INNOVATIVE THINKING FOR A MORE EFFICIENT WORLD

ANNUAL REPORT

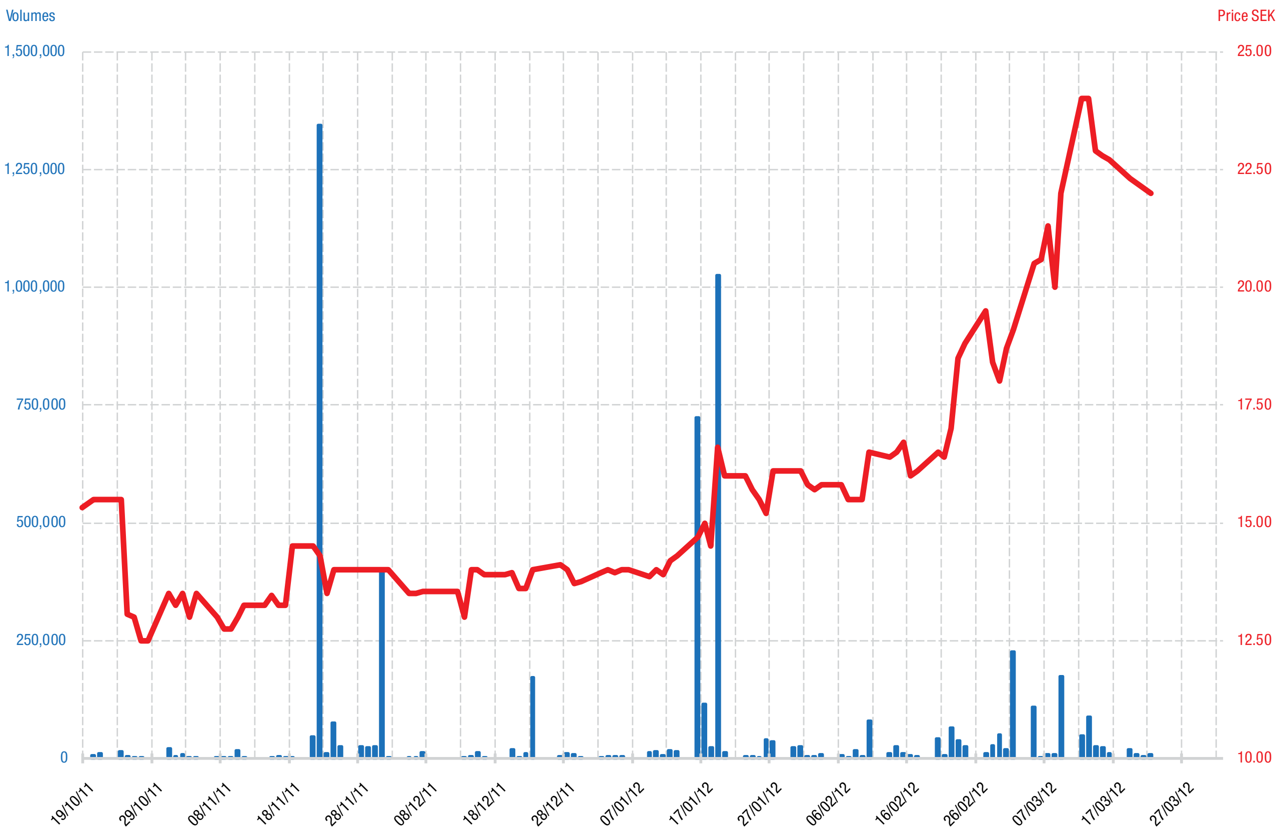
CAVOTEC

Inspired Engineering

TABLE OF CONTENTS

Stock performance - NASDAQ OMX	2
Financial information in summary	3
A word from the Chairman	4
A report from the Chief Executive Officer	6
More than 30 years of friendship and cooperation	8
Our diverse Market Units	12
Ports & Maritime	14
Airports	16
Mining & Tunnelling	22
General Industry	26
Working today to ensure a cleaner tomorrow	30
Cavotec's Centres of Excellence	32
Board of Directors	34
Executive Management Committee	37
Corporate Governance	40
Swiss company law overview	47
Human Resources	50
Consolidated Financial Statements	53
Statutory Financial Statements	86
Where we are	94

STOCK PERFORMANCE - NASDAQ OMX



Cavotec Group was listed on the NZX from January 2007 until the delisting happened on 26 September 2011. The closing price for the share on that date was 2.45 New Zealand dollars. On 20 October 2011 Cavotec SA successfully listed on the NASDAQ OMX Stockholm. The trade price development of its share is displayed in the chart above.

		2011	2010[2]	2009[2]	2008[2]	2007[2]
Number of shares outstanding		71,379,220	63,632,700	63,632,700	63,632,700	63,632,700
Closing price	SEK	13.75	-	-	-	-
Closing price[1]	EUR	1.54	1.95	1.29	1.22	2.42
Market cap[1] (million)	EUR	110.2	123.9	81.9	77.3	153.9
Dividend[1]	EUR	0.017	0.023	0.015	-	0.016
EPS[1]	EUR	0.089	0.125	0.082	0.145	0.115

[1] at end of the year prevailing exchange rate
[2] end of the year values on NZX

FINANCIAL INFORMATION IN SUMMARY

Cavotec SA & Subsidiaries	2011	2010	2009	2008	2007
EUR 000's					
INCOME STATEMENT ITEMS					
Revenue from sales of goods	189,969	144,960	125,258	141,724	129,993
Gross Operating Result (EBITDA)	**17,191**	**15,763**	**12,270**	**16,406**	**15,182**
Operating Result (EBIT)	**12,684**	**12,387**	**8,951**	**13,318**	**12,603**
Profit for the year	**5,844**	**8,006**	**5,200**	**9,198**	**7,341**
Total comprehensive income	7,018	11,005	6,521	6,641	6,939
BALANCE SHEET ITEMS					
Non-current assets	98,027	72,885	65,802	64,343	50,497
of which Goodwill	61,930	44,784	44,089	43,640	31,634
Current assets	78,762	62,538	57,849	59,080	54,878
Cash and cash equivalents	12,952	12,203	10,957	6,628	4,149
Total assets	**189,741**	**147,626**	**134,609**	**130,051**	**109,524**
Total equity	(94,873)	(76,807)	(66,917)	(60,396)	(54,985)
Interest-bearing liabilities	(36,664)	(31,878)	(32,812)	(33,919)	(21,698)
Non-interest-bearing liabilities	(58,205)	(38,941)	(34,880)	(35,736)	(32,841)
Total equity and liabilities	**(189,741)**	**(147,626)**	**(134,609)**	**(130,051)**	**(109,524)**
CASH FLOW ITEMS					
Cash flow from operating activities	5,164	10,951	8,594	4,648	8,820
Cash flow from financial activities	2,712	2,568	6,551	4,130	(4,197)
Cash flow from investing activities	(6,707)	(8,545)	(3,295)	(11,870)	(7,197)
Cash flow for the year	**1,169**	**4,974**	**11,850**	**(3,091)**	**(2,575)**
PROFITABILITY AND PROFITABILITY-RELATED KEY FIGURES					
Order intake	215,876	144,181	143,694	146,782	133,667
Gross operating margin	9.0%	10.9%	9.8%	11.6%	11.7%
Operating margin	6.7%	8.5%	7.1%	9.4%	9.7%
Interest coverage	8.1x	7.0x	4.7x	8.7x	12.4x
Return on average capital employed (ROACE)	4.6%	7.3%	6.1%	11.7%	10.5%
Return on equity (ROE)	6.9%	11.0%	8.2%	16.2%	13.9%
CAPITAL STRUCTURE AND CAPITAL STRUCTURE-RELATED KEY FIGURES					
Net debt	(23,708)	(19,651)	(21,850)	(27,264)	(17,539)
Net debt/equity ratio	25.0%	25.6%	32.7%	45.1%	31.9%
Equity/assets ratio	50.0%	52.0%	49.7%	46.4%	50.2%
Levarage ratio	1.4x	1.2x	1.8x	1.7x	1.2x

A WORD FROM THE CHAIRMAN

2011 was a truly pivotal year for Cavotec.

As our CEO has pointed out in our 4Q11 report we accomplished a number of significant goals for our company, including the establishment of genuine, tangible market acceptance for several of our new innovations, the successful negotiation of a critical 5-year syndicated loan agreement with our Group banks, the implementation of our key strategic acquisition of INET in the USA, and last but not the least, the migration of the company listing from the NZX in New Zealand to the NASDAQ OMX in Sweden.

For those of you who do not know Cavotec, maybe we should explain why a European company like Cavotec was listed in New Zealand in the first place.

In short, this came about because we realised some 10 years ago that we needed to gain critical mass in order to fulfil our commitments to our customers as a truly global company. Due to our company traditions in innovation it was natural to look externally for other innovations – within our field of activities – that could speed up our growth. During this period we were introduced to Mooring Systems Ltd, a small engineering company in New Zealand listed on the NZX.

MSL had just developed MoorMaster™, a new and extremely innovative concept for the automated mooring of ships. Within two years we became close partners and decided we needed to merge the two companies in order to collaborate more closely and efficiently. To bring this about we staged a reverse merger in which MSL bought our company, resulting in Cavotec MSL becoming a public company on the NZX on January 4th, 2007. It was also on this day that the MoorMaster technology became our single largest potential for future growth.

During our years of being listed in New Zealand we learned a lot and gained the strong support and trust of a large number of investors. Despite this, we were also aware that maintaining an efficient and effective public listing on the other side of the world was no easy task. Increasingly it became clear that the only option for us was to move the headquarters of the Group back to Europe. After considering many options and carefully weighing the various criteria, the final choice fell on the NASDAQ OMX in Stockholm, Sweden. There were many reasons for this, but mainly it came down to:

- Many of our important long-term customers are in Scandinavia
- A keen understanding in the investor community of engineering companies
- It's one of the largest and most liquid stock exchanges in the world
- It's a truly international stock exchange, reflecting our own global organisation and management structure
- A return to our Swedish roots

Following this period of evaluating the different options, in September 2011 we received the full support and consent from our shareholders in New Zealand to make the move and list the company on the NASDAQ OMX Stockholm on October 18th 2011.

Despite the complexity and expense of such a project, we deemed this move essential and of great importance for our future growth and development. Our first experience as a listed company on the NASDAQ OMX Stockholm has been very positive, and we are slowly but surely becoming better known by the financial community in the area.

