary General Meeting 2014, the Committee will present its proposal regarding number of Board members, names of the proposed Board members, and the Chair of the Board.

External auditor

At the Ordinary General Meeting 2014 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Ordinary General Meeting 2015. Daniel Ketterer is the auditor in charge. He took over this function for the business year 2011.

THE BOARD OF DIRECTORS

The composition of the Board of Directors is set out in section "Board of Directors" in the Cavotec Annual Report and the members of the Board are elected for the period until the end of the next ordinary meeting of shareholders. The Board of Directors constitutes itself, but the Chairman of the Board of Directors is elected by the shareholders' meeting as set out in the Articles of Association.

The members of the Nomination Committee and the Audit Committee, as well as the respective Chairmen, are elected from and by the Board members. The Board of Directors has a Company Secretary that has the duties and competencies set out by Swiss law. Furthermore, the Secretary assists the Board, the Chairman and the Committees, to co-ordinate and fulfill their duties and assignments in accordance with the Board of Directors Internal Regulations (comparable to rules of procedures and adopted by the Board of Directors).

The Board of Directors is entrusted with the ultimate management of the Company, as well as with the supervision and control of the management. The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies.

The Board of Directors shall exercise its function as required by law, the Articles of Association and the Board of Directors' Internal Regulations. The Board shall be authorised to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles of Association or the Internal Regulations.

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

a) The determination of the strategy of the Company and the Group and the issuance of the necessary directives;
b) The establishment of a framework of the organisation;
c) The basic structuring of the accounting system, of a system of internal financial controls, and of the financial planning;
d) The approval of the appointment (and suspension) of the officers entrusted with the management of the Company or with its representation;
e) The supervision of management, in particular in relation to compliance with the law, the Articles and corporate regulations, charters and directives;

Board and Committee meetings in Cavotec SA in 2013

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Fabio Cannavale	9	9						
Peter Brandel							3	2
Leena Essén	9	9	8	8				
Nicola Gerber	9	9						
Christer Granskog	9	9	8	8	3	3		
Jack Groesbeek(1)							3	2
Lars Hellman							3	3
Lakshmi Khanna	9	9	8	8	3	3		
Erik Lautmann	9	9			3	3		
Joe Pope(2)	9	3	8	3	3	1		
Ottonel Popesco	9	9						
Stefan Widegren	9	9					3	3

(1) Resigned April 2013
(2) Joe Pope did not stand for re-election at the 2013 AGM

f) Decisions on the business report consisting of the annual financial statements, the annual report, and consolidated financial statements including interim published reports and determination of the accounting standard;
g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO).
i) (As of business year 2014) Preparation of the remuneration report.

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

The Board of Directors held nine Board meetings as Cavotec SA in 2013.

BOARD COMMITTEES

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

Nomination Committee

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

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

The current members of the Nomination Committee in Cavotec SA are Peter Brandel, Lars Hellman and Stefan Widegren. The Nomination Committee has met three times in 2013. At the date of this Annual Report the Nomination Committee of Cavotec SA has met once in 2014.

Audit Committee

The objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relative to financial reporting and regulatory compliance. Members of the Audit Committee shall exclusively comprise of members of the Board appointed by the latter in accordance with the code. The Audit Committee will comprise of not less than three members with a majority to be Independent Directors of the Board. One member must have a financial or accounting background.

Board of Directors EUR	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	30,000	1,018	1,594	-	32,612
Leena Essén[(1)]	35,000	111,358	10,183	-	156,542
Nicola Gerber	30,000	1,020	1,596	-	32,615
Christer Granskog	40,000	605	1,401	-	42,006
Lakshmi Khanna[(2)]	44,500	553	1,282	77,540	123,875
Erik Lautmann	38,800	1,319	2,064	-	42,182
Joe Pope[(3)]	20,000	303	701	-	21,004
Ottonel Popesco[(1)(4)] (Chief Executive Officer)	-	717,877	24,928	-	742,805
Stefan Widegren[(1)(5)] (Chairman)	115,000	339,987	-	167,335	622,322
Total remuneration	**353,300**	**1,174,040**	**43,749**	**244,875**	**1,815,965**

(1) Their compensation includes variable remuneration relative 2012 paid in 2013.
(2) Lakshmi Khanna has provided consulting services to Cavotec International totalling EUR 78 thousands.
(3) Joe Pope didn't stand for re-election at the 2013 AGM.
(4) Ottonel Popesco's remuneration includes the remuneration of his wife.
(5) Stefan Widegren, through Soliden Sagl, has provided consulting services to the Group totaling EUR 167 thousands. His remuneration includes the health insurance for his wife.

Please refer to Note 9 on page 93 for a detailed overview of the share ownership.

The Audit Committee of Cavotec SA is involved in a wide range of activities including inter alia, the review of all quarterly, half - yearly and annual financial statements prior to their approval by the Board and release to the public. The Committee has periodic contact with the external auditors, PricewaterhouseCoopers, through the PwC engagement partner responsible for the Audit and through the principal engagement manager, to review any unusual matters and the effect of new accounting pronouncements. As a matter of policy, the Audit Committee meets with the PwC engagement partner without the presence of Management at least once every year. Further, the Committee reviews the annual audit plan, as prepared by the external auditors, including the adequacy of the scopes of the audits proposed for the principal locations and the proposed audit fees. The engagement of the Auditors for non - audit services of significance is approved in advance by the Audit Committee.

The Group Internal Audit Function, which reports to the Chairman of the Board, has a direct line of communication with the Audit Committee, which receives all Internal Audit reports from the Director of Internal Audit as and when issued. The annual Internal Audit plan is reviewed by the Audit Committee and is approved by the Chairman of the Board.

At least once every year Management gives a presentation to the Audit Committee on the risk profile of the Group and on the procedures in place for the management of Risk. Risks related to the potential impairment of assets and the related provisions required for financial exposures are reviewed and discussed with Management at least once a year, normally in conjunction with the third quarter closing.

The current members of the Audit Committee of Cavotec SA are Lakshmi C. Khanna (Chairman), Leena Essen and Christer Granskog. Currently all the all the members are financially experienced and have relevant finance and/or auditing experience; one of then, namely Lakshmi C. Khanna is a Chartered Accountant.

The Audit Committee of Cavotec SA met eight times in 2013 and twice in 2014.

Remuneration Committee

The purpose of the Remuneration Committee is to regularly review, and recommend changes to Board members' remuneration to ensure that it is at an appropriate level, and effectively managed, to best advance the business objectives of Cavotec and assist the Board of Directors in the establishment of remuneration policies and practices for and in the remuneration setting and review of the Company's CEO, other senior executives, and Board members. The compensation plans should reflect market conditions in the various countries where Cavotec is operating. During 2013, the Remuneration Committee of Cavotec SA has carried out, with the support of the consulting firm Tower Watson, a

complete position analysis of senior managers and linked the outcome to compensation database statistics for all markets.

The current members of the Remuneration Committee in Cavotec SA are Christer Granskog, Lakshmi Khanna and Erik Lautmann. The Remuneration Committee of Cavotec SA met three times in 2013.

Group Key Management

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

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

Due to the inherent international character of the Group, the Managing Directors of local Cavotec companies – who are close to their customers, suppliers and staff in their respective time zones, cultural environment and geographical area – take day-to-day operational decisions. Managing Directors report to Regional Managers, who in turn report to the CEO. Besides a few exceptions, both Regional Managers and Managing Directors live in the same country and region as they operate in. Often the Regional Manager is also a Managing Director of a major company within his or her region. The Chairman, the CEO and CFO are all working out of Cavotec's corporate office in Switzerland. Cavotec has also located to the corporate office its functions for administration, Business Development, Corporate

Communications, ERP & Logistics, Finance & Accounting, Human Resources, Information Technology, Investor Relations & PR, Patents & Trademarks, Sales & Marketing, Strategic Corporate projects, Technical R&D, Treasury and other special advisory roles.

The Cavotec Executive Management Committee – EMC

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

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

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

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

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

REMUNERATION AND INCENTIVE PLANS

Remuneration of the Board of Directors

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

Remuneration levels for Senior Executives

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

Incentive plan for Senior Executives

Cavotec's Board of Directors has reviewed current remuneration practices in order to retain and attract talented Senior Executives as well as aligning Senior Executives' and shareholders' interests. As a result of the review, the Board of Directors has recommended a share based long-term incentive plan with performance requirements, which was introduced in 2012 (LTIP 2012). The LTIP 2012 was approved by the AGM in May 2012 and was subscribed to for over 90% by the selected management. An identical plan (LTIP 2013) was approved by Cavotec's Annual General Meeting in 2013 and another plan (LTIP 2014) will be proposed to Cavotec's Ordinary General Meeting in 2014 for shareholder approval.

INTERNAL CONTROL SYSTEM (ICS)

The Company has not established a separate department for internal control. This task is performed by Audit Committee of the Board of Directors and the Board of Directors. Moreover, at Group level each Managing Director of a legal entity together with the legal and/or operational entity's finance department and the Director of Internal audit – reporting to the Chairman – is responsible for ensuring that the necessary controls are performed along with adequate monitoring.

Internal controls comprise the control of the Company's and Group's organisation, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.

THE BOARD OF DIRECTORS OF CAVOTEC SA IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2013

This report is dated 18 March 2014 and is signed on behalf of the Board of Cavotec SA by

Stefan Widegren
Chairman

Ottonel Popesco
Chief Executive Officer

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

CONSOLIDATED FINANCIAL STATEMENTS

CAVOTEC SA & SUBSIDIARIES
Statement of Comprehensive Income

EUR 000's	Notes	2013	2012
Revenue from sales of goods		227,704	220,072
Other income	5	5,892	4,810
Raw materials and components		(119,010)	(110,171)
Employee benefit costs	6	(62,336)	(58,732)
Operating expenses	7/8	(37,223)	(34,243)
Gross Operating Result		**15,027**	**21,736**
Depreciation and amortisation		(4,521)	(3,758)
Operating Result		**10,506**	**17,978**
Interest expenses - net	9	(1,219)	(1,263)
Currency exchange differences - net	9	(347)	(477)
Profit before income tax		**8,940**	**16,237**
Income taxes	10	1,513	(4,045)
Profit for the year		**10,453**	**12,192**
Other comprehensive income:			
Actuarial gain (loss)		(43)	(30)
Items that will not be reclassified to profit or loss		**(43)**	**(30)**
Currency translation differences		(5,692)	856
Items that may be subsequently reclassified to profit		**(5,692)**	**856**
Other comprehensive income for the year, net of tax		**(5,735)**	**826**
Total comprehensive income for the year		**4,718**	**13,018**
Total comprehensive income attributable to:			
Equity holders of the Group		4,751	13,138
Non-controlling interest		(33)	(120)
Total		**4,718**	**13,018**
Profit / (loss) attributed to:			
Equity holders of the Group		10,494	12,319
Non-controlling interest		(41)	(127)
Total		**10,453**	**12,192**
Basic and diluted earnings per share attributed to the equity holders of the Group	28	0.147	0.173
Average number of shares		71,332,700	71,332,700

The notes on pages 58 to 85 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Balance Sheet

Assets EUR 000's	Notes	2013	2012
Current assets			
Cash and cash equivalents		13,928	10,313
Trade receivables	11	48,705	50,583
Tax assets	12	1,253	530
Other current receivables	13	4,732	3,596
Inventories	14	40,110	39,561
Assets held for sale	15	2,213	-
Total current assets		**110,941**	**104,583**
Non-current assets			
Property, plant and equipment	15	26,861	28,840
Intangible assets	16	66,251	67,709
Non-current financial assets	17	57	153
Deferred tax assets	18	13,501	7,094
Other non-current receivables		2,026	2,346
Total non-current assets		**108,696**	**106,141**
Total assets		**219,637**	**210,725**

Equity and Liabilities EUR 000's	Notes	2013	2012
Current liabilities			
Bank overdrafts	19	-	(1,829)
Current financial liabilities	19	(4,654)	(2,911)
Trade payables	20	(31,526)	(36,973)
Tax liabilities	21	(2,724)	(5,268)
Other current liabilities	22	(11,834)	(14,451)
Total current liabilities		**(50,738)**	**(61,432)**
Non-current liabilities			
Non-current financial liabilities	19	(45,353)	(30,088)
Deferred tax liabilities	23	(4,298)	(4,345)
Other non-current liabilities		(704)	(885)
Provision for risks and charges	24	(9,775)	(7,146)
Total non-current liabilities		**(60,130)**	**(42,464)**
Total liabilities		**(110,868)**	**(103,896)**
Equity			
Equity attributable to owners of the parent	26,27	(108,773)	(106,939)
Non-controlling interests		4	110
Total equity		**(108,769)**	**(106,829)**
Total equity and liabilities		**(219,637)**	**(210,725)**

The notes on pages 58 to 85 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES

Statement of Changes in Equity

EUR 000's	Equity related to owners of the parent	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2012	(90,553)	(3,472)	(944)	**(94,968)**	95	**(94,873)**
Profit for the year	-	-	(12,319)	**(12,319)**	127	**(12,192)**
Exchange differences on translation	-	(850)	-	**(850)**	(6)	**(856)**
Actuarial (gain) loss	-	30	-	**30**	-	**30**
Total comprehensive income and expenses	**-**	**(820)**	**(12,319)**	**(13,138)**	**121**	**(13,018)**
Capital reduction	1,167	-	-	**1,167**	-	**1,167**
Capital increase	-	-	-	**-**	(106)	**(106)**
Transactions with shareholders	**1,167**	**-**	**-**	**1,167**	**(106)**	**1,061**
Balance as at 31 December 2012	**(89,386)**	**(4,292)**	**(13,263)**	**(106,940)**	**110**	**(106,830)**
Balance as at 1 January 2013	(89,386)	(4,292)	(13,263)	**(106,940)**	110	**(106,830)**
Profit for the year	-	-	(10,494)	**(10,494)**	41	**(10,453)**
Exchange differences on translation	-	5,700	-	**5,700**	(8)	**5,692**
Actuarial (gain) loss	-	43	-	**43**	-	**43**
Total comprehensive income and expenses	**-**	**5,743**	**(10,494)**	**(4,751)**	**33**	**(4,718)**
Capital reduction	2,921	(3)	-	**2,918**	-	**2,918**
Capital increase	-	-	-	**-**	(139)	**(139)**
Transactions with shareholders	**2,921**	**(3)**	**-**	**2,918**	**(139)**	**2,779**
Balance as at 31 December 2013	**(86,464)**	**1,448**	**(23,757)**	**(108,773)**	**4**	**(108,769)**

The notes on pages 58 to 85 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Statement of Cash Flows - Indirect Method

EUR 000's	2013	2012
Profit for the year	**10,453**	**12,192**
Adjustments for:		
Net interest expenses	1,013	949
Current taxes	5,253	7,470
Depreciation and amortisation	4,521	3,758
Deferred tax	(6,767)	(3,425)
Provision for risks and charges	2,155	5,148
Capital gain or loss on assets	46	(17)
Other items not involving cash flows	(23)	305
Interest paid	(970)	(967)
Taxes paid	(8,520)	(5,792)
	(3,292)	**7,429**
Cash flow before change in working capital	**7,161**	**19,621**
Impact of changes in working capital		
Inventories	(164)	(11,094)
Trade receivables	2,154	(8,207)
Other current receivables	(1,137)	2,849
Trade payables	(6,389)	2,995
Other current liabilities	(2,657)	4,034
Long term receivables	319	1,702
Impact of changes involving working capital	**(7,874)**	**(7,721)**
Net cash inflow /(outflow) from operating activities	**(713)**	**11,900**
Financial activities		
Increase (decrease) of loans and borrowings	16,974	(3,868)
Capital reduction	(2,918)	(1,167)
Net cash inflow /(outflow) from financial activities	**14,056**	**(5,035)**
Investing activities		
Investments in property, plant and equipment	(4,162)	(6,970)
Investments in intangible assets	(1,113)	(1,350)
(Increase) decrease in non-current financial assets	96	101
Deferred consideration	-	(1,516)
Increase in other assets	-	(2,653)
Disposal of assets	76	205
Net cash outflow from investing activities	**(5,103)**	**(12,183)**
Cash at the beginning of the year	8,484	12,952
Cash flow for the year	8,240	(5,318)
Currency exchange differences	(2,796)	850
Cash at the end of the year	**13,928**	**8,484**
Cash comprises:		
Cash and cash equivalents	13,928	10,313
Bank overdrafts	-	(1,829)
Total	**13,928**	**8,484**

The notes on pages 58 to 85 are an integral part of these Consolidated Financial Statements.

Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

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

The Financial Statements of the Cavotec Group for 2013 reflect the business activities of Cavotec SA.

Cavotec SA is the ultimate Parent company of the Cavotec Group, its registered office is via Balestra 27, CH-6900 Lugano, Switzerland. Cavotec SA shares are listed on NASDAQ OMX in Stockholm, Sweden.

These Financial Statements were approved by the Board of Directors on 18 March 2014. The report is subject to approval by the Ordinary General Meeting on 23 April 2014.

NOTE 2. BASIS OF PREPARATION

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

Historical Cost Convention

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

Adoption of new standards and interpretations

The following standards and amendments have been adopted by Cavotec for the first time for the financial year beginning on 1 January 2013 but have had no significant impact on the Group's consolidated financial statements:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income.
The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The 2012 comparative information has been restated for this change. The change had no impact on the Group's overall results and financial position.

IAS 19 (revised) 'Employee Benefits'
The Group introduced the revised IFRS accounting standard IAS 19 on Employee Benefits as of 1 January 2013 including the amendment issued in November 2013. The principal impact of this is that the return on pension plan assets and the interest calculated on the defined benefit obligations now use the same interest rate. Previously the return on plan assets was calculated based on the higher long term expected return on assets, so the adoption of the new accounting standard increases the annual cost of post-employment benefits. For Cavotec the impact of this change would a reduction in net financial income of less than 2 thousands EUR for the year ended 31 December 2012. Furthermore, the revised IAS 19 requires the immediate recognition of past service costs in the consolidated income statement, which were previously only recognized upon vesting. This amendment has no impact on Cavotec.

IFRS 10, 'Consolidated Financial Statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. There is no impact of adoption on the financial statements.

IFRS 11, 'Joint Arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. There is no impact of adoption on the financial statements.

IFRS 12, 'Disclosures of Interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. Limited additional disclosures have been added on the financial statements following the adoption.

IFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Limited additional disclosures have been added on the financial statements following the adoption.

Moreover the Amendment to IFRS 7: Disclosures - offsetting financial assets and financial liabilities has been adopted without and impact on the financial statements.

Issued standards not yet effective

The Group is currently assessing the potential impacts of other new and revised standards and interpretations that will be effective from 1 January 2014 and beyond. Based on the analysis to date, the Group does not anticipate that these will have a material impact on the Group's overall results and financial position.

Critical accounting estimates

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, namely, 31 December 2013 and 2012.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign operations

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

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet.
- Income and expenses for each Statement of Comprehensive Income are translated at average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity.
- The Consolidated Statements of Cash Flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

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

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

CONSOLIDATION

(i) Subsidiaries

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

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

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

Notes to the Financial Statements

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

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

(ii) Transactions with non-controlling interest

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

(iii) Associates

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies by the Group.