CAVOTEC SET FOR GROWTH

Cavotec has been a growth company ever since we started in September 1974, when two of my colleagues and I – still university students at the time – incorporated the company in Stockholm with a capital of SEK 5,000.

Since those early days we have grown some 10% to 20% each year, while maintaining profitability at all times. For several decades our foremost priority was growth, but in the past 10 years our management has increased our EBIT margin from around 4% to a level of around 8% to 10%. As we grow further, and gain critical mass, our goal is to increase this level to some 12%.

Supported by our latest and fastest growing innovations, such as MoorMaster™, PCAir, and AMP, we should be able to sustain an organic growth of at least 10% also in the coming decade. Backed by our years of experience and 18 international acquisitions, we should be able to undertake new acquisitions of small-to-medium sized companies close to our core business at the rate of at least one company per year.

As the Chairman of the Board and a founder shareholder of the company, I am very pleased to see that Cavotec today has a more tangible growth potential than ever before. Judging from the latest development of the Cavotec share, it would seem a significant part of the investment community shares this view.

It's good to see that with the current share price we have returned to a roughly similar valuation level as in 2007, when the share traded on the NZX at NZD 5.00 for almost a year. From a historical perspective this corresponds to SEK 24.65 per share (at the average exchange rate of time: 1 NZD = 4.93 SEK)

Since then a lot water has passed under the bridge. For example, in 2007 MoorMaster™ was merely an idea in the early stages of development and testing. Today, we have 18 installations, which combined have now performed over 40,000 mooring operations in the past decade.

Another important change is that in these past years we have also implemented a generational shift within the top management of the Group. With this process now concluded this new generation of competent and experienced management is set to bring Cavotec forward and reach our stated goals. With two consecutive economic downturns behind us I trust you will agree with me that our CEO, Ottonel Popesco, and his executive management team have proven themselves capable of successfully guiding the company even in difficult times.

INVESTING IN CAVOTEC

Introducing new innovations and and changing industry standards is not something you do easily and certainly not in a short time. We know from experience that it may take years, if not decades in some cases to introduce such changes successfully. We also know that if you make the effort to undertake such investments, the market will reward you and recognise you as a true market leader in your field.

A clear testimony of such rewards can be seen in our exceptionally high revenue growth last year (+31%). While we enjoyed a good year for the industry as a whole, we also saw a strong enhancement of our growth due to a series of major orders for our new innovative technologies. That is why we encourage our management and sales engineers to focus on the needs and requirements of our customers and to constantly look for ways of how we can improve their business. This approach has been successful ever since the start of the company.

When you look to invest in Cavotec, you should take a long-term perspective, bearing in mind however that it is our intention to continue to make reasonable dividend distribution to the shareholders. Looking at our track record we are a reasonably safe investment, where the reward will come in the form of strong continuous growth combined with a steady improvement of our profitability, while developing our market positions and obtaining critical mass.

ALLOW ME TO SHARE A VISION WITH YOU

Today, our sales engineers are working closely with our more than 7,000 customers worldwide, supporting their operations in an efficient, cost-effective and environmentally-friendly way.

In our daily operations we bring shore power to ships, allowing them to turn off their engines when at port. We moor these vessels automatically and bring energy and communication to the cranes unloading the same. We support aircraft in modern airports with fuel, electricity, water and pre-conditioned air, achieving faster turnarounds and a cleaner environment.

Around the world we bring power and signals to cranes and moving machines in mines, ports, offshore, in industry applications and in theatres. We do so with special state-of-the-art products and systems specifically designed for our customers' needs, always aimed at efficient, seamless and sustainable operations for mobile equipment.

Every day, we go out of our way to rethink the way we work, in order to provide customers with innovative new ways to solve their problems.

"Think if we could build a tunnel under each gate of large international airports, where all the aircraft support equipment for the supply of fuel, electrical power, communication, water and pre-conditioned air could easily be supplied and maintained? By planning ahead, and without spending more, we could develop very economical ways to handle planes quickly and rationally, while providing a better air quality at airports and for the people living around them."

"Think if we could redesign ports, so that ships could moor safely at a specific landing berth, be moved around the port automatically for loading and unloading, and be supplied with shore power to avoid heavy air pollution from its diesel engines?"

With the support of our stakeholders and in close co-operation with our customers, we could achieve great things for the benefit of us all. This will eventually lead to smarter solutions, a better economy, better use of our resources and an improvement of the world we live in.

While we can dream and think about these ideas, let´s get going and take the next foreseeable steps to change our world – your world!

Lugano, March 2012

Stefan Widegren
Chairman

A REPORT FROM THE CHIEF EXECUTIVE OFFICER

As you all know, 2011 has been quite a year for Cavotec despite all the ongoing economic uncertainty in the world. As highlighted by our Chairman, we saw many achievements and positive developments throughout the Group. I would like to thank the whole team at Cavotec for their dedication and hard work in achieving these results.

Cavotec is in a strong position coming out of 2011 and stands ready to meet the challenges of 2012 head on. Looking at our full-year results, the overall picture shows good operational developments:

Accumulated revenues reached nearly EUR 190 million. This indicates a very significant 26.6% organic growth rate, or 31% when including INET.

We started 2012 with an Order Book of EUR 95.0 million, the highest level ever. January's Order Book was even stronger, coming in at EUR 105.4 million with an equally strong Order Intake of EUR 21.4 million.

Our adjusted operating profit amounted to EUR 14.2 million, a 14.4% increase over 2010, before deducting nearly EUR 1.5 million of non-recurring costs related to the INET acquisition and subsequent reorganisation, as well as the non-operational costs involved with the listing on the NASDAQ OMX, which amounted to EUR 2.3 million.

Profit before tax came to EUR 10.3 million. Our Net profit was EUR 5.8 million.

While 2011 saw many positive developments, we must still reflect on the areas in which we can improve. One of our key goals for 2012 is to increase our profitability and to achieve this we will be greatly supported by the efforts made in 2011. During the year, we were able to significantly increase our market share, specifically related to system sales where we had landmark projects for innovations such as MoorMaster™, PCAir and AMP, allowing us to set new industry standards. Another strong point is our on-going commitment to deliver the highest quality systems and customer support, making us a trusted partner for our customers around the world.

I would like to share with you some of the measures we have put in place, from an operational point of view, which bring into sharp focus our commitment to a growth in profitability and to reach our 2012 objective to improve operating margins compared to those achieved in 2011.

Regarding the streamlining of our organization, these points are:

- Cost reduction implementation in areas such as employees benefits and marketing
- Administrative re-organisation in large markets where we operate with multiple companies
- Re-organisation of certain companies in smaller markets
- Streamlining of the group structure and centralisation of HQ support functions

Regarding the improvement of our margins, we should consider the following:

- Our ability to capitalise on investments made into new markets in 2011
- Establishing industry acceptance of advanced technological innovations
- Our capacity to achieve higher margins following the broadening of the product offering
- Competitors lack comparable industry-standard product offering

MARKETS AND REGIONS

The Far East, Americas and South East Asia are definite growth regions. Effectively, Europe is the only region to have reported slightly lower figures, mainly due to the on-going financial uncertainty in the Eurozone. Cavotec has managed to avoid the worst effects of recent economic turmoil in the region as just 40.5% of our total Group revenues come from customers based in Europe, underlining the strong development of our sales outside this region.

The positive development of all our Market Units, with the exception of General Industry, has been very significant.

Throughout 2011, our Ports & Maritime Market Unit registered an exceptional performance forming 32.9% of the Group's total revenues. Accumulated revenues for the Market Unit came in at EUR 62.4 million. Not the least the Ports & Maritime Order Book, which came to EUR 40.9 million, almost doubled compared to 2010.

Our Airports Market Unit showed a similarly positive picture, with revenues up to nearly EUR 50.0 million, compared to just over EUR 37.7 million for FY10. Included in this figure is over EUR 6.5 million coming from Cavotec INET underlining the success we are seeing in the continued integration of the INET operations into our Group structure, which validates the strategy behind the acquisition itself. Our Order Book for Airports also increased to more than EUR 33 million.

Mining & Tunnelling continued to perform strongly throughout FY11 with accumulated revenues increasing to EUR 30.4 million versus EUR 21.4 million in FY10. The Market Unit's Order Book now stands at EUR 8.2 million, 40.8% higher than 2010.

Accumulated revenues for the General Industry Market Unit reached EUR 47.2 million, a lower level than 2010 and reflected the overall lack of large projects throughout 2011 and the soft Order Book for the Market Unit at the end of 2010. An important positive development is the upward trend in Order Intake, which demonstrates an increase in activity for the unit. An encouraging sign is the Order Book for the Market Unit, which came to EUR 12.7 million.

LOOKING AHEAD

With 2011 as a strong basis upon which to continue to grow, we can state that 2012 has started well for Cavotec. As you have seen, we have just recently received some interesting orders highlighting the intense on-going day-to-day activity in our various Market Units.

In summary, I would like to underline that Cavotec is a financially solid company with a stable leverage ratio of 1.31x, supported by industry-accepted innovations, a balanced exposure of around 50/50 to both mature and emerging markets through a global network of our own companies and a high level of credibility and trust from our customers, including large blue-chip companies.

All this is the result of the open mentality and forward thinking strategy present at Cavotec since the very beginning. While were are considered a relative newcomer to the NASDAQ OMX, our customers have known and trusted Cavotec and our brands, such as Specimas, INET, Fladung and others, since the late 1960s.

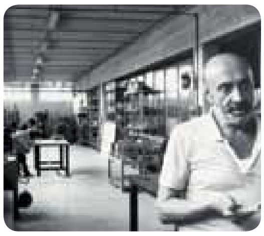
We maintain strong, long-term relationships with several well known companies in Nordic countries, such as Atlas Copco, ABB, Sandvik and Konecranes. As a company and as people we work best within stable, long-term relationships and we look forward to establishing a similar type of understanding with our investors and stakeholders now we are listed here in Sweden.

I can conclude by saying that our outlook remains confident and that I underline our commitment to the targets as presented when we listed last October. We are ready for growth, ready to go to the next level. We look forward to doing it together with you.

Ottonel Popesco
Chief Executive Officer

MORE THAN 30 YEARS OF FRIENDSHIP AND COOPERATION

1970 1975 1980 1985



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

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".