(iv) Scope of Consolidation

The consolidated Financial Statements include the statements at 31 December 2013 of the companies included in the scope of consolidation, which have been prepared in accordance with IFRS adopted by the Group. Below is a list of companies consolidated on a line by line basis and the respective shares held either directly or indirectly by Cavotec SA:

Name	Registered office	Type of Business	Controlled through	% Group ownership	
				Direct	Indirect
Cavotec (Swiss) SA	Switzerland	Services Company	Cavotec SA	100%	
Cavotec Australia Pty Ltd	Australia	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Belgium NV	Belgium	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Brasil Comercio de Sistemas Industriais Ltda.	Brazil	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Canada Inc	Canada	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Connectors AB	Sweden	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Dabico US Inc	United States of America	Centre of Excellence	Cavotec US Holdings Inc		100%
Cavotec Danmark AS	Denmark	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Germany GmbH	Germany	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Engineering Services Ltd	India	Engineering	Cavotec Group Holdings NV		100%
Cavotec Finland OY	Finland	Sales Company	Cavotec Group Holdings NV		100%
Cavotec France RMS SA	France	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Group Holdings NV	The Netherlands	Holding	Cavotec MoorMaster Ltd		100%
Cavotec Hong Kong Ltd	China	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Iberica S.L.	Spain	Sales Company	Cavotec Group Holdings NV		100%
Cavotec India Ltd	India	Sales Company	Cavotec Group Holdings NV		85%
Cavotec Inet US Inc.	United States of America	Centre of Excellence	Cavotec US Holdings Inc		100%
Cavotec International Ltd	United Kingdom	Services Company	Cavotec Group Holdings NV		100%
Cavotec Korea Ltd	Korea	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Latin America	Argentina	Sales Company	Cavotec Group Holdings NV		90%
Cavotec Latin America	Argentina	Sales Company	Ipalco BV		10%
Cavotec Micro-control AS	Norway	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Micro-control GmbH	Germany	Centre of Excellence	Cavotec Deutschland Holdings GmbH		100%
Cavotec Middle East FZE	U.A.E.	Sales Company	Cavotec Group Holdings NV		100%
Cavotec MoorMaster Ltd	New Zeland	Engineering	Cavotec SA	100%	
Cavotec Nederland BV	The Netherlands	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Norge AS	Norway	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Realty France SCI	France	Services Company	Ipalco BV		100%
Cavotec Realty Germany BV	The Netherlands	Services Company	Ipalco BV		100%
Cavotec Realty Norway AS	Norway	Services Company	Ipalco BV		100%
Cavotec Realty USA LLC	Unites States of America	Services Company	Ipalco BV		100%
Cavotec Russia OOO	Russia	Sales Company	Cavotec Group Holdings NV		100%
Cavotec SA	Switzerland	Holding	-	100%	
Cavotec Shanghai Ltd	China	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Singapore Pte Ltd	Singapore	Sales Company	Cavotec Group Holdings NV		100%
Cavotec South Africa Pte Ltd	South Africa	Sales Company	Cavotec Group Holdings NV		100%
Cavotec Specimas Spa	Italy	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Sverige AB	Sweden	Sales Company	Cavotec Group Holdings NV		100%
Cavotec UK Ltd	United Kingdom	Centre of Excellence	Cavotec International Ltd		100%
Cavotec US Holdings Inc	United States of America	Holding	Cavotec SA	100%	
Cavotec USA Inc	Unites States of America	Sales Company	Cavotec Canada Holding Inc		100%
Ipalco BV	The Netherlands	Holding/Services Company	Cavotec Group Holdings NV		100%

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

SEGMENT REPORTING

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Fixed assets held for sale and operations that are being closed down are reported as Non-current Assets Held for Sale and Discontinued Operations if their value, within one year, will be recovered through a sale and not through continued use in the operations. On the reclassification date, fixed assets held for sale are stated at the lower of fair value less selling expenses and the carrying amount and, following reclassification, the assets are no longer depreciated.

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.

Notes to the Financial Statements

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

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

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

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

Leasehold improvements are depreciated over their estimated useful life or over the lease term, if shorter.

LEASES

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

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

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

INTANGIBLE ASSETS

(i) Goodwill

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

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

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

(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. It must also be probable that the intangible asset will generate future economic benefits and that it is clearly identifiable and allocable to a specific product.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets at cost and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from 3 to 5 years.

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

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

INVENTORIES
Inventories are measured at the lower of acquisition cost (generally the weighted average cost) or manufacturing cost and net realisable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labour, direct engineering, production and tooling and other non-recurring costs and production related overheads (based on normal operating capacity and normal consumption of material, labour and other production costs), including depreciation charges. 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.

Inventoried costs include amounts relating to programs and contracts with long-term production cycles, a portion of which is not expected to be realized within one year.

Moormaster and Microcontrol inventories include deferred production costs that represent actual costs incurred for production of early units that exceed the estimated average cost of all units in the program accounting quantity. Units produced early in a program require substantially more effort (labour and other resources) than units produced later in a program because of volume efficiencies and the effects of learning. The deferred costs are expected to be fully recovered when all units included in the accounting quantity are delivered as the expected unit cost for later deliveries is below the estimated average cost of all units in the program.

Provisions are made for inventories with a lower market value or which are slow-moving. If it becomes apparent that such inventory can be reused, provisions are reversed with inventory being revalued up to the lower of its net realizable value or original cost. Unsalable inventory is fully written off.

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).

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

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

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

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

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

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

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

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

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

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. These changes in the fair value of the hedged asset or liability are recognized in profit and loss to offset the effect of gain or loss on the hedging instrument.

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

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

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

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

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

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

BORROWING COSTS

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

PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognized is the best estimate of the cost required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

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

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

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

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of value added taxes, goods and service tax (GST), rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

The Group offers multiple element arrangements to meet its customers' needs. These arrangements may involve the delivery of multiple products and/or performance of services (such as installation, commissioning and training) and the delivery and/or performance may occur at different points in time or over different periods. Deliverables of such multiple element arrangements are evaluated to estimate the selling price that reflects at inception the Group's best estimate of what the selling price would be if the elements were sold on a stand-alone basis. Such arrangements generally include industry-specific performance and termination provisions, such as in the event of substantial delays or non-delivery.

(i) Sales of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, which in most cases occurs in connection with delivery. When the products are sold subject to installation and this constitutes a significant portion of the contract, revenue is recognized when the installation is completed.

(ii) Sales of services

Service revenue reflects revenues earned from the Group's activities in providing services to customers primarily subsequent to the sale and delivery of a products or complete systems. Such revenues consist of maintenance-type contracts, field service activities that include personnel and accompanying spare parts, and installation and commissioning of products as a stand-alone service or as part of a service contract. Revenue from service transactions is recognized as services are performed. For long-term service contracts, revenue is recognized on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are provided or accepted.

(iii) Long term contracts

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

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

Notes to the Financial Statements

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

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

VALUE ADDED TAX (VAT) AND GOODS AND SERVICES TAX (GST)

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

EMPLOYEE BENEFITS

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

(i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

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

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

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

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

(ii) Share-based payments

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

DIVIDENS AND OTHER DISTRIBUTIONS

Distributions to the shareholders are recognised as a liability in the Group's Financial Statements in the period in which they are approved by the Ordinary General Meeting.

TREASURY SHARES

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

INCOME TAX

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are regularly reviewed for recoverability and a valuation allowance is established based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the Group 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.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

DEFERRED TAXES

Deferred tax assets are recognized for temporary differences between the carrying amounts for financial reporting purposes of assets and liabilities and the amounts used for taxation purposes and for tax loss carry-forwards. The Group records valuation allowances for deferred tax assets based upon management's estimates of future taxable profit in different tax jurisdictions. The actual results may differ from these estimates, due to change in the business climate and change in tax legislation. See notes 18 and 23 for additional information.

LEGAL PROCEEDINGS

The Group recognizes a liability when it has an obligation from a past event involving the transfer of economic benefits and when a reasonable estimate can be made of what the transfer might be. The Group reviews outstanding legal cases regularly in order to assess the need for provisions in the Financial Statements. These reviews consider the factors of the specific case by internal legal counsel and through the use of outside legal counsel and advisors when necessary. To the extent that management's assessment of the factors considered are not reflected in subsequent developments, the Financial Statements could be affected. See note 32 for additional information.

GOODWILL IMPAIRMENT TEST

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

EUR 000's	Net book value as of 31/12/2012	Translation differences and other	Acquisitions and dispositions	Impairment	Net book value as of 31/12/2013
Ports & Maritime	23,361	(78)	-	-	23,283
Airports	31,287	(1,069)	-	-	30,218
Mining & Tunnelling	530	-	-	-	530
General Industry	6,468	(20)	-	-	6,448
Total	**61,646**	**(1,167)**	**-**	**-**	**60,479**

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

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

Notes to the Financial Statements

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

2013	Terminal value growth rate	Pre-tax weighted average cost of capital
Ports & Maritime	2.0%	9.7%
Airports	2.0%	9.7%
Mining & Tunnelling	1.0%	9.7%
General Industry	1.5%	9.7%

Based on the estimated cash flows these Market Units are expected to generate from their businesses, discounted back to their present value using the above mentioned discount rate, the management concluded that goodwill allocated to these Market Units remained recoverable at 31 December 2013. Management believes that reasonable changes in key assumptions used to determine the recoverable amounts of all segments will not result in impairment.

In its review of the carrying amounts of goodwill of year-end 2013, management specifically considered the goodwill allocated to the Airports Market Unit. The sensitivity analysis shows that a reduction in gross margin of 5.58% or a rise of the discount rate to 16.53% would remove the remaining headroom.

NOTE 5. OTHER INCOME

EUR 000's	2013	2012
Carriage, insurance and freight	2,965	3,617
Commissions and royalties	53	141
Engineering services	1,434	-
Service and maintenance	227	-
Other miscellaneous income	1,213	1,052
Total	**5,892**	**4,810**

Other income increased by EUR 1,082 thousands mainly due to the increase of engineering and maintenance services.

NOTE 6. EMPLOYEE BENEFIT COSTS

EUR 000's	2013	2012
Salaries and wages	(49,490)	(46,474)
Social security contributions	(7,295)	(6,810)
Other employee benefits	(5,551)	(5,448)
Total	**(62,336)**	**(58,732)**

The employee benefit costs are based on an average workforce of 1,001 full time equivalents (2012: 891). This variance is mainly due to the expansion of the business in terms of sales and therefore of production.

The increase in the average number of employees derives mainly from the Americas operating segment.