1990 1995 2000 2005 2010

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 USA

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 Apparategebau 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 USA

2004

Acquisition of Fladung GmbH in Germany

Cavotec Group and Mooring Systems Ltd. sign sales agreement

Acquisition of Micro-control AS in Norway

Cavotec Group has 30th 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

February 2011

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

March 2011

Incorporation of Cavotes sales company in Spain

May 2011

Incorporation of Cavotec sales company in Brazil

August 2011

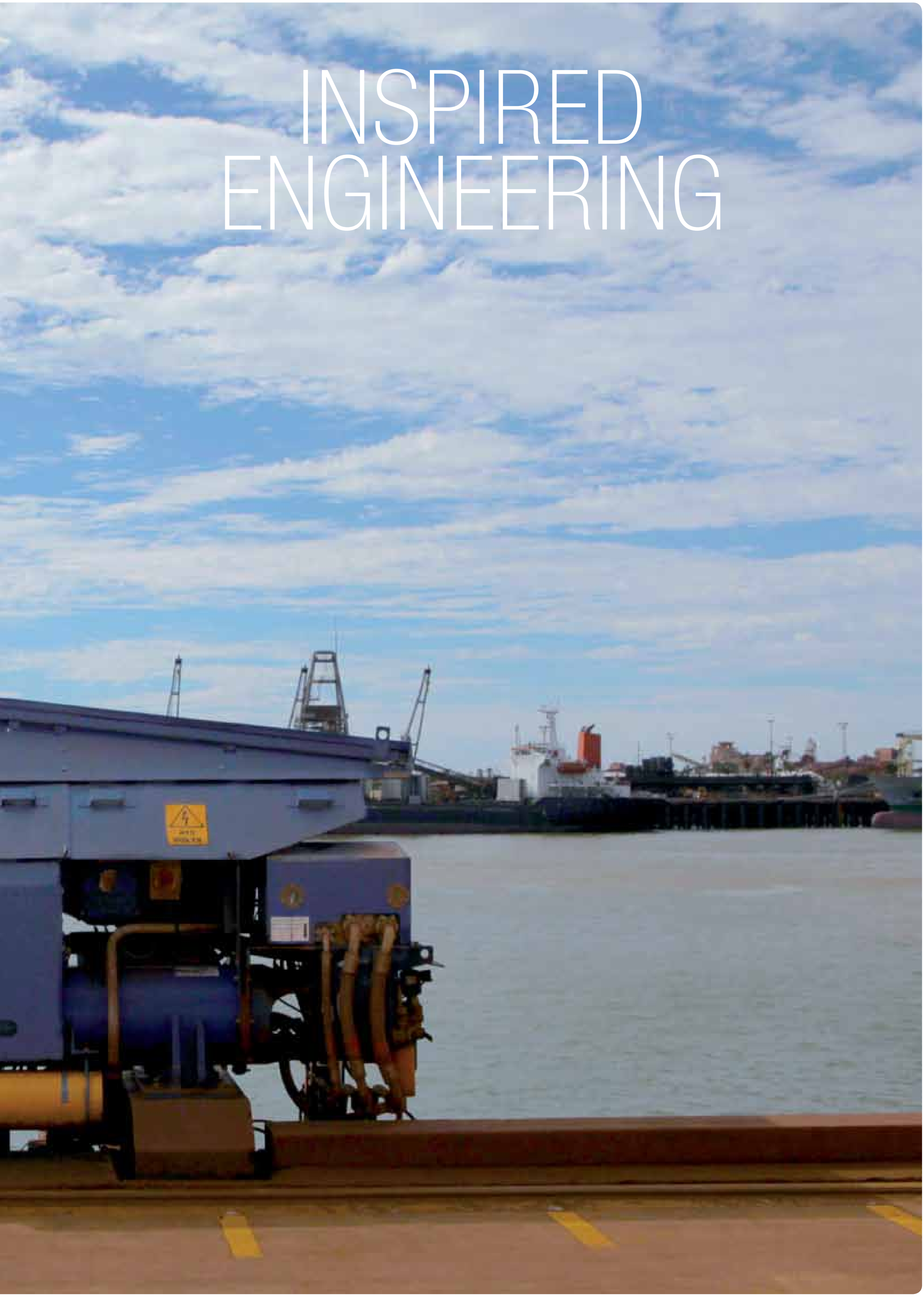
Acquisition of INET Group in USA

October 2011

Migration of the Cavotec listing to the NASDAQ OMX Stockholm


1
CAVOTEC
DANGER
KEEP OUT
AUTHORISED
PERSONNEL ONLY

INSPIRED ENGINEERING



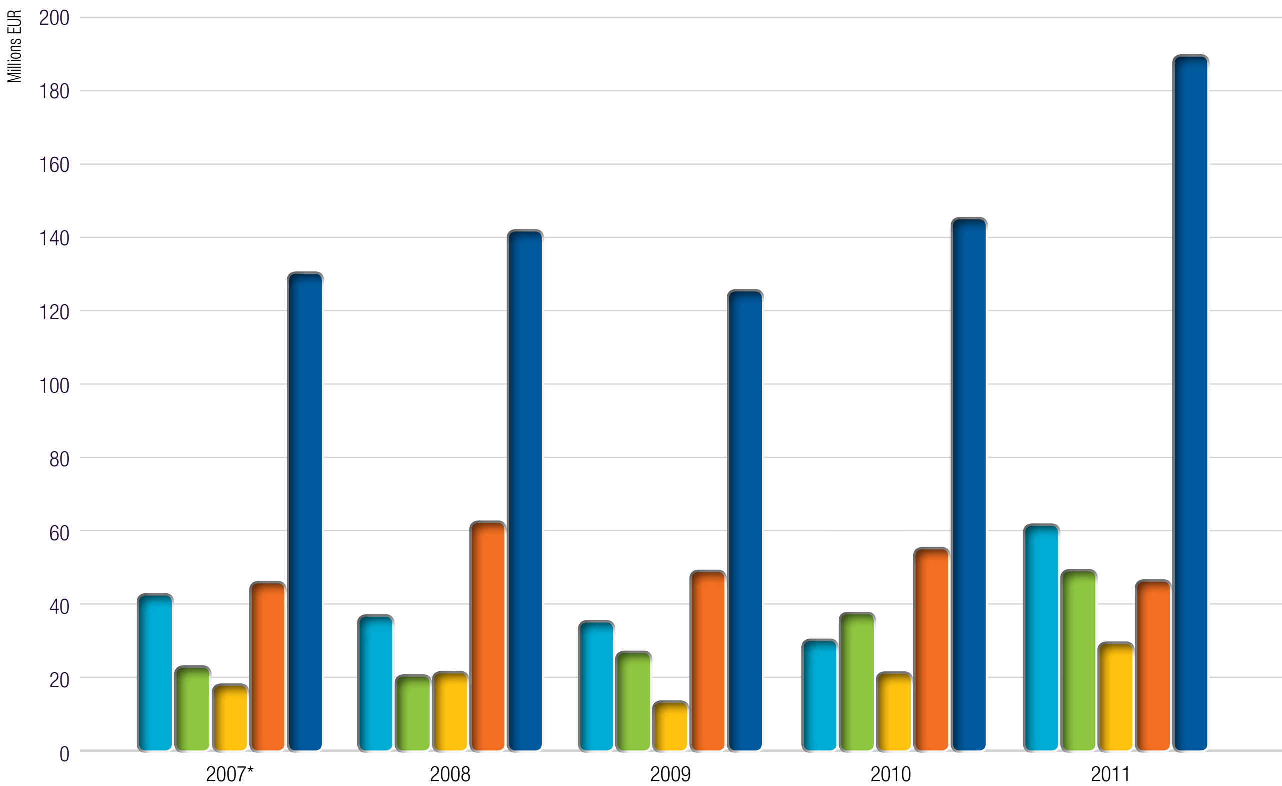
OUR DIVERSE MARKET UNITS

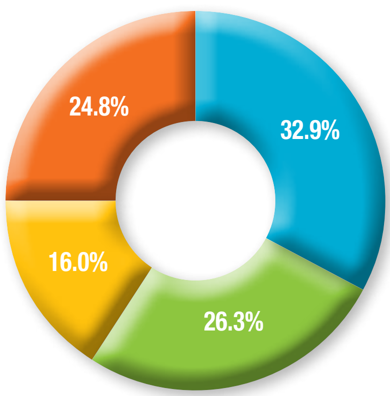
PORTS & MARITIME

AIRPORTS

MINING & TUNNELLING

GENERAL INDUSTRY



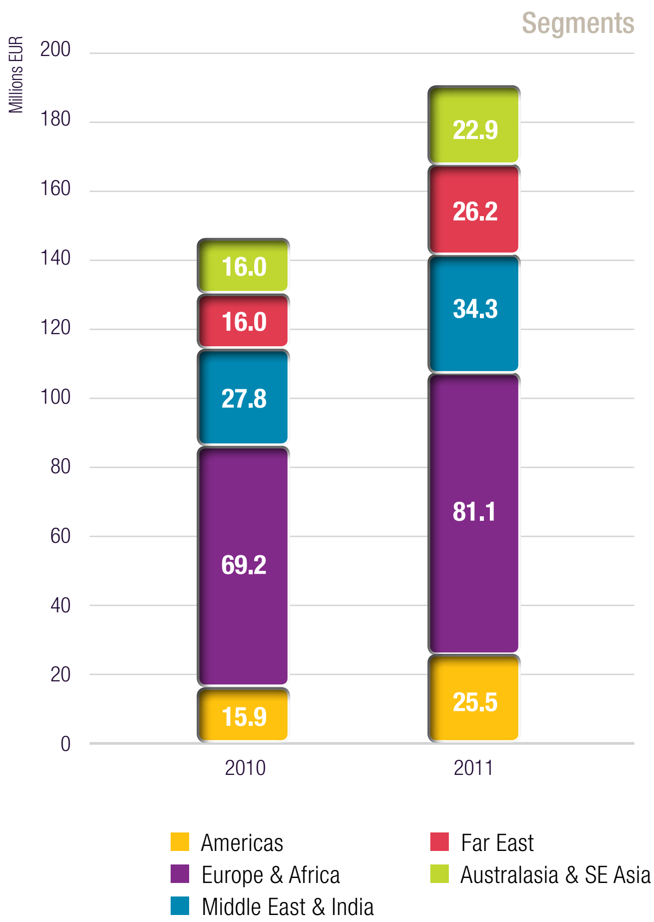


Ports & Maritime
Airports
Mining & Tunnelling
General Industry
Total

** Previously Cavotec had six segments which were reduced to four in 2008. Energy & Offshore was added to the Ports & Maritime segment while Steel & Aluminium has been added to the General Industry segment.*

EUR 000's	2010	2011
Ports & Maritime	30,819	62,441
Airports	37,723	49,988
Mining & Tunnelling	21,136	30,346
General Industry	55,282	47,194
Total	**144,960**	**189,969**

EUR 000's	2010	2011
Americas	15,888	25,516
Europe & Africa	69,210	81,112
Middle East & India	27,806	34,289
Far East	16,008	26,172
Australasia & SE Asia	16,048	22,879
Total	**144,960**	**189,969**



PORTS&MARITIME.
ENABLING SAFER AND MORE SUSTAINABLE OPERATIONS AROUND THE WORLD

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET SEGMENT:

ABB • Aker • APMT • Cargotec • China Harbour Engineering • Dalian Huarai • DP World • Eurogate • Konecranes • MSC
National Oilwell Varco • Odim • Port of Los Angeles • Port of Long Beach • Port of Salalah • PSA • SLSMC • Statoil • ZPMC

The Ports & Maritime unit's innovative systems power safe and efficient operations at ports all over the world. Cavotec's unique, and now award winning, automated mooring technology MoorMaster™, shore-to-ship electrical systems and its transmission and control systems support customers' efforts to improve safety, drive productivity and reduce environmental impact.