NOTE 7. OPERATING EXPENSES

EUR 000's	2013	2012
Transportation expenses	(2,616)	(2,819)
External services	(10,814)	(8,998)
Travelling expenses	(5,486)	(4,759)
General expenses	(9,453)	(8,830)
Rent and leasing	(5,154)	(4,448)
Credit losses	(123)	(3,044)
Warranty costs	(3,577)	(1,345)
Total	**(37,223)**	**(34,243)**

NOTE 8. NON-RECURRING ITEMS

EUR 000's	2013	2012
Restructuring costs	-	1,706
Acquisition costs	-	53
Litigation costs	2,003	1,810
Total operating costs	**2,003**	**3,569**

Non recurring items totalling EUR 2,003 thousands (2012: 3,569) are included in Operating Expenses. The litigation costs are the costs sustained from the on-going litigation with Mike Colaco.

NOTE 9. NET FINANCIAL COSTS

EUR 000's	2013	2012
Interest income	61	60
Interest expense	(1,073)	(1,008)
Change of derivatives fair value	27	(14)
Amortization of issuance costs	(234)	(301)
Interest expenses - net	**(1,219)**	**(1,263)**
Currency exchange difference - net	**(347)**	**(477)**
Total	**(1,566)**	**(1,741)**

NOTE 10. INCOME TAXES

EUR 000's	2013	2012
Current tax	(5,254)	(7,470)
Deferred tax	6,767	3,425
Total	**1,513**	**(4,045)**

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

Tax calculated at domestic tax rate applicable to profits in the respective countries	(2,625)	(7,409)
Tax effect of non-taxable income included in profit before tax	4,473	2,912
Tax on non-deductible expenses or not related to income	(946)	(146)
Tax losses not valued	(543)	(1,067)
Utilization of previously unrecognized DTA	255	518
Effects of tax losses / credits utilized	-	300
Losses carried forward with DTA	(5,868)	(2,578)
Total	**(5,254)**	**(7,470)**

The Group operates in many jurisdictions where statutory tax rates vary from 0% to 40%. The weighted average applicable tax rate was 11.2% (2012: 23.4%). The decrease is caused by the change in the profitability of the Group's subsidiaries in the respective countries.

NOTE 11. TRADE RECEIVABLES

EUR 000's	2013	2012
Trade receivables	52,215	54,369
Provision for doubtful debts	(3,510)	(3,786)
Trade receivables, net	**48,705**	**50,583**

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

Opening balance	**(3,786)**	**(921)**
Provision recorded in the year	(393)	(3,011)
Provision used in the year	516	67
Currency exchange difference	153	79
Closing balance	**(3,510)**	**(3,786)**

NOTE 12. TAX ASSETS

EUR 000's	2013	2012
Tax assets	852	322
VAT recoverable	401	208
Total	**1,253**	**530**

Notes to the Financial Statements

NOTE 13. OTHER CURRENT RECEIVABLES

EUR 000's	2013	2012
Short term investments	9	5
Deposits	1,013	1,075
Prepayments	2,116	1,721
Other receivables	1,594	795
Total	**4,732**	**3,596**

NOTE 14. INVENTORIES

EUR 000's	2013	2012
Raw materials	3,677	4,180
Work in progress	4,193	5,891
Finished goods	34,246	31,649
Provision for slow moving inventories	(2,006)	(2,159)
Total	**40,110**	**39,561**

The movement of the provision for slow moving inventories is summarised below:

EUR 000's	2013	2012
Opening balance	**(2,158)**	**(1,511)**
Provision written off during the year	191	25
Provision recorded in the year	(133)	(677)
Currency exchange difference	94	3
Closing balance	**(2,006)**	**(2,158)**

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

EUR 000's	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2012				
Opening net book value	17,354	4,503	2,725	24,582
Additions	4,402	2,390	230	7,022
Disposals	-	(160)	-	(160)
Depreciation	(692)	(1,710)	(565)	(2,967)
Currency exchange differences	295	4	64	363
Closing net book value	**21,359**	**5,027**	**2,454**	**28,840**
At 31 December 2012				
Cost	24,361	18,128	5,450	47,938
Accumulated depreciation	(3,002)	(13,099)	(2,998)	(19,098)
Net book amount	**21,359**	**5,027**	**2,454**	**28,840**
Year ended 31 December 2013				
Opening net book value	21,359	5,027	2,454	28,840
Additions	78	1,915	3,110	5,103
Disposals / Reclassification	(2,218)	(92)	(25)	(2,335)
Depreciation	(799)	(1,690)	(987)	(3,476)
Currency exchange differences	(825)	(169)	(277)	(1,271)
Closing net book value	**17,595**	**4,991**	**4,275**	**26,861**
At 31 December 2013				
Cost	21,036	18,599	7,459	47,094
Accumulated depreciation	(3,441)	(13,608)	(3,184)	(20,233)
Net book amount	**17,595**	**4,991**	**4,275**	**26,861**

The increase in fixtures and fittings is due to improvements of the new premises in Cypress, USA. The decrease in land and building is the consequence of the reclassification to assets held for sale of some buildings in the US and Germany after the decision to sell unoccupied premises taken in June 2013. The sale is expected to happen within 12 months.

In accordance with IFRS 5, the assets held for sale were aligned to their fair value less costs to sell of EUR 2,213. This is a non-recurring fair value based on an independent valuation of the land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2013 which has been measured using observable inputs (Level 2), being the prices for recent sales of similar land and buildings in close proximity adjusted for differences in key attributes such as property size. The difference between the carrying amount and the fair value less costs to sell, recognised to profit and loss, was null.

NOTE 16. INTANGIBLE ASSETS

EUR 000's	Goodwill	Patents & trademarks	R&D and other	Total
Year ended 31 December 2012				
Opening net book value	61,930	4,175	274	66,379
Additions	-	182	2,217	2,399
Disposals	-	-	(28)	(28)
Amortisation	-	(468)	(323)	(791)
Currency exchange differences	(284)	23	11	(250)
Closing net book value	**61,646**	**3,912**	**2,151**	**67,709**
At 31 December 2012				
Cost	61,646	7,101	3,535	72,282
Accumulated amortisation	-	(3,189)	(1,384)	(4,573)
Net book amount	**61,646**	**3,912**	**2,151**	**67,709**
Year ended 31 December 2013				
Opening net book value	61,646	3,912	2,151	67,709
Additions	-	22	759	781
Disposals	-	-	-	-
Amortisation	-	(497)	(548)	(1,045)
Currency exchange differences	(1,167)	(26)	(1)	(1,194)
Closing net book value	**60,479**	**3,411**	**2,361**	**66,251**
At 31 December 2013				
Cost	60,479	7,080	4,174	71,733
Accumulated amortisation	-	(3,669)	(1,813)	(5,482)
Net book amount	**60,479**	**3,411**	**2,361**	**66,251**

The impairment of the goodwill balance has been considered in note 4.

NOTE 17. NON-CURRENT FINANCIAL ASSETS

EUR 000's	2013	2012
Financial receivables	18	113
Financial assets at fair value	40	40
Total	**57**	**153**

The financial receivables include interest bearing loans of which EUR 18 thousands is due from employees.

NOTE 18. DEFERRED TAX ASSETS

EUR 000's	2013	2012
Deferred tax assets to be recovered within 12 months	3,666	3,053
Deferred tax assets to be recovered after more than 12 months	9,835	4,041
Closing balance	**13,501**	**7,094**

EUR 000's	2013	2012
Provisions for warranty, inventory, doubtful accounts and others	2,986	1,177
Losses carried forward	7,877	3,063
Depreciation and amortization	269	295
Unrealized exchange differences	7	-
Accrued expenses not currently deductible	466	666
Mark-to-market on derivatives	16	24
Others	1,880	1,869
Total	**13,501**	**7,094**

The deferred tax assets arose as a consequence of the recognition of timing differences on provisions relative to doubtful accounts, slow moving inventories and warranties, which are not tax deductible currently and become deductible for tax purposes when utilized, as well as to tax losses. The main increase is due to deferred tax assets recognised on losses carried forward generated in the US, Germany and New Zealand. They expire in 20 years in the US and never expire in Germany and New Zealand.

Notes to the Financial Statements

NOTE 19. LOANS AND BORROWINGS

EUR 000's	2013	2012
Bank overdrafts	-	(1,829)
Credit facility current portion	(2,000)	(2,000)
Other current financial liabilities	(2,654)	(911)
Credit facility non-current portion	(41,626)	(25,500)
Other non-current financial liabilities	(4,298)	(5,086)
Unamortized issuance costs	571	498
Total	**(50,007)**	**(34,828)**

During the year, the Group reimbursed EUR 2,000 thousands of the syndicated credit facility.

Positive mark-to-market on derivatives for EUR 27 thousands is included in other non-current liabilities. Financial leasing liabilities for EUR 47 thousands are included in other current liabilities and EUR 59 thousands in other non-current liabilities.

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

EUR 000's	2013	2012
Bank overdrafts	-	1.67%
Short term debt	1.85%	2.50%
Long term debt	1.66%	1.97%
Interest bearing liabilities	**1.68%**	**2.00%**

The average cost of the interest bearing liabilities at the end of 2013 was lower compared to the previous year because of the reduced base rate.

NOTE 20. TRADE PAYABLES

EUR 000's	2013	2012
Trade payables	(23,517)	(28,559)
Advances from customers	(8,009)	(8,414)
Total	**(31,526)**	**(36,973)**

NOTE 21. TAX LIABILITIES

EUR 000's	2013	2012
Tax liabilities	(1,219)	(4,010)
VAT payable	(1,506)	(1,258)
Total	**(2,724)**	**(5,269)**

NOTE 22. OTHER CURRENT LIABILITIES

EUR 000's	2013	2012
Employee entitlements	(7,016)	(8,074)
Accrued expenses and other	(4,818)	(6,377)
Total	**(11,834)**	**(14,450)**

NOTE 23. DEFERRED TAX LIABILITIES

EUR 000's	2013	2012
Depreciations and amortizations	(3,103)	(3,048)
Unrealized exchange differences	(6)	(8)
Actuarial pension scheme	(9)	(21)
Local Tax requirements	(988)	(1,118)
Financial Leasing	-	(2)
Others	(192)	(148)
Total	**(4,298)**	**(4,345)**

NOTE 24. PROVISION FOR RISKS AND CHARGES

EUR 000's	2013	2012
Provision for pension	(2,015)	(1,909)
Provision for warranty	(4,248)	(2,227)
Provision for litigation	(10)	(189)
Provision for restructuring	(82)	(940)
Provision for taxation	(622)	(478)
Other provision	(2,798)	(1,402)
Total	**(9,775)**	**(7,146)**

EUR 000's	Dec 31, 2012	Recorded	Used	Reversed not used	Exchange Diff	Dec 31, 2013
Provision for pension	(1,909)	(208)	74	-	28	(2,015)
Provision for warranty	(2,227)	(3,758)	1,407	181	149	(4,248)
Provision for litigation	(189)	(10)	188	-	1	(10)
Provision for restructuring	(940)	-	678	180	-	(82)
Provision for taxation	(478)	(170)	5	-	21	(622)
Other provision	(1,402)	(1,920)	408	-	116	(2,798)
Total	**(7,146)**	**(6,066)**	**2,760**	**361**	**315**	**(9,775)**

Provision for pension refers to compensation payable to employees upon termination of employment for any reason. A major part of this provision, in the normal course of events, is long term in nature. The warranty provision reflects historic experience of the cost to repair or replace defective products, as well as certain information regarding product failure experienced during production, installation or testing of products. Provision for restructuring includes severance payments and other expenses related to the actions taken in Germany to streamline production capacity and tailor our product range to reflect shifts in some markets. Other provision includes also provisions for onerous contracts.