2011 was a strongly encouraging year for Ports & Maritime, with record orders for MoorMaster™, and continued growth for Alternative Maritime Power (AMP) shore-to-ship power systems. The unit also received orders for a wide variety of systems in all markets.

HIGHLIGHTS

In June, the unit received an order for 24 MoorMaster™ units for a container port on the Mediterranean Sea. This is one of the largest orders for the technology on record, and its second container handling application.

This order was followed in October by a second major project for the technology, again for 24 units, this time for a bulk handling application in Australia, one of several similar applications that serve Australia's booming bulk trade. This application is at Port Hedland, Western Australia, where MoorMaster™ is already in service.

Earlier in the year the unit received an order for a further 12 MoorMaster™ units for an iron ore handling facility at the Port of Geraldton, also in Western Australia. These units are due to be commissioned towards the end of the second quarter of this year.

MoorMaster™ continued to garner wider industry recognition in 2011, with the technology wining a clutch of industry awards. In November, it won the International Bulk Journal's Award for Safety in Bulk Handling (Marine), sponsored by DNV.

The technology was also a key component in the Port Hedland Port Authority and Pinc Group's successful entry for the 2011 Western Australia Engineering Excellence Awards. The entry went on to win the same category in Australia's national Engineering Excellence Awards. The technology also won the Australia Bulk Handling Award 2011 for Best Practice in Occupational Health & Safety.

Cavotec continues to work with potential and existing customers on adapting MoorMaster™ for applications where safety is an especially critical issue, such as at LNG berths. The unit is also exploring further opportunities in the bulk industry in China, northern Europe and South America.
Meanwhile, demand for Cavotec's AMP systems was buoyed by legislative requirements, particularly in Europe and North America, for reduced ship emissions in port. The unit also reported several orders for AMP units and related systems from customers in the Far East.

The unit reported strong demand throughout the year from Cavotec's long-term partners such as ABB, Sandvik Materials Handling, ZPMC and others for port and marine applications in Asia Pacific, North and South America, the Middle East and Europe.

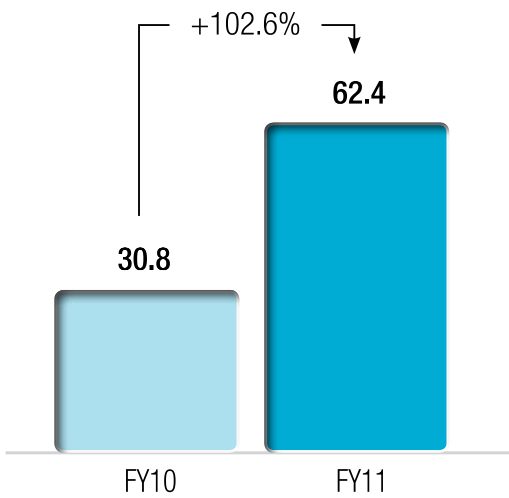
LOOKING TO FUTURE GROWTH

Cavotec's Ports & Maritime Market Unit has a positive outlook for the future and is ideally placed as a supplier of advanced systems, and with a respected history of performance from service and applications already in widespread use around the world.

Although concern over growth in the ports sector persists in some markets, Cavotec's Ports & Maritime offering helps customers meet key productivity and environmental requirements that tend to be more impervious to prevailing economic conditions. These factors helped fuel the exceptional demand for the Unit's products in 2011, as illustrated by the unit's strong Order Book and highest-ever revenues, and look set to do so in 2012 and beyond.

FACTS AND FIGURES

Our Ports & Maritime Market Unit registered an exceptional performance at the end of 2011, with revenues up more than 156% compared to 2010. Accumulated revenues were up more than 102%, coming in at EUR 62.4 million. The Order Book came to EUR 40.9 million, almost double the figure for 2010.



PORTS&MARITIME EXAMPLES OF PRODUCTS

MARINE PROPULSION SYSTEMS (MPS)

Cavotec has participated in the development of power, control and fluid transfer of electric pod propulsion for cruise ships, icebreakers and other special purpose vessels with large engineering groups such as ABB. Cavotec has delivered more than 160 slipring and hydraulic swivel joint units to ABB and other major propulsion suppliers which account for a significant share of world production, Cavotec management believes.

MoorMaster™ AUTOMATED MOORING SYSTEMS

MoorMaster™ is a vacuum-based automated mooring technology that eliminates the need for conventional mooring lines. Remote controlled vacuum pads recessed in, or mounted on, the quayside, moor and release vessels in seconds. The system offers improved safety, infrastructure savings, improved turn-around times and reductions in emissions.

Since its introduction in 1998, several different versions of the technology have performed thousands of successful mooring operations at applications in Australia, Canada, Denmark, Oman and New Zealand. To date, a total of 10 installations of MoorMaster™ have performed some 40,000 mooring operations at ferry terminals, Roll on-Roll off (Ro-Ro), container, bulk handling and lock applications worldwide with high reliability.

Cavotec's management believes that all ports affected by phenomenon such as currents, tide variations, effects of passing ships and/or unprotected berths, or when speed of mooring is important, can benefit from installing MoorMaster™.

E-RTG

Another developing product area experiencing strong growth is in Electrical Rubber Tired Gantry cranes (E-RTGs) where the Group is a well-known and established supplier of cable reels and crane controllers. The Group has also developed electrical solutions for conventional RTG which normally operate on diesel. These cranes use electrical power and thus enable operators to reduce operational costs due to the price advantage of electricity. E-RTGs also reduce maintenance costs and downtime resulting in improved productivity and profitability for customers. E-RTGs also offer substantial environmental benefits in the form of improved air quality and reduced noise pollution.

MOTORISED CABLE REELS

Cavotec's electric motorised cable reels power cranes which are used at ports around the world, and at mines, tunnels, terminals and other industrial applications. Cavotec's cable reels for horizontal and vertical use have become adopted across the ports and maritime industry.

PANZERBELT

Panzerbelt is Cavotec's patented cable protection system that protects the cables powering ship-to-shore cranes. Panzerbelt is currently in operation at over 800 applications worldwide. It incorporates a continuous semi-flexible belt, made from rubber with a steel inlay, that lies over channels cast in the quay. The belt is riveted to the quay surface along one edge, while the other remains free to be raised by a cable guide and belt-lifting device fitted to the crane.

Panzerbelt guarantees that cables inside the channel are entirely protected from vehicles crossing the track and from objects and fluids falling into the cable duct.

AMP SHORE-TO-SHIP POWER SOLUTIONS

In the past 15 years, concerted efforts have been made to reduce emissions from ships' auxiliary diesel engines when in port by using 'cold ironing', or shore-to-ship power (AMP). Cavotec has developed two versions of the technique – a ship-based, or shore-mounted cable management system with shore connection made via high voltage cables to a pit fitted into the quay – and a ship-based unit, housed inside a standard container.

Cavotec's AMP systems enable ships to switch off their engines and plug into shore-side electricity. The first AMP application entered service at the Port of Stockholm in 1987. Since then, Cavotec has installed AMP systems at ports across northern Europe and at the ports of Los Angeles and Long Beach. As interest in reducing vessel emissions in ports grows, AMP is expected to become an increasingly important element in Cavotec's Ports & Maritime offering.

SLIPRINGS

Cavotec's comprehensive range of collector columns (sliprings) supply electrical power and signaling through sliprings used in a wide range of applications.

Cavotec's slipring columns, with a unique multi-contact patented brush-gear, serve customers throughout the ports and maritime sector. Cavotec tailors slipring columns to specific customer requirements, including high voltage and high amperage applications.

AIRPORTS.
INTEGRATED SOLUTIONS DESIGNED TO REDUCE CONGESTION AND IMPROVE EFFICIENCY

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET SEGMENT:

Anchorage Airport • Bahrain Airport • Boeing Corporation • Cargolux • ClaVal • Dubai Airport • Emte Sistemas • Frankfurt Airport
Gamuda • Gatwick International Airport • Heathrow International Airport • Lufthansa • Munich Airport • New Delhi Airport
Oslo Airport • Shanghai Airport • Siemens • Saudi Oger

Cavotec's Airports market unit enables the global airports industry to operate more safely and efficiently every moment of every day. At airports worldwide the unit's systems are reducing tarmac congestion and getting aircraft serviced quicker, ensuring passengers board and disembark aircraft easily and punctually.

Alongside another strong year for this unit, one of its most significant developments was the acquisition of INET Airport Systems: a well-known supplier of ground support equipment to the US and global markets. With INET, Cavotec complements and expands its existing offering and underpins its position in the US.

HIGHLIGHTS

The Airports market unit continued to grow strongly in 2011, with projects ranging from comprehensive, fully integrated systems to equipment upgrades at airports worldwide.

Performance in the Middle East was especially solid, where, among other orders, Cavotec was awarded a major project for preconditioned air and electrical power pit systems at Dubai International Airport. These systems will service A380 superjumbo aircraft. This project, alongside a similar application at Bahrain International Airport, is an excellent reference for the Airports unit in the Middle East and indeed further afield.

Remaining in the Middle East, the unit received several orders for fuelling systems. Cavotec fuelling systems are now in use at airports across the region.

Moving to the Far East, the unit maintained its strong presence at Hong Kong International Airport with a series of orders for in-ground electrical systems and hatch pits. The unit was strong elsewhere in Asia with several major orders for electrical and fuelling systems at airports across the region and as widespread as Bangladesh, China and Japan.

Our European Order Book was bolstered in 2011 by orders from customers across the continent, with France, Germany and Portugal being particularly strong. In just one example from the UK market, the unit won a project at London's Heathrow Airport, for ground support systems for Airbus A380 and Boeing 787 Dreamliner aircraft.

In North America, the newly acquired Cavotec INET also contributed to the unit's results with a large number of on-going, day-to-day sales in the US market and elsewhere.

LOOKING TO FUTURE GROWTH

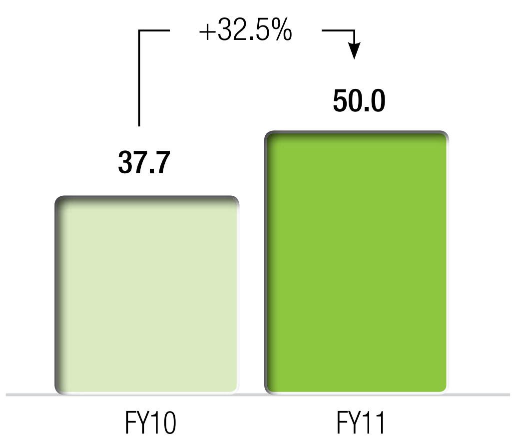
Cavotec's Airports unit continues to become ever more established in the airport industry's mature markets in Europe and North America, where we have built a solid reputation based on engineering excellence and after-sales service. These are attributes that help us to continue to grow organically in these markets.

Positive developments in the Middle East and other emerging markets once again signal our greatest opportunity for growth. Cavotec has developed a strong customer base across the Middle East and we expect comparable growth in key emerging markets such as China, India and Brazil.

A broad global presence, integrated product offering, and balanced approach to growth combine to ensure Cavotec's Airports unit is well positioned to grow organically in line with the global airports industry itself for the foreseeable future.

FACTS AND FIGURES

Cavotec's Airports Market Unit produced encouraging results in 2011 with revenues up to nearly EUR 18.5 million, compared to just over EUR 10 million for 2010. Accumulated revenues reached nearly EUR 50 million, with over EUR 6.5 million coming from Cavotec INET. The Unit's Order Book increased to over EUR 33 million during 2011.



AIRPORTS
EXAMPLES OF PRODUCTS

CONVENTIONAL PCA SYSTEMS

The acquisition of INET strengthened and expanded Cavotec's offering of PCA systems to the airport industry. Cavotec is the only company in the world capable of offering all types of PCA systems, capable of cooling any types of aircrafts under all ambient conditions. The Cavotec INET PCA system offering includes fixed, mobile point-of-use, or central PCA Air Handling units, which can either be fixed under passenger boarding bridges, on the ground on aprons, in technical rooms or even in hangars.

Thanks to their flexible design and high level of quality all these types of systems can be used either at commercial or military airports. Cavotec works closely with customers to meet their expectations by delivering a complete PCA system. The INET PCA range completes Cavotec's unique PCA in-ground utility pit systems and fully participate to the industry's main target of reducing the air and noise pollution at the airport and reduce APU fuel cost for airlines.

PCAir SYSTEMS

The Cavotec PCAir system is a fixed or mobile, battery-driven unit for the supply of dry pre-conditioned air. The pre-conditioned air is generated by the air cycle unit based on twin screw compressor/expander technology. It is a completely new patented concept using dry compressed air as the medium and power to supply pre-conditioned air to aircraft.

The new Cavotec PCAir system uses an improved and efficient technology, offering an environmentally friendly solution that generates sub-zero temperatures even in extreme climates.

MOBILE CADDIES

Cavotec caddies are mobile units designed to supply aircraft with 400Hz power, water and pre-conditioned air. There are three different versions: one that is operated manually; one that is motor-driven; and one that features an integrated 400Hz frequency converter enabling it to connect directly to 50Hz ground power.

AVIATION FUELLING ARMS

Cavotec Meyerinck fuelling arms are hose-free pantographs that eliminate the need for dispensers or tanker trucks. Cavotec's stainless steel fuelling arms serve more than 2,000 applications around the globe. Cavotec also produces a comprehensive range of fuelling equipment such as flow meters, filters and hydrant couplers.

IN-GROUND UTILITY SYSTEMS

Cavotec supplies pop-up pits and hatch pit systems that supply aircraft with utilities such as pre-conditioned air, waste, blue and potable water and 400Hz power. These advanced in-ground systems are used on aprons, hangars and remote parking areas. The in-ground systems reduce clutter, making airports safer and more efficient.

CABLE COILERS

Cavotec's airport cable coilers are automated cable storage and protection devices that supply parked aircraft with 400Hz electrical power. They are either mounted under the passenger bridges or on the apron. These units have a motor-driven coiling drum, which reels up to 28 metres of cable in and out.

IN-GROUND FUEL SYSTEMS

Cavotec Dabico in-ground fuel systems are in use at commercial and military airports all over the world. Focus on safety, quality and innovation has made Cavotec Dabico's systems a choice for industry operators around the the world. Besides designing and manufacturing in-ground fuel systems, Cavotec Dabico also provides installation supervision and long-term support of fixed ground support systems.

CONVERTERS

Through the acquisition of INET, Cavotec can engineer and manufacture a wide range of modern 400 Hz solutions for commercial and military aircrafts. Our 400Hz solutions address all types of design requirements, including fixed or mobile units, point of use, and central systems, all engineered upon the optimum solution for our clients.

Complementing our existing 400Hz solutions (cable coilers and in-ground utility pits) with power conversion technology has brought Cavotec to a unique market positioning with the potential for full system design and a guaranteed functionality.

Marketwise, the strategic potential development of this enhanced product offering in other markets or applications such as the Ports & Maritime could strengthen our current system offering. For example, in the maritime industry, converting from 50 to 60Hz is in global demand due to ship's on-board electrical designs. When brought together with the Cavotec AMP shore to ship solutions, Cavotec can now provide full turnkey solutions to the industry. Cavotec converters are already in use with the US Navy, underlining the high quality standard of our solutions.

MINING&TUNNELLING.
DELIVERING CLEANER, EFFICIENT POWER AND CONTROL SYSTEMS

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET SEGMENT:

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

Cavotec's expertise in the mining and tunnelling sectors make tough underground work safer, more efficient and more sustainable at applications worldwide. The Mining & Tunnelling Market Unit registered strong growth in 2011, with demand increasing in all markets. The Unit has seen a sustained trend for automation and power supply systems that enable operators to limit environmental impact and improve productivity.

HIGHLIGHTS

In an indication of the overall buoyancy of the segment, Cavotec's long-term relationships with OEMs were especially strong throughout the year, with orders from customers such as Sandvik and Atlas Copco. The unit registered a substantial jump in demand from key OEM partners, primarily with orders for cable reels, cables and plugs.

Cavotec continued to record orders for mining and tunnelling equipment for a large number of applications worldwide throughout the year. For example, the unit is to deliver electrical connectors for use at a mine in Peru and power units for a project in the Himalayas. German industrial conglomerate, Mibrag, and US mining group Robbins placed orders for specialised power connectors for mining.

Also in Germany, Uhde GmbH, part of the ThyssenKrupp Group, ordered cable reels, and hose reels for new coke batteries. Another German customer ordered several types of cable reel for multiple conveyer bridges, hopper cars, and stackers, for use at an AGL Angren coal mine in Uzbekistan.

The Group continued to receive orders for cable reels, electrical connectors, power units and plugs for the Stockholm City Line project, a major new train tunnel currently being built under the Swedish capital.

Cavotec's growing presence in Africa was illustrated with an order to supply equipment for use at a platinum mine in the Northern Cape, South Africa. Elsewhere, we were awarded an order for a large number of power connector outlet boxes for a Kazakhstan-based mining company. Cavotec Singapore also reported several orders for power cables to support mining applications.

The unit won a major order for power connectors as part of a package for the Sandvik mining group; the end user being Brazilian mining conglomerate Vale. Beyond the scale of the order itself, this project represents a potential breakthrough for Cavotec, as Vale is considering phasing out the use of trucks in favour of mobile conveyor belts – a move that would potentially provide a substantial surge in demand for Cavotec systems and expertise in the sector.

A major project for the year was the continuing flow of orders for Hong Kong's new underground system (MTR) where Cavotec is seeing ongoing orders for electrical power equipment as work on extensions and drainage tunnels that run from East to West and across Hong Kong Harbour.

LOOKING TO FUTURE GROWTH

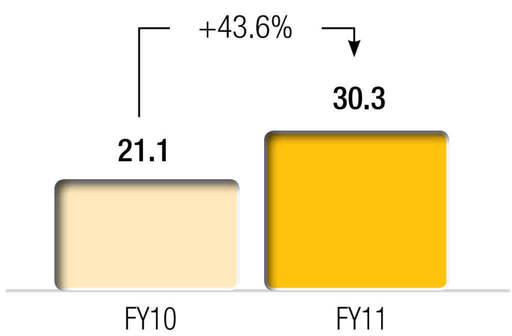
As commodity prices continue to rise, coupled with on-going efforts to implement stricter safety standards and greater automation in the industry, this segment is expected to experience further growth in coming years.

The market for underground mines and tunnelling is forecast to continue expanding rapidly in the years ahead, and with it, the need for systems that ensure the safe supply of electrical power.

Cavotec enjoys long-standing close cooperation with key companies in this sector, which we are working hard to strengthen in the medium and long terms. We anticipate further substantial growth for the Mining & Tunnelling Market Unit in 2012 and beyond.

FACTS AND FIGURES

Cavotec's Mining & Tunnelling Market Unit experienced a very strong trend throughout 2011, registering revenues 40.3% higher compared to 2010. Strong commodity prices contributed to the Unit's accumulated revenues increasing 43.6% to reach EUR 30.4 million. The Market Unit's Order Book now stands at EUR 8.2 million, 40.8% higher than 2010.



MINING&TUNNELLING
EXAMPLES OF PRODUCTS

MOTORISED CABLE REELS

Cavotec's electric motorised cable reels are supplied to the mining and tunnelling industry, and are used for electrification of boomers, stacker-reclaimers and TBM (tunnel boring machines). Designed to withstand extreme conditions common to these sectors, Cavotec's electric motorised cable reels are sold to various industry operators, including major players such as Atlas Copco and Sandvik.