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

NOTE 25. PENSION PLAN

The Group operates defined benefit pension plans in Swiss subsidiaries, Cavotec SA and Cavotec (Swiss) SA, via the employee benefits foundation and are affiliated with the Swiss Life Collective BVG Foundation based in Zurich. This pension solution fully reinsures also the risks of disability, death and longevity. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee.

EUR 000's	2013	2012
Present value of defined benefit obligation	1,384	1,106
Fair value of plan assets	996	766
Deficit of funded plans	388	340
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Liability in the Balance Sheet	388	340

Actuarial losses recognised in the statement of other comprehensive income in the period are EUR 43 thousands, resulting from an EUR 48 thousands increase of the liabilities net of deferred tax assets of EUR 5 thousands.

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

EUR 000's	2013	2012
At 1 January 2013	**(1,106)**	**(854)**
Service cost employer	(121)	(133)
Ordinary contributions paid by employees	(112)	(101)
Interest cost	(19)	(19)
Contributions paid by plan participants	(37)	-
Benefits paid	32	29
Actuarial (gains)/losses	(39)	(22)
Exchange differences	19	(6)
At 31 December 2013	**(1,384)**	**(1,106)**
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(29)	59

Notes to the Financial Statements

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

EUR 000's	2013	2012
At 1 January	**766**	**553**
Expected Return on assets	13	14
Ordinary contributions paid by employer	112	101
Ordinary contributions paid by employees	112	101
Contributions paid by plan participants	37	-
Interest cost	-	-
Benefits paid	(32)	(29)
Return on plan assets excl. Interest income	-	22
Exchange differences	(12)	4
At 31 December	**996**	**766**

The amounts recognised in the income statements are as follows:

Service cost employer	121	133
Interest cost	19	19
Expected return on assets	(13)	(14)
Total	**127**	**138**

The principal actuarial assumptions were as follows:

	2013	2012
Price inflation	1.00%	1.00%
Discount rate, end of period	2.00%	1.75%
Salary increase, end of period	1.50%	1.00%
Increase in pension, end of period	0.00%	0.00%
Retirement age	M65/F64	M65/F64
Demographic assumptions	BVG 2010 GT	BVG 2010 GT

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

	2013	2012
Mortality rates	BVG 2010 GT	BVG 2010 GT
Disability rates	BVG 2010	BVG 2010
Turnover rates	BVG 2010	BVG 2010
Early retirement age	100% M65/F64	100% M65/F64
Capital option	40%	40%

Plan assets are comprised as follows:

in %	2013	2012
Fixed-interest, cash and cash equivalents, time deposits	78.50%	78.38%
Mortgages and other claims on nominal value	6.89%	7.00%
Equities and units in investment funds	0.28%	1.02%
Private equity and hedge funds	0.16%	0.48%
Investment in participations and associated companies	0.67%	0.81%
Real estate	12.37%	11.26%
Other investments	1.13%	1.05%
Total	**100%**	**100%**

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

The sensitivity analysis was performed by recalculating the Defined Benefit Obligation and Service Cost with the following parameters:

2013	DBO	Service Cost
Discount rate +0.5%	1,313	236
Discount rate -0.5%	1,465	263
Salary increase +0.5%	1,401	255
Salary increase -0.5%	1,369	248
Life expectancy +1 year	1,405	255
Life expectancy -1 year	1,364	248

NOTE 26. SHARE CAPITAL

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

EUR 000's	No of shares (Fully paid)	Share capital
Balance at 1 January 2013	71,397,220	(89,386)
Capital reduction		2,921
Balance at 31 December 2013	**71,397,220**	**(86,464)**

The Annual General Meeting held on 23 April, 2013 approved the reduction of the nominal value of the registered shares from CHF 1.53 to CHF 1.48.

NOTE 27. OTHER RESERVES

EUR 000's	2013	2012
Currency translation reserves	2,803	(2,896)
Share premium reserve	(1,751)	(1,751)
Own shares reserve	78	80
Actuarial reserve	318	275
Total	**1,448**	**(4,292)**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations into Euro. The value of the currency reserve decreased during the year due to the general strengthening of the Euro against the currencies of the countries where the Group operates.

The share premium reserve was created following the Contribution Agreement dated 3 October 2011 between Cavotec SA and the former shareholders of Cavotec MSL.

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

NOTE 28. EARNINGS PER SHARE

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

EUR 000's	2013	2012
Profit for the year	10,453	12,192
Attributable to:		
Equity holders of the Group	10,494	12,319
Non-controlling interest	(41)	(127)
Total	**10,453**	**12,192**
Weighted-average number of shares outstanding	71,332,700	71,332,700
Basic and diluted earnings per share attributed to the equity holders of the Group	0.147	0.173

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

NOTE 29. SEGMENT INFORMATION

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

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

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

Notes to the Financial Statements

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

Information by operating segment for the year ended 31 December, 2013 for each reportable segment is summarised below:

Year ended 31 December, 2013 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Revenue from sales of goods	52,042	175,932	30,844	47,750	21,087	-	(99,951)	**227,704**
Other income	2,160	6,598	(40)	4	4,918	1,507	(9,255)	**5,892**
Operating expenses before depreciation and amortisation	(62,667)	(166,639)	(29,731)	(42,291)	(25,488)	(1,968)	110,215	**(218,569)**
Gross Operating Result	**(8,465)**	**15,891**	**1,073**	**5,463**	**517**	**(461)**	**1,009**	**15,027**

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

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

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

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

EUR 000's	2013	2012
Gross operating result for reportable segments	14,018	23,684
Inter-Group elimination	1,009	(1,947)
Depreciation	(3,476)	(2,968)
Amortisation	(1,045)	(791)
Financial costs - net	(1,566)	(1,741)
Profit before income tax	**8,940**	**16,237**

Assets at 31 December 2013 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current assets	24,742	68,643	18,969	23,180	21,062	55,228	(100,882)	**110,941**
Intangible assets	23,933	17,199	-	-	24,640	479	-	**66,251**
Total non-current assets	13,306	22,080	2,620	992	1,604	5,859	(4,016)	**42,445**
Total assets	**61,981**	**107,922**	**21,589**	**24,172**	**47,306**	**61,566**	**(104,899)**	**219,637**

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

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

EUR 000's	2013	2012
Segment assets for reportable segments	324,536	293,906
Inter-Group elimination	(104,899)	(83,181)
Total assets	**219,637**	**210,725**

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

Liabilities at 31 December 2013 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current liabilities	(53,768)	(58,983)	(9,280)	(12,089)	(4,257)	(7,339)	94,978	**(50,738)**
Total non-current liabilities	(6,432)	(14,201)	(942)	(773)	(1,515)	(41,754)	5,487	**(60,130)**
Total liabilities	**(60,200)**	**(73,184)**	**(10,222)**	**(12,862)**	**(5,772)**	**(49,093)**	**100,465**	**(110,868)**

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

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

EUR 000's	2013	2012
Segment liabilities for reportable segments	(211,333)	(182,945)
Inter-Group elimination	100,465	79,049
Total liabilities	**(110,868)**	**(103,896)**

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

Year ended 31 December 2013 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	Total
Ports & Maritime	13,313	34,919	15,047	27,922	5,827	**97,028**
Airports	23,165	17,729	11,968	6,769	1,169	**60,800**
Mining & Tunnelling	2,938	17,022	97	3,950	5,302	**29,309**
General Industry	3,405	25,457	3,714	4,336	3,655	**40,567**
Total	**42,821**	**95,127**	**30,826**	**42,977**	**15,953**	**227,704**

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

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

Notes to the Financial Statements

On 1 January 2014, Cavotec's new organization came into effect. The responsibility of South East Asia has now been moved under Far East while Africa is now under Middle East and India. A pro forma summary of 2013 reflecting these changes is set out below:

Year ended 31 December, 2013 EUR 000's	Americas	Europe	Middle East Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Revenue from sales of goods	52,042	174,036	32,740	51,198	17,639	-	(99,951)	**227,704**
Other income	2,160	6,630	(71)	37	4,885	1,507	(9,255)	**5,892**
Operating expenses before depreciation and amortisation	(62,668)	(164,829)	(31,541)	(45,655)	(22,124)	(1,968)	110,216	**(218,569)**
Gross Operating Result	**(8,465)**	**15,837**	**1,127**	**5,580**	**400**	**(461)**	**1,011**	**15,027**

Assets at 31 December 2013 EUR 000's	Americas	Europe	Middle East Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Total current assets	24,742	67,650	19,962	25,189	19,053	55,228	(100,882)	**110,941**
Intangible assets	23,933	17,199	-	-	24,640	479	-	**66,251**
Total non-current assets	13,307	22,058	2,641	1,012	1,584	5,859	(4,016)	**42,445**
Total assets	**61,981**	**106,907**	**22,603**	**26,201**	**45,277**	**61,566**	**(104,897)**	**219,637**

Liabilities at 31 December 2013 EUR 000's	Americas	Europe	Middle East Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Total current liabilities	(53,768)	(58,545)	(9,717)	(12,753)	(3,592)	(7,339)	94,978	**(50,738)**
Total non-current liabilities	(6,432)	(14,195)	(947)	(773)	(1,515)	(41,754)	5,486	**(60,130)**
Total liabilities	**(60,200)**	**(72,741)**	**(10,665)**	**(13,527)**	**(5,107)**	**(49,093)**	**100,465**	**(110,868)**

NOTE 30. RELATED PARTY DISCLOSURE

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

The Group's key management personnel comprises the Chief Executive Officer and the members of Executive Management Committee (EMC), their total remuneration including salary and other short term benefits amounted to a total of EUR 4,582 thousands (2012: 4,199 thousands). Please refer to page 92 for the remuneration of the Board members and page 93 for the description of the long-term incentive plan.

Year ended 31 December 2013					
EUR 000's	**Short-term employee benefits**	**Post-employment benefits**	**Other long-term benefits**	**Share-based payment**	**Total**
Chief Executive Officer	718	25	-	-	743
Executive Management	3,635	205	-	-	3,839
Total remuneration	**4,353**	**230**	**-**	**-**	**4,582**

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

The following table summarizes the Group's transactions with its related parties, which are controlled or influenced by some Board members:

EUR 000's					Revenues		Costs	
Company	**Country**	**Receivables**	**Payables**	**Guarantees**	**Goods and services**	**Others**	**Goods and services**	**Others**
Atomium Culture	Belgium	-	-	-	-	-	-	(13)
IVA	Sweden	-	-	-	-	-	-	(18)
Port Equipment Manufacturing Association(PEMA)	Belgium	-	-	-	-	-	-	(2)
Soliden Sagl	Switzerland	-	-	-	-	-	(167)	-
Swedish Swiss Chamber of Commerce	Switzerland	-	-	-	-	-	-	(18)
VR Group Oy	Finland	-	-	-	16	-	-	-
Subtotal		**-**	**-**	**-**	**16**	**-**	**(167)**	**(51)**

NOTE 31. REMUNERATION OF AUDITORS

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

EUR 000's	2013	2012
Audit services		
PricewaterhouseCoopers	578	631
Other auditor firms	127	140
Total	**705**	**771**
Other assurance services:		
Taxation		
PricewaterhouseCoopers	115	91
Other auditor firms	7	4
Total	**122**	**95**
Other assurance services*		
PricewaterhouseCoopers	59	126
Other auditor firms	5	4
Total	**64**	**130**
Total	**186**	**225**

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

NOTE 32. LEGAL RISKS

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

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

Mike Colaco litigation

Following an internal investigation at Cavotec's US-based INET operations in September 2012, Mike Colaco was suspended from all management positions in Cavotec INET and other US affiliates of the Cavotec. Colaco subsequently filed a lawsuit against Cavotec. Cavotec denies any wrongdoing and has filed a countersuit against Colaco and others. The lawsuit is moving forward and the discovery process is currently approaching its conclusion. The start of the trial has been postponed to 27 October 2014. The assessment of the Board of Directors is that the claims made by Colaco are without substantial basis or foundation and are not likely to result in any material financial exposure to Cavotec, which has not already been provided for in the accounts. As the litigation is on-going the Group withholds from further comment at this time.

Meyerinck litigation

During the year all the claims brought by former Cavotec Meyerinck employees have been resolved without additional costs for the Group in excess of what was already provisioned in 2012.

NOTE 33. CONTINGENCIES

EUR 000's	2013	2012
Bonds	20,763	11,199
Financial guarantees	769	1,385
Other guarantees	601	1,359
Total	**22,133**	**13,943**

The items listed under Contingencies are mainly performance bonds to customers in Hong Kong, Middle East, Russia and the US, of which EUR 16,915 will expire within one year. Based on historical experience there isn't any expectation to have significant cash outflow from these bonds.

Notes to the Financial Statements

NOTE 34. COMMITMENTS

The following details commitments associated with Cavotec SA & Subsidiaries.

EUR 000's	2013	2012
Rental commitments		
Within one year	3,105	2,944
Later than one, not later than two years	2,259	1,712
Later than two, not later than five years	4,782	2,482
Later than five years	5,224	180
Total	**15,370**	**7,318**

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

Operating lease commitments		
Within one year	316	805
Later than one, not later than two years	163	609
Later than two, not later than five years	114	355
Later than five years	-	6
Total	**593**	**1,775**

Capital commitments		
Within one year	-	8
Later than one, not later than two years	-	1
Total commitments	**-**	**9**

NOTE 35. SECURITIES AND COLLATERALS

Real estate related loans amounting to EUR 4,839 thousands at 31 December, 2013 (2012: 5,608) are secured by mortgages on land and buildings in Italy, Germany, Norway, Sweden and France. The decrease of the year is due to the repayment of the current portion of the loans.

NOTE 36. SUBSEQUENT EVENTS

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

Maher Terminal, Port of New York/New Jersey

RISK MANAGEMENT

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

The Board sets the policy for the Group's centralised treasury operation and its activities are subject to a set of controls commensurate with the magnitude of the borrowings and investments and group wide exposures under its management. The treasury function's primary role is to manage liquidity, funding, investments and counterparty credit risk arising with financial institutions. It also manages the Group's market risk exposures, including risks arising from volatility in currency and interest rates. The treasury function is not a profit centre and the objective is to manage risk at optimum cost.

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

MARKET RISK

Currency risk

The Group generally offers customers the possibility to pay in their own currencies through the global sales organization. As a result, the Group is continuously exposed to currency risks in accounts receivables denominated in foreign currency and in future sales to foreign customers. This risk is mitigated by the fact that the Group's major competitors are also mainly located in Euro jurisdictions and, consequently, it is possible to adjust sales prices to negate the adverse effect of the change. This issue of international pricing is under constant attention at the highest levels of management.

As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities. An area of potential risk arises from the fact that only 24.5% (24.1%) of the Group's revenues are denominated in Euro as the major manufacturing units, except for the operations of Cavotec INET, Dabico and Micro-control Norway, are located in Euro currency based jurisdictions and furthermore significant sales are also made in territories where the US dollar historically has had a significant influence (apart from the US, this would include the UAE, China, Hong Kong and Singapore amounting to 48.0% of the Group's total sales from 39.6% in 2012).

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

Currency	Average rate	Year end rate
AED	0.20495	0.19812
ARS	0.13723	0.11124
AUD	0.72585	0.64838
BRL	0.34859	0.30697
CAD	0.73080	0.68162
CHF	0.81231	0.81460
DKK	0.13409	0.13406
EUR	1.00000	1.00000
GBP	1.17750	1.19947
HKD	0.09707	0.09352
INR	0.01283	0.01171
KRW	0.00069	0.00069
NOK	0.12809	0.11957
NZD	0.61707	0.59659
RMB	0.12248	0.11977
RUB	0.02362	0.02206
SEK	0.11559	0.11288
SGD	0.60173	0.57425
USD	0.75294	0.72511
ZAR	0.07792	0.06865

At 31 December 2013, had the Euro weakened/strengthened by 10% against foreign currencies to which the Group is exposed, with all other variables held constant, profit for the year and equity would have been EUR 3,666 thousands higher/lower (2012: 2,120 thousands). This is mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the Euro and in respect of operations in non-Euro jurisdictions for financial assets and liabilities not in their local currency.

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

	2013		2012	
EUR 000's	EUR -10%	EUR +10%	EUR -10%	EUR +10%
Receivables	48	(48)	94	(94)
Payables	(64)	64	(153)	153
Financial assets	3,682	(3,682)	2,179	(2,179)
Financial liabilities	-	-	-	-
Total increase / (decrease)	**3,666**	**(3,666)**	**2,120**	**(2,120)**

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

	2013		2012	
EUR 000's	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
EUR	6,928	(49,171)	552	(34,433)
USD	1,415	-	6,173	-
RMB	951	-	562	-
AED	841	-	531	-
GBP	91	-	268	-
SEK	407	(665)	239	-
NOK	696	(60)	512	(204)
AUD	287	(106)	196	(184)
CHF	134	-	14	-
HKD	418	-	24	-
Other	1,760	(5)	1,240	(7)
Total	**13,928**	**(50,007)**	**10,313**	**(34,828)**

Other financial assets totalling EUR 67 thousands and financial liabilities totalling EUR 58 thousands were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

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

	2013		2012	
EUR 000's	Receivables	Payables	Receivables	Payables
EUR	16,314	(18,393)	19,902	(21,329)
USD	10,808	(5,405)	11,163	(4,354)
RMB	6,387	(1,460)	5,973	(1,366)
AED	904	(1,334)	571	(3,054)
GBP	915	(775)	1,637	(563)
SEK	378	(368)	316	(439)
NOK	2,447	(658)	2,132	(1,175)
AUD	3,923	(1,127)	4,805	(1,260)
CHF	-	(279)	-	(255)
HKD	2,265	(730)	1,167	(910)
Other	4,364	(997)	2,917	(2,268)
Total	**48,705**	**(31,526)**	**50,583**	**(36,973)**

Other non-current assets totalling EUR 2,025 thousands (2012: 2,345) were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, minimizing borrowing costs over time and limiting the volatility of results. The Group is party to fixed interest rate loan agreements in the normal course of business in order to eliminate the exposure to increases in interest rates in the future in accordance with the Group's financial risk management policy approved by the Board. The amount of floating rate debt is the main factor that could impact the Statement of Comprehensive Income in the event of an increase in market rates. At 31 December, 2013 90% of the Net Debt was floating rate (2012: 83%).

The impact of a 1% increase/decrease in interest rates will result in a decrease/increase of interest expenses for the year of EUR 449 thousands (2012: 288 thousands).