POWER CONNECTORS

Cavotec's reliable power connectors are available in low and medium voltage. Cavotec's power connectors are supplied pre-fitted in standard power units, including short-circuit breakers. Cavotec has also developed a range of multi-pin outlets up to a maximum of 50 pins and 15 Amp.

INDUSTRIAL RADIO REMOTE CONTROLS

Cavotec's industrial Radio Remote Controls (RRCs) are designed to perform in the tough operating environments of the mining and tunnelling industry. With both ATEX and IEC certifications, Cavotec RRCs offer safe and secure communications at all times and in all conditions.

CABLES

Specially designed cables perform key functions in the mining and tunnelling industry such as power supply to drilling rigs. Sourced from major manufacturers, Cavotec supplies a broad range of cables with optical fibre varying from standard power cables to advanced power and signal cables for niche applications. Main suppliers are Nexans, Prysmian and Tratos. Cavotec also delivers solutions for high-stress operations with fibre optic cables and kevlar.

GENERAL INDUSTRY.
DELIVERING POWER & CONTROL
SAFELY AND EFFICIENTLY

SOME OF OUR MAJOR CUSTOMERS IN THIS MARKET SEGMENT:

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

From slip ring columns for wind turbines to power connectors for high speed trains, Cavotec's largest and most diverse market unit, General Industry, delivers a broad range of systems to applications all over the world.

The unit's equipment areas also include spring driven reels, radio remote controls and cable management systems that enable a huge variety of industrial sectors to operate more efficiently and more sustainably while improving productivity.

HIGHLIGHTS

After a slower than expected start to 2011, the unit saw demand improve during the year. In challenging market conditions, the unit experienced strong demand for many of its niche systems in segments such as the offshore energy and transport and continued to win business in the face of fierce competition from rival suppliers.

In the US, the unit received one of its largest orders to date for RRC units for use in an offshore drilling application. The order was one of the first handled by the Group's new office in Houston; a facility specifically set up to serve this promising market. Houston will be further supported by Cavotec's expansion of equipment assembly capacity at the Group's Mooresville plant in North Carolina.

In one particular highlight for the year, a major contractor placed a second order with the unit for an additional 100 radio systems with deliveries starting in December and continuing into 2012.

The unit's US operations also continued to develop cable management systems for electric car recharging stations. This is work that the Group believes has substantial potential in the long run.

The General Industry unit also reported a series of orders for RRC and cable reel applications in Asia-Pacific. Cavotec Singapore won a breakthrough contract for a drag chain for installation on an oilrig at Keppel Fels shipyard.

ThyssenKrupp Australia ordered six reel sets for horizontal drum reels for cables and hoses and three sets of RRC units for a BHP iron ore application at Port Hedland, Western Australia. Several additional hoses are included in the order, with delivery due in 2012. The chemical industry was also a source of growth for the unit with orders for specialised equipment in Europe and elsewhere.

LOOKING TO FUTURE GROWTH

While the economic outlook remains subdued in certain areas, the overall prospects for the General Industry unit remain solid with several growth areas, such as offshore energy, where considerable opportunities exist.

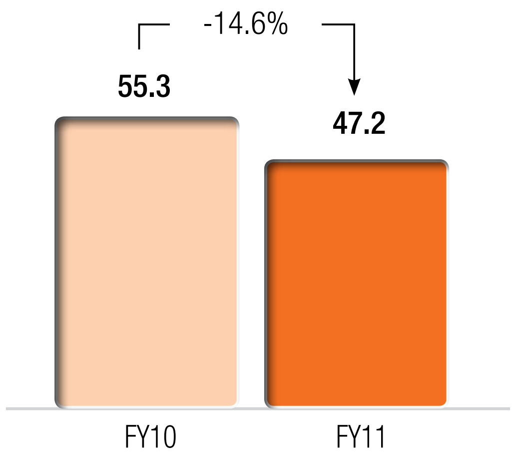
As the Group exploits its competitive advantage in niche areas, Cavotec expertise and systems remain critical elements of human activity such as manufacturing, transport and entertainment.

Furthermore, as safety requirements coupled with environmental demands are tightened, Cavotec is likely to experience resurgent demand for automation and power supply technologies.

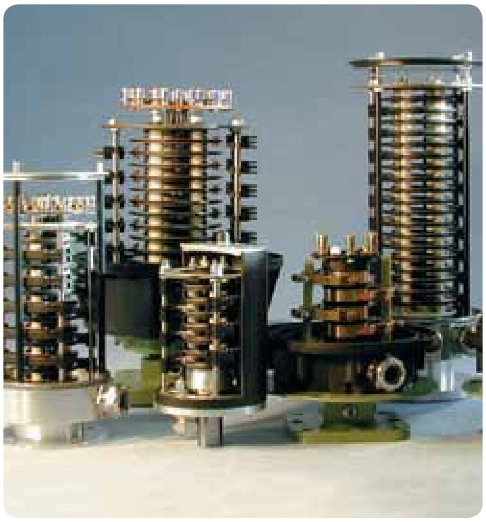
FACTS AND FIGURES

Despite positive results in Cavotec's other Market Units, revenues for General Industry were down 19.4% compared to 2010 at nearly EUR 12.4 million. Accumulated revenues reached EUR 47.2 million, also a lower level than 2010, and a soft Order Book for the Market Unit at the end of 2010 reflected a widespread lack of major projects during 2011.

An important positive development is the upward trend in Order Intake, which demonstrated an increase in activity for the unit. Also encouraging is the Order Book for the Market Unit, which came to EUR 12.7 million and up 52.9% compared to 2010.



GENERAL INDUSTRY
EXAMPLES OF PRODUCTS



SLIPRING COLUMNS

To allow the flow of electricity and signals in rotating devices, Cavotec manufactures an extensive range of slipring columns. Compact design, stainless steel parts and Cavotec's multicontact brush-gear, imply a diverse range of sectors as areas of use for Cavotec's sliprings. Cavotec also tailors sliprings to individual customer requirements, for high voltage, high amperage or other specialised applications. The sliprings meet applicable International Electrotechnical Commission (IEC) international norms and standards.

SPRING DRIVEN REELS

Cavotec Alfo and Cavotec RMS spring electric reels reflect combined innovative design for both standard and highly specialised applications, to supply industry needs effectively and swiftly. Cavotec spring driven electric cable reels meet applicable International Electrotechnical Commission (IEC) and EU standards. The spring driven reels serve customers in a broad variety of applications, from heavy industry applications to major sporting or cultural events.

INDUSTRIAL RADIO REMOTE CONTROLS

Cavotec's customers use Cavotec Micro-control industrial radio remote control (RRC) units to operate machinery safely in sectors such as construction, maritime, process and automation. Fulfilling stringent safety regulations, Cavotec's range of industrial remote control units are ATEX and IEC approved, and used throughout the offshore energy industry, where customers require their mission critical systems to be fail-safe.

POWER CONNECTORS

Cavotec's power connectors are highly reliable and available in low and medium voltage. Cavotec's power connectors are supplied pre-fitted in standard power units, including short-circuit breakers. Cavotec has also developed a range of multi-pin outlets.

LOADING ARMS

Cavotec Meyerinck loading arms are used to transfer liquid products in a wide range of applications: ships, trains, aircraft, tanker trucks, or all kinds of containers. Cavotec's loading arms enable safe and easy operation for loading or unloading liquids, including hazordous chemicals, petrochemicals and food stuffs.

WORKING TODAY TO ENSURE A CLEANER TOMORROW

EMISSION COMPARISON

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

Source: Entec UK Ltd.

Across the diverse sectors in which Cavotec operates, a defining feature of all Group activities is its enabling of safe, efficient and sustainable operations through technological innovation.

Cavotec's advanced products and expert service deliver affordable, effective solutions, which ensure that promoting human development and protecting the natural environment are not mutually exclusive. Working closely with customers, industry bodies and government authorities, Cavotec develops innovative power, control and distribution systems in the Ports & Maritime, Airports, Mining & Tunnelling and General Industry sectors.

Industries of all types face constant pressure to improve efficiency and limit environmental impact. For example, in 2007 the European Union unilaterally agreed to reduce the emission of greenhouse gas emitted in industrialised countries 30 per cent by 2020[(1)]. And in 2008, the International Maritime Organization announced a reduction of permitted SOx emissions from ships from January 1, 2012. The global sulphur cap was initially lowered to 3.50 per cent (from 4.50 per cent) and will be cut again to 0.50 per cent from January 1, 2020[(2)].

Cavotec continually strives to comply with environmental legislation rules and regulations prescribed by the cities, states and countries where the Company is present. By applying fresh thinking and extensive engineering experience, the Group delivers substantive change and enhances operational efficiency for its customers across its market units.

An estimated 90 per cent of the world's cargo is transported by sea[(3)]. While the global shipping fleet is considerably more efficient than air or road haulage due in part to the enormous volumes it carries, strict legislative norms call for stronger action to further reduce environmental impact by 2020.

Cavotec has developed solutions that play an important role in helping port authorities and shipping lines around the world reduce emissions produced by vessels when docked. One example is the Group's automated mooring technology, MoorMaster™; another is Alternative Maritime Power (AMP), known widely as 'cold ironing', or shore-to-ship power. These technologies actively reduce fuel consumption, which in turn improves air quality at ports and surrounding communities.

MoorMaster™ reduces berthing times to a matter of seconds, which means diesel-driven auxiliary engines used to manoeuvre ships at port can be shut down sooner and tugs are required for shorter periods. MoorMaster™ has performed more than 40,000 mooring operations since it was first introduced in 1998.

AMP enables ships to turn off their engines in port and connect to grid-generated electricity. Services such as lighting, heating, food preparation and cargo handling can also be run directly from the port. AMP is currently in operation at major ports across northern Europe and in Canada and the US.

With comparable benefits to its AMP system for ships, Cavotec has pioneered pre-conditioned air (PCAir) for the airports sector. PCAir expands dry compressed air to cool parked aircraft rather than relying on auxiliary power units (APUs), which burn between 200 and 600 litres of fuel per hour.

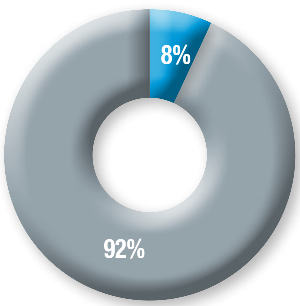
In addition to PCAir, Cavotec develops a diverse range of advanced ground support equipment (GSE) - including fuel, water and power supply units, tunnel systems, aircraft connectors and caddies - designed to reduce tarmac congestion, improve efficiency and encourage aircraft engines to be turned off when landed.