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

Fair value estimation

Financial assets and liabilities recorded at fair value in the Consolidated Financial Statements are categorised based upon the level of judgement associated with the inputs used to measure their fair value. There are three hierarchical levels, based on an increasing amount of subjectivity associated with the inputs to derive fair valuation for these assets and liabilities, which are as follows:

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

The following table presents the Group's financial instruments that are measured at fair value by valuation method including those measured at amortized cost or at cost at 31 December, 2013:

EUR 000's	Level 1	Level 2	Level 3	Valued at amortized cost	Total
Assets					
Current financial assets	9	-	-	-	9
Non-current financial assets	-	-	40	-	40
Long-term loans	-	-	-	18	18
Total assets	**9**	**-**	**40**	**18**	**67**
Liabilities					
Current trading derivatives	-	-	-	-	-
Non-current trading derivatives	-	(58)	-	-	(58)
Total Liabilities	**-**	**(58)**	**-**	**-**	**(58)**

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

See note 15 for disclusures on the disposal groups held for sale that are measured at fair value.

CREDIT RISK

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

After the global turmoil in the international markets, the Company has introduced stringent practices to evaluate exposure to doubtful debts; the Group requires that provisions be recorded not only to cover exposure relative to specific accounts in difficulty but also for accounts receivables balances which are past due for periods in excess of normal trading terms. As at 31 December, 2013 total past due trade receivables were higher than at the end of 2012 due to delay in the collection in China, Middle East and US. The ageing of the trade receivables is as follows:

EUR 000's	2013	2012
Overdue up to 30 days	12,923	11,003
Overdue up to 30 and 60 days	1,926	3,826
Overdue up to 60 and 90 days	4,708	3,415
Overdue up to 90 and 120 days	1,454	1,497
Overdue up to 120 and 150 days	205	1,024
Overdue more than 150 days	9,773	3,341
Total	**30,989**	**24,106**

At 31 December, 2013 EUR 3,510 thousands (2012: 3,786 thousands) has been provisioned against impaired financial receivables.

Provision for impaired financial receivables by operating segment

EUR 000's	2013	2012
Americas	(2,354)	(2,567)
Europe & Africa	(496)	(403)
Middle East & India	(406)	(399)
Far East	(254)	(207)
Australasia SE Asia	-	(210)
Total	**(3,510)**	**(3,786)**

NET DEBT

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

EUR 000's	2013	2012
Cash and cash equivalents	13,928	10,313
Current financial assets	9	5
Bank overdraft	-	(1,829)
Short-term debt	(4,654)	(2,911)
Long-term debt	(45,353)	(30,088)
Total	**(36,070)**	**(24,511)**

LIQUIDITY RISK

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

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

In August 2011 the Group renewed its EUR 50.0 million syndicated loan facility agreement signed in 2009 and maturing in 2012. This agreement extends the maturity to August 2016 at improved pricing and includes an option to increase the facility up to EUR 80 million. At the beginning of 2013, the Group secured a EUR 15.0 million increase of the facility at the same conditions. After the amortizations, the facility is now available in two parts EUR 6.0 million amortizing term loan ("Facility A") and EUR 55.0 million revolving credit line ("Facility B"). Facility A was fully drawn at the end of 2013, drawings of facility B amounted to EUR 49.1 million of which EUR 37.6 million on the revolving credit facility itself and EUR 5.5 million on the ancillary credit line for guarantees. See note 19 for additional information.

The syndicated loan facility bears interest for each interest period at a rate per annum equal to EURIBOR plus a variable margin which will be adjusted every quarter to reflect any changes in the ratio of net debt to consolidated EBITDA as determined on a rolling basis, with a minimum margin of 1.00% per annum. The loans are subject to certain restrictive covenants, including, but not limited to, additional borrowing, certain financial ratios, limitations on acquisitions and disposals of assets. If the financial covenants are not met and their breach is not remedied within a certain period or the lenders do not waive the covenants, there may grounds for termination under the conditions of the credit facility. The Group is in compliance with all existing loan covenants as of December 31, 2013.

As of December 31, 2013, the Group's total available credit facilities, which related to the above mentioned syndicated loan facility agreement and to other credit facilities with local banks, amounted to EUR 70.2 million, of which EUR 56.1 million was utilised. The table below analyses the Group's financial liabilities, excluding trade payables, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date against the cash and cash equivalent balances.

	2013		2012	
EUR 000's	**Less than 1 year**	**1 and 5 years**	**Less than 1 year**	**1 and 5 years**
Bank overdrafts and short-term debt	(4,654)	-	(4,740)	-
Long-term debt	-	(45,353)	-	(30,088)
Total	**(4,654)**	**(45,353)**	**(4,740)**	**(30,088)**
Cash and cash equivalents	13,928	-	10,313	-

	Credit facilities	
EUR 000's	**Total**	**Used**
Bank overdrafts	(3,128)	-
Current financial liabilities	(4,654)	(4,654)
Non-current financial liabilities	(62,399)	(45,924)
Total utilization for cash	**(70,181)**	**(50,578)**
Guarantees	-	(5,500)
Total	**(70,181)**	**(56,078)**

CAPITAL RISK MANAGEMENT

The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of its debt to equity ratio calculated by comparing Net Debt to Total equity. During 2013, the Group's strategy, which was unchanged, compared to previous years, was to maintain a debt to equity ratio of no more than 75%, consistent with the Company's financial covenant requirement under its long-term financing arrangements. In monitoring the level of indebtness, on-going attention is also given by management to the level of interest cover calculated as Operating Income divided by Net Financial Costs and to the leverage ratio defined as Net Debt divided by Gross Operating Income (EBITDA).

The debt equity ratios, interest cover and leverage ratio at 31 December, 2013 and 31 December, 2012 were as follows:

EUR 000's	2013	2012
Total interest bearing liabilities	(50,007)	(34,828)
Cash and cash equivalents	13,928	10,313
Current financial assets	9	5
Net debt	**(36,070)**	**(24,511)**
Total equity	**(108,769)**	**(106,829)**
Debt equity ratio	33.2%	22.9%
Interest cover	8.6	14.2
Leverage ratio	2.40	1.13

Report of the statutory auditor
to the General Meeting of
Cavotec SA
Lugano

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Cavotec SA, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 54 to 85), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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Report on other legal requirements

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

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

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

PricewaterhouseCoopers SA

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

Lugano, 18 March 2014

STATUTORY FINANCIAL STATEMENTS

For the period ended 31 December 2013

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

STATUTORY FINANCIAL STATEMENTS

CAVOTEC SA
Income statement

CHF	2013	2012
Revenue and income	1,267,102	1,257,148
Employee benefit costs	(729,366)	(714,007)
External services	(986,541)	(1,162,079)
Travelling expenses	(43,392)	(56,687)
General expenses	(146,462)	(78,415)
Operating Result	**(638,659)**	**(754,040)**
Finance costs - net	(32,196)	(29,618)
Foreign exchange - net	33,276	(759,114)
Result before income taxes	**(637,579)**	**(1,542,771)**
Taxes	(27,023)	(27,812)
Result for the period	**(664,602)**	**(1,570,583)**

CAVOTEC SA
Balance Sheet

Assets CHF	Notes	2013	2012
Current assets			
Cash and cash equivalents		59,807	5,159
Trade accounts receivable, Group		697,780	687,614
Prepaid exp. and accrued income		3,784	3,170
Tax assets		25,618	20,856
Other current receivables		-	385
Total current assets		**786,989**	**717,184**
Non-current assets			
Investments in subsidiary companies	3	120,853,741	118,845,874
Own shares	5	95,490	98,716
Total non-current assets		**120,949,231**	**118,944,590**
Total assets		**121,736,220**	**119,661,774**

Liabilities		2013	2012
Current liabilities			
Bank overdrafts	10	(15,544,224)	(13,182,754)
Current financial liabilities	10	(2,264,922)	-
Trade accounts payable		(139,072)	(199,765)
Accruals and deferred income		(106,517)	(107,329)
Tax provision		(12,074)	(18,836)
Other liabilities		(7,570)	(33,766)
Total current liabilities		**(18,074,379)**	**(13,542,450)**
Non-current liabilities			
Provision for translation reserve		(1,780,205)	-
Total non-current liabilities		**(1,780,205)**	**-**
Total liabilities		**(19,854,584)**	**(13,542,450)**

Equity		2013	2012
Share capital	4	(105,667,886)	(109,237,747)
Legal reserves:			
- Reserve for own shares	4,5	(95,490)	(98,716)
Share premium reserve	4	(2,039,975)	(2,039,975)
Prior year retained earnings	4	5,257,113	3,686,530
Result for the period	4	664,602	1,570,583
Total equity		**(101,881,636)**	**(106,119,324)**
Total equity and liabilities		**(121,736,220)**	**(119,661,774)**

CAVOTEC SA
Notes to Statutory Financial Statements

NOTE 1. GENERAL

Cavotec SA (the "Company") is the ultimate parent company of the Cavotec Group.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Assets and liabilities	closing rate
Own shares and shareholders' equity	historical rate
Income and expenses	average rate

Translation gains are deferred and translation losses are included in the determination of net income.

Current assets and liabilities – Current assets and liabilities are recorded at cost less adjustments for impairment of value.

Financial assets – Financial assets are recorded at acquisition cost less adjustments for impairment of value.

Own shares – Own shares are valued at the lower of cost and realisable value at the Balance Sheet date. The reserve for the own shares included in shareholders' equity corresponds to the historical purchase cost of the own shares.

NOTE 3. INVESTMENT IN SUBSIDIARY COMPANIES

Company name	Purpose	Domicile	Ownership interest	Curr.	Share Capital
Cavotec (Swiss) SA	Services Company	Switzerland	100%	CHF	200,000
Cavotec MoorMaster Ltd	Holding & engineering	New Zealand	100%	NZD	10,000,000
Cavotec US Holdings Inc	Holding	USA	100%	USD	6,000,000

NOTE 4. SHAREHOLDERS' EQUITY

Description	Date	Shares	Share capital (CHF)
Incorporation	14 June 2011	100,000	100,000
Consolidation of shares - step 1	29 September 2011	100,006	100,006
Consolidation of shares - step 2	3 October 2011	64,520	100,006
Scheme of Arrangement	3 October 2011	71,397,220	110,665,691
Listing on NASDAQ OMX Stockholm	19 October 2011	71,397,220	110,665,691
Reduction of Share Capital	4 May 2012	71,397,220	109,237,747
Reduction of Share Capital	23 April 2013	71,397,220	105,667,886

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

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

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

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

The AGM held on 23 April, 2013 approved a reduction of the nominal value of the registered shares from CHF 1.53 to CHF 1.48. The nominal value reduction was used for the repayment to the shareholders.

The share capital as of 31 December 2013 is divided into 71,397,220 shares at a par value CHF 1.48 each.

CHF	Share Capital	Legal Reserve Reserve for own shares	Share Premium Reserve	Prior Year Retained Earnings	Result for the period	Total Shareholder's equity
Opening balance at January 1, 2013	109,237,747	98,716	2,039,975	(3,686,530)	(1,570,583)	106,119,324
Reduction share capital	(3,569,861)	(3,226)	-	-	-	(3,573,087)
Result of the period	-	-	-	-	(664,602)	(664,602)
Allocation prior year result	-	-	-	(1,570,583)	1,570,583	-
Balance at December 31, 2013	**105,667,886**	**95,490**	**2,039,975**	**(5,257,113)**	**(664,602)**	**101,881,636**

The 2013 AGM approved the creation of a contingent share capital of 713,972 shares, in connection with employees' participation to 2013 Long Term Incentive Plan (LTIP). The total amount of contingent shares refers to 2012 and 2013 Long Term Incentive Plan (LTIP). The authorized shares, approved by 2012 AGM, will expire on 4 May 2014.

Share capital as of December 31, 2013	No of registered shares	Par value	Total (CHF)
Issued shares	71,397,220	CHF 1.48	105,667,886
Contingent shares	1,427,944	CHF 1.48	2,113,357
Authorized shares	14,279,444	CHF 1.48	21,133,577

NOTE 5. OWN SHARES

The own shares held at 31 December were 64,520, equal to 0.09% if the total share capital. A reserve for own shares of CHF 95,490 equal to 64,520 share at CHF 1.48 has been established.

NOTE 6. SIGNIFICANT SHAREHOLDERS

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

Year ended 31 December 2013 Shareholders		Number	%
Michael Colaco	Shareholder	7,703,844	10.8%
Lars Hellman (through Nordea Life & Pension)	Founder	7,512,551	10.5%
Stefan Widegren & family*	Chairman & Founder	7,254,264	10.2%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Total		29,418,705	41.2%

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

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

CAVOTEC SA

Notes to Statutory Financial Statements

NOTE 7. BOARD OF DIRECTORS COMPENSATION

In 2013, a total remuneration to the Board members in Cavotec SA was paid in aggregate of CHF 2,236 thousands, whereof CHF 766 thousands was allocated to the Chairman of the Board of Directors and CHF 1,470 thousands in total, was allocated to the other members of the Board of Directors (including the Chief Executive Officer). Their remuneration can be found in the table below.

Year ended 31 December 2013 Board of Directors CHF	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	36,932	1,254	1,962	-	40,148
Leena Essén[1]	43,087	137,089	12,536	-	192,712
Nicola Gerber	36,932	1,255	1,964	-	40,151
Christer Granskog	49,242	745	1,725	-	51,712
Lakshmi Khanna[2]	54,782	681	1,578	95,456	152,497
Erik Lautmann	47,765	1,624	2,540	-	51,929
Joe Pope[3]	24,621	373	863	-	25,857
Ottonel Popesco[1][4] (Chief Executive Officer)	-	883,750	30,688	-	914,438
Stefan Widegren[1][5] (Chairman)	141,572	418,544	-	206,000	766,116
Total remuneration	**434,933**	**1,445,315**	**53,856**	**301,456**	**2,235,560**

[1] Their compensation includes variable remuneration relative 2012 paid in 2013.
[2] Lakshmi Khanna has provided consulting services to Cavotec International totalling CHF 95 thousands.
[3] Joe Pope didn't stand for re-election at the 2013 AGM.
[4] Ottonel Popesco's remuneration includes the remuneration of his wife.
[5] Stefan Widegren, through Soliden Sagl, has provided consulting services to the Group totaling CHF 206 thousands. His remuneration includes the health insurance for his wife.

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

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

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

NOTE 8. EXECUTIVE MANAGEMENT COMPENSATION

The remuneration of the Executive Management of Cavotec SA was as follows:

Year ended 31 December 2013 CHF	Short-term employee benefits	Post-employment benefits	Total
Executive Management	1,553,022	65,652	1,618,674
Total remuneration	**1,553,022**	**65,652**	**1,618,674**

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

The table above includes the remuneration of Ottonel Popesco equal to CHF 914 thousands, of which CHF 31 thousands for post-employment benefits.

Since 2012 the Company has implemented on a yearly basis a Long Term Incentive Plan ("LTIP") for selected employees of the Group in the form of annually offered share matching plan. The purpose of the LTIP is to provide selected key employees with an opportunity to become shareholders of Cavotec. The plan is implemented, centrally administered and maintained by Board of Directors and the Remuneration Committee is responsible for its structuring and operation.

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

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

At inception, the maximum dilution for shareholders in Cavotec as a result of each plan is one per cent or 713,972 shares per year. Please refer to Note 4 for more information about the creation of the contingent share capital.

The maximum cost for the Group for the duration of each plan (excluding social security payments) is reported in the table below. The calculation is based on the number co-investment shares awarded to LTIP's Participants and on the assumptions that all targets are met, at the share price at the end of 31 Dec, 2013 (SEK 31.40). The plan has not been hedged.

Year's plan	Potential No of Shares	Maximum Cost
2012	579,568	2.5 milion
2013	423,076	1.8 milion

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

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

Shareholders as of 31 December 2013		Number	%
Lars Hellman (through Nordea Life & Pension)	Founder	7,512,551	10.5%
Stefan Widegren* & family	Chairman & Founder	7,254,264	10.2%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Peter Brandel	Founder	2,802,348	3.9%
Ottonel Popesco & family	CEO	2,438,408	3.4%
Leena Essén (through Anelea Holdings & other)	Board member	2,181,607	3.1%
Michael Widegren & family	EMC member	1,045,625	1.5%
Lakshmi Khanna	Board member	263,406	0.4%
Erik Lautmann	Board member	97,802	0.1%
Patrick Rosenwald	EMC member	52,091	0.1%
Erik Chilo'	EMC member	44,585	0.1%
Christian Bernadotte	EMC member	44,438	0.1%
Michael Scheepers	EMC member	35,155	0.0%
Juergen Strommer	EMC member	27,578	0.0%
Giorgio Lingiardi	EMC member	26,727	0.0%
Christer Granskog (through Oy Piceum Ab)	Board member	20,000	0.0%
Gary Matthews	EMC member	19,578	0.0%
Luciano Corbetta	EMC member	17,560	0.0%
Diego Fiorentini	Group CFO	13,454	0.0%
Gustavo Miller	EMC member	13,077	0.0%
Yann Duclot	EMC member	10,262	0.0%
Ester Cadau	EMC member	3,000	0.0%
Total		30,871,562	43.2%

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

CAVOTEC SA
Notes to Statutory Financial Statements

NOTE 10. CREDIT FACILITY AGREEMENTS
Cavotec SA is the borrower under certain debt securities including the Group syndicated credit facilities signed with SEB AG and Banca Imi and the credit facility signed with Cornér Bank. As of year-end the total utilization was CHF 2,265 thousands.

NOTE 11. GUARANTEES AND COMMITMENTS
Cavotec SA is a guarantor for the existing EUR 61 million syndicated credit facility.

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

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

CHF	31 December 2013	31 December 2012
Advance payment bonds	-	515,831
Performance bond	1,815,544	578,472
Letter of credits	-	660,672
Other guarantees	19,419	934,924
Total	1,834,963	2,689,899

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

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

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

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

NOTE 13. RELATED PARTY TRANSACTIONS
As of 31 December 2013, the company has granted no loans, advances, borrowings or guarantees in favour of member of the Board of Directors and members of the Executive Management Committee or parties closely related to such persons.

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

NOTE 15. LEGAL RISKS
The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings. Legal proceedings currently considered to involve material risks are outlined below.

Mike Colaco litigation
The lawsuit against Mike Colaco is progressing and discovery is approaching the final stage. The start of the trial has been set for October 2014.

NOTE 16. OTHER INDICATIONS REQUIRED BY THE LAW
Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

CAVOTEC SA
Proposed appropriation of available earnings

The Board of Directors proposes to the shareholders the following appropriation:

CHF	31 December 2013	31 December 2012
Carried forward from previous years	(5,257,113)	(3,686,530)
Net loss for the financial year	(664,601)	(1,570,583)
Total earnings available	**(5,921,714)**	**(5,257,113)**
Appropriation to general statutory reserves (retained earnings)	-	-
Appropriation to other reserves	-	-
Proposed balance to be carried forward	**(5,921,714)**	**(5,257,113)**

In lieu of a dividend the Board of Directors will propose to the Ordinary General Meeting, to be held on 23 April 2014, a reduction in par value of the shares by CHF 0.05 to CHF 1.43.

Report of the statutory auditor
to the General Meeting of
Cavotec SA
Lugano

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Cavotec SA, which comprise the income statement, balance sheet and notes (pages 89 to 94), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers SA

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

Lugano, 18 March 2014

WHERE OUR COMPANIES ARE LOCATED*

Argentina
Australia
Bahrain
Belgium
Brazil
Canada
China
Denmark
Finland
France
Germany
Hong Kong
India
Italy
The Netherlands
New Zealand
Norway
Russia
Singapore
South Africa
South Korea
Spain
Sweden
Switzerland
UAE
UK
USA

CAVOTEC'S CENTRES OF EXCELLENCE

CAVOTEC ALFO/MEYERINCK
Overath, Germany

CAVOTEC CONNECTORS
Staffanstorp, Sweden

CAVOTEC FLADUNG
Dietzenbach, Germany

CAVOTEC DABICO/INET
Cypress, CA, USA

CAVOTEC MICRO-CONTROL
Hell, Norway
Hausen, Germany

CAVOTEC MOORMASTER
Kaiapoi, New Zealand

CAVOTEC SPECIMAS
Nova Milanese, Italy

Sales offices

Centres of Excellence

* **Branch offices and agents are not included on this map**

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NOTES

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