Cavotec develops its product range in close collaboration with airports, airlines and industry authorities. According to the International Air Transport Association, airlines are aiming for at least an additional 25 per cent improvement in fuel efficiency and CO_2 emissions by 2020, through technological and operational enhancements.[(4)]

In addition to important advancements in the ports and airports sectors, Cavotec makes segments such as mining and tunnelling, the offshore energy sector and automation more efficient and more sustainable through power supply solutions that help industry of all types reduce dependence on diesel-driven machinery.

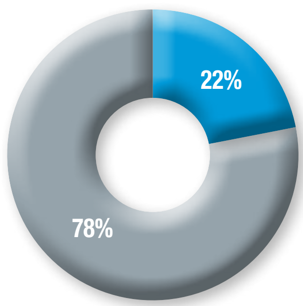
Percentage of containerships in service (over 4,000 TEU) using Cavotec AMP

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



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

Source: Alphaliner 1 Sept 2011, Cellular Fleet



Cavotec AMP

[(1)] *Official Journal of the European Union, DIRECTIVE 2005/33/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, L 191/65 http://www.westpandi.com/Documents/News/EUSulphurDirective.pdf*
[(2)] *IMO Briefing 36/2010, July 1, 2010: Air pollution from ships cut, with entry into force of MARPOL amendments. http://www.imo.org/MediaCentre/PressBriefings/Pages/MARPOL-Annex-VI-EIF.aspx*
[(3)] *The Journal of the Royal Society, "The complex network of global cargo ship movements" by Kaluza et al. http://rsif.royalsocietypublishing.org/content/early/2010/01/19/rsif.2009.0495.full*
[(4)] *IATA website: http://www.iata.org/whatwedo/environment/Pages/climate_change.aspx*

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

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

CAVOTEC'S CENTRES OF EXCELLENCE

CAVOTEC ALFO

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

Cavotec Alfo specialises in the design and manufacturing of spring reels and slipring columns, used in many different industry sectors. Cavotec's spring driven cable reels meet all applicable IEC international standards and comply with the latest EU-requirements (CE-marking). Cavotec is acknowledged across the industry for its attention to detail and innovations.

CAVOTEC CONNECTORS

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

Cavotec Connectors' electrical power, power supply, power cable and rotating power connector are used in many different industrial applications. They can be found in ports and terminals, mining and tunnelling, railways, steel and aluminium plants, mobile generator sets, offshore and other mobile industrial machinery.

CAVOTEC FLADUNG

Location: Mömbris, Germany
Established: 1968
Size: 5,000 sqm

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

CAVOTEC DABICO

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

Cavotec Dabico has led the market for in-ground fuel systems for aircraft for more than four decades. Cavotec's experience extends back to when the first airport hydrant fuelling systems were designed and installed. Customising products to meet the demands of customers is a specialty of the Group.

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

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

CAVOTEC INET
Location: Fullerton, CA, USA
Established: 1967
Size: 6,500 sqm

Cavotec INET is engaged in the Civil and Military Airports Ground Support Equipment sector, servicing aircraft as an engineering and manufacturing company of power conversion 50/60Hz to 400Hz systems, static transfer switches, Uninterruptible Power Systems (UPS), specialised Group Power Units (GPU) and Pre-conditioned Air Systems. Cavotec INET is also the beneficiary of several certifications as preferred contractor for federal and various local governments in the USA.

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

Cavotec Micro-control supplies a comprehensive range of radio remote control systems (RRCs) designed for a vast range of applications in the offshore, mining, and maritime sectors, as well as general and process industries around the world.

CAVOTEC SPECIMAS
Location: Nova Milanese, Italy
Established: 1963
Size: 8,000 sqm

Cavotec Specimas is a well-established developer of motorised cable reel technology for the ports and maritime, mining and tunnelling and general industry sectors. Cavotec's engineers design and manufacture the Group's AMP systems, motorised cable reels, patented Panzerbelt cable protection system, power cables and electric marine propulsion sliprings.

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

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

BOARD OF DIRECTORS

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

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

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

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 president of Bravofly and Vulcano Srl and a member of the Board of Directors of Mont SpA, Pies SpA, Iris Srl, Nomina SA, Consortium Real Estate BV and Roam SpA.

In the past five years, Fabio Cannavale has been, but is no longer a Board member of Nordwall 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 Cavotec's group financial controller for nearly 20 years, overseeing the implementation of new financial reporting systems and creating a transparent and accurate financial structure for the Group.

In the past five years, Leena has been, but is no longer, a member of the Board of Directors of Rationell Parkerings Service AB. Leena was previously controller and a part of the management team of Cavotec MSL. Leena is still employed by the Cavotec Group but in a non-executive position.

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

NICOLA GERBER

Member of the Board. Nicola holds a BA (Hons) in Business Management from University of Westminster. She is a sales and business developer as well as a marketing and product manager in the IT sector, and she currently works for Cisco Systems Ltd. Nicola has specialised in business development across European markets, and since 2008 across Asia Pacific markets based in New Zealand.

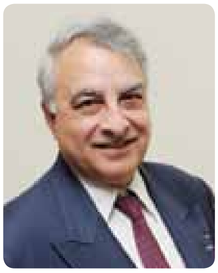
Nicola Gerber does not hold any shares or warrants in Cavotec.

CHRISTER GRANSKOG

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

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

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



LAKSHMI KHANNA

Member of the Board. Lakshmi holds a BA in Mathematics from Punjab University. He is qualified as a Chartered Accountant in the United Kingdom and is a fellow member of the Institute of Chartered Accountants in England and Wales, a member of the Non Executive Directors Special Interest Group of the Institute of Chartered Accountants in England and Wales, a member of the Valuations Special Interest Group of the Institute, a member of the Financial Reporting Faculty of the Institute and an associate member of the Institute of Chartered Accountants of India. Lakshmi has had a career with PricewaterhouseCoopers in Italy, stretching from 1966 to his retirement as a Partner in 2001. He has been responsible for client services for the Italian operations of multinational entities including United Technologies, General Foods, Trust House Forte and IBM amongst others. Lakshmi has also been Chairman of PriceWaterhouse Management Consultants in Italy, President of the Rotary Club of Milan, President of the World Community Service Commission of Rotary (Lombardy) and Advisor to the Joint Task Force Confederation of Italian Industry and the Confederation of Indian Industry. He is a member of the Supervisory Board of Progetti Industriali SpA.

Lakshmi also renders consulting services to companies on a selective basis. These services cover areas such as strategy, finance, accounting, financial reporting and therewith related services. Lakshmi also conducts limited consulting services for the Group.

In the past five years, Lakshmi Khanna has been, but is no longer, Deputy Chairman and company director of Dell'Orto India Private Ltd., company director and independent consultant of Para SpA & International Spinning India Private Ltd. and an independent consultant of Dell'Orto SpA.

Lakshmi Khanna holds 263,406 shares in Cavotec.

ERIK LAUTMANN

Member of the Board. Erik holds a BSc from the Stockholm School of Economics. Erik´s professional career included serving as group managing director of Jetpak Group AB (2002-2011), managing director of Alfaskop AB (2000-2001), Regional Director DHL Nordic countries (1991-2000) and managing director of Catella AB (1987-1991). Erik is chairman of PAXXO AB, Board member of Jetpak Group AB and Swedish Entrepreneurship Forum.

Erik also conducts limited consulting services for the Group.

Erik is a fellow of the Royal Swedish Academy of Engineering Sciences (IVA), chairman of the board of IVA's Business Executives Council and member of IVA's board.

Erik Lautmann holds 97,802 shares in Cavotec.

JOE POPE

Member of the Board. Joe has been Chief Executive and Director of several major organisations, including 12 years as CEO of ENZA and ten years on the Board at TradeNZ, culminating in his appointment as Chairman. Currently, he is Chairman of Revera Ltd. and Team Talk Ltd. as well as a Trustee of Jayar Trust. He is also an Accredited Fellow of the Institute of Directors. Joe's contribution to business creation in New Zealand was recognised by the Governor General in the Queen's Birthday Honours list of 2006, when he was appointed an Officer of the New Zealand Order of Merit.

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

Joe Pope holds 10,000 shares in Cavotec.

OTTONEL POPESCO

Member of the Board & CEO. Ottonel holds a 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 Chairman of the Port Equipment Manufacturers Association (PEMA). Moreover, Ottonel is a registered professional engineer in France and an associate member of the Engineering Committee of the American Association of Port Authorities.

Ottonel Popesco, together with related parties, holds 2,641,420 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, where he assumed 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 Milano Sud Est. 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.

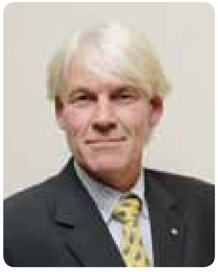
Stefan Widegren previously held the position of Executive Chairman in Cavotec MSL, but is no longer employed by Cavotec. However, given Stefan's long experience with the Company, he will perform substantial consulting services for the Group. Remuneration for such consulting services may amount to the remuneration that Stefan previously has received as an employee of the Group.

Stefan Widegren, together with related parties, holds 6,830,867 shares in Cavotec.

EXECUTIVE MANAGEMENT COMMITTEE

The Cavotec Executive Management Committee consists of twelve 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
Geir Leret Andersen	Group Manager, Information Technology	1964
Christian Bernadotte	President, Cavotec Dabico US / Regional Manager, Americas	1949
Michael Colaco	President, Cavotec INET	1965
Luciano Corbetta	Group Market Unit Manager, Ports & Maritime	1969
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 & PR	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



GEIR LERET ANDERSEN

Group Manager, Information Technology. Geir holds a degree in Electronics/Computer Science from Kongsberg Tekniske Fagskole. Currently, he is a member of the Board of Directors of Mariell Mote AS and Norwegian Automobile-Sport Federation, Karting Comission and Managing Director and owner of MB Andersen Racing.

Geir Leret Andersen does not hold any shares or warrants in Cavotec.

CHRISTIAN BERNADOTTE

President, Cavotec Dabico US & 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.

Christian Bernadotte holds 31,684 shares in Cavotec.

MICHAEL COLACO

President, Cavotec INET. Michael holds a Bachelor of Engineering degree from Concordia University, Montreal, Canada and a Master's degree in Business Administration from Pepperdine University, California, USA. He has served as facilities and systems manager at Air Canada Facilities, Engineering & Technical Services (1987-1990) and engineering and facilities services manager at Lester B. Pearson Int. Airport (1990-1994).

Michael Colaco holds 7,700,000 shares in Cavotec.

LUCIANO CORBETTA

Group Market Unit Manager, Ports & Maritime. Luciano holds a degree in Mechanical Engineering at 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.

DIEGO FIORENTINI

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

Diego Fiorentini, together with related parties, holds 20,000 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 does not hold any shares or warrants in Cavotec.

GARY MATTHEWS

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

Gary Matthews holds 14,124 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 14,124 shares in Cavotec.

PATRICK ROSENWALD

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

Patrick Rosenwald holds 38,153 shares in Cavotec.

MICHAEL SCHEEPERS

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

Michael Scheepers holds 28,153 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 as General Manager at Al Futtaim Engineering.

Juergen Strommer holds 14,124 shares in Cavotec.

MICHAEL WIDEGREN

Regional Manager, Central Europe & Group VP, Patents & Trademarks. Michael has studied engineering, specialising in industrial economics (INDEK), at the Royal Institute of Technology in Stockholm between 1977 and 1982. He started his employment at Cavotec in 1985 and has had since then different positions and assignments for the Company working in Sweden, Canada, Germany and Switzerland.

Michael Widegren, together with related parties, holds 1,085,277 shares in Cavotec.

CORPORATE GOVERNANCE

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

THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

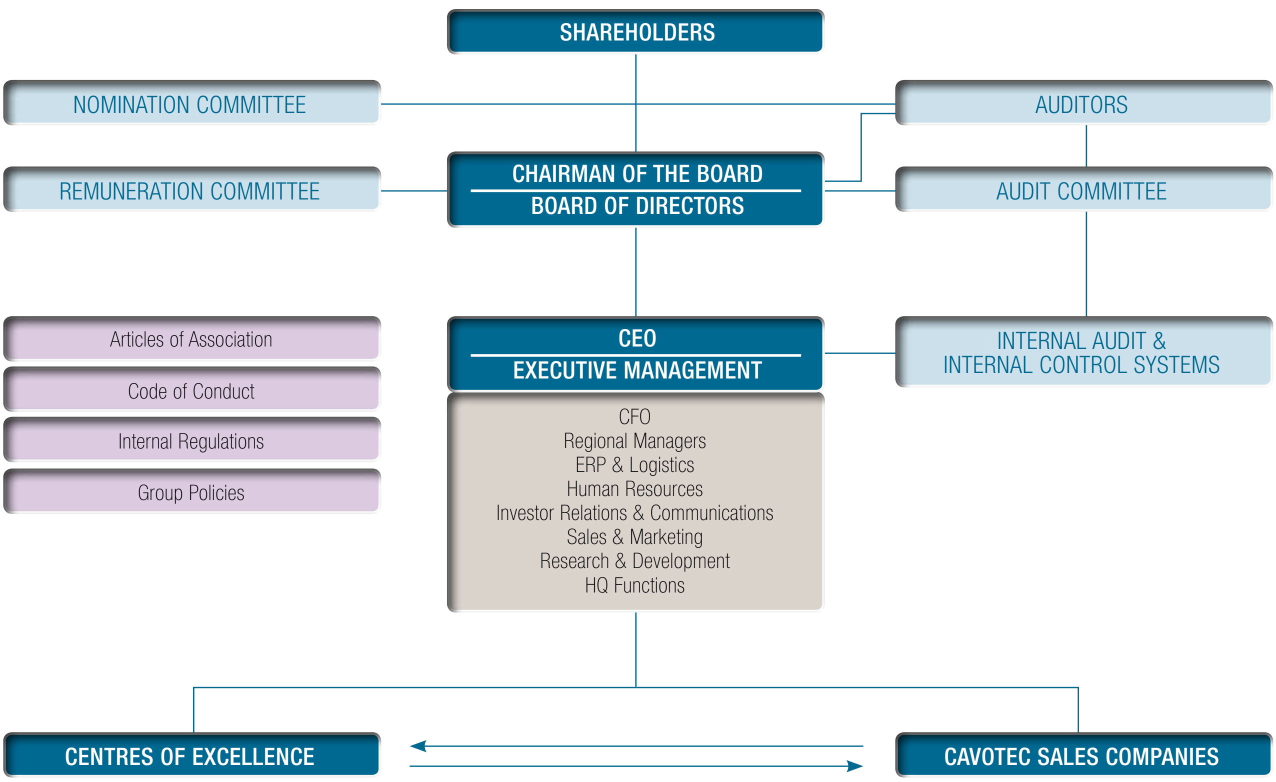
The Company has applied the Code from the time the shares have been listed on NASDAQ OMX Stockholm. However, since it is a Swiss company subject to Swiss rules and regulations are some deviations from the Code. Deviations that the Company is already aware of have as far as possible be explained in the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

SHAREHOLDERS' MEETINGS

General

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

Cavotec Corporate Governance structure



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

Right to attend shareholders' meetings

All shareholders who are registered directly in Euroclear Sweden's and SIX Switzerland's share registers on 27th April 2012 and who notify the Company of their intention to attend the shareholders' meeting at the latest by the date specified in the convening letter shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may usually register for shareholders' meetings in several different ways, which are described in the meeting convening letter.

Notice of shareholders' meetings and shareholder initiatives

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

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

Nomination Process

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

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

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

The appointed Nomination Committee members are:

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

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

In December 2011 the Committee began preparing a proposal for the Board of Directors to be submitted to the Annual General Meeting 2012. In line with the formal evaluation process adopted by the committee, the Chairman with the assistance of the Nomination Committee members, initiated the yearly evaluation of the work performed by the Board was undertaken, while also performing a renewed assessment of the current requirements of the representation, experience, background and competence in the Board. These requirements were compared with the expertise currently available within the Board.

On January 30th, 2012 the Nomination Committee met in Lugano in order to discuss various proposals with major shareholders (representing more than 55% of the votes) and the CEO, Ottonel Popesco. Furthermore Stefan Widegren visited New Zealand in mid March in order to meet-up with investors, shareholders and NZ Board members, and among other topics also discuss the proposals for the future composition of the Board of Directors. After having received the support and approval by the Board for its final proposal on March 29th, 2012, the Nomination Committee met on April 2nd to define and explain its final proposal as follows:

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

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

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

The Nomination Committee proposes therefore that Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Joe Pope, Ottonel Popesco and Stefan Widegren be re-elected as Directors for a further one-year term of office expiring at our annual general meeting to be held in 2013.

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

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

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

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

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

Finally, the Nomination Committee proposes that Pricewaterhouse-Coopers SA, Lugano, Switzerland be re-elected as Cavotec's independent auditor for business year 2012.

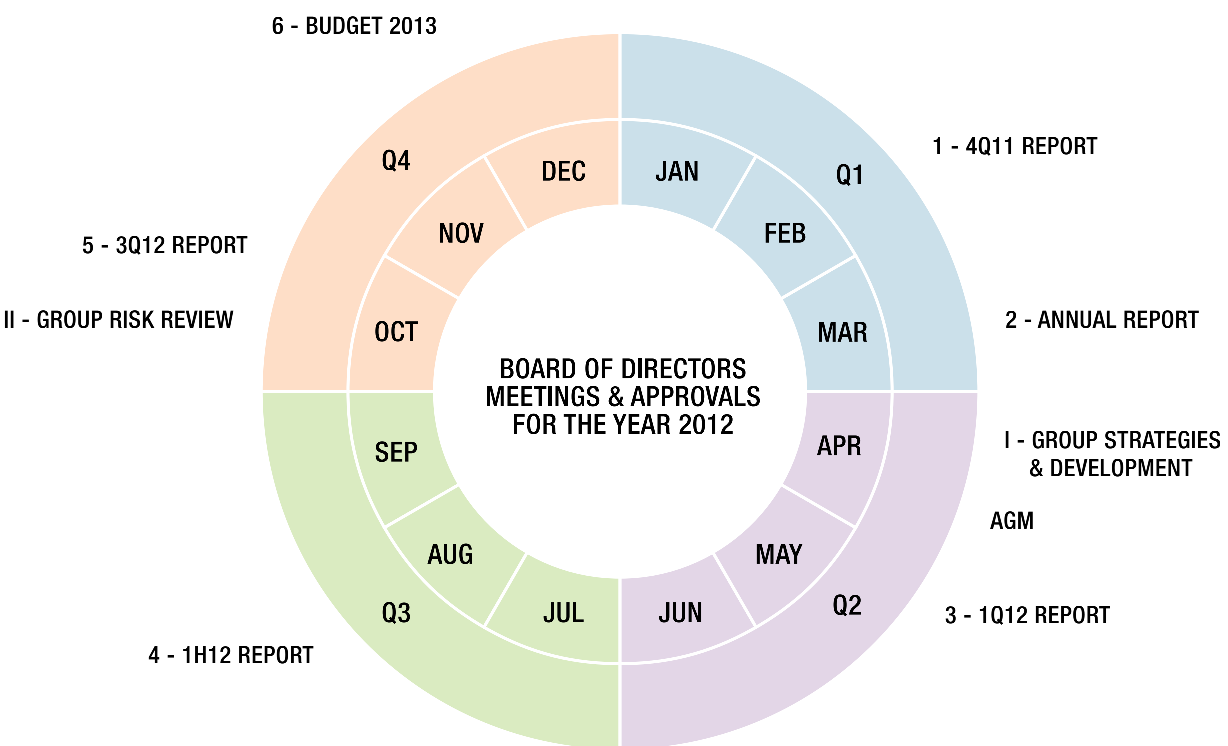
Shareholders representing more than 55% of the votes support the nomination of the Nomination Committee.

In the Notice of Meeting for the Annual General Meeting 2012, the Committee will present its proposal regarding number of Board members, names of the proposed Board members, and the Chair of the Board. The Committee will also submit its proposal for remuneration to the Chair and other Board members not employed in the company, as well as the committee work.

External auditor

At the Annual General Meeting 2012 the Nomination Committee will

Cavotec Board of Directors Work Calendar



also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Annual General Meeting 2013. Daniel Ketterer is the auditor in charge. He took over this function for the business year 2011.

THE BOARD OF DIRECTORS

The composition of the Board of Directors is set out in section "Board of Directors" and the members of the Board are elected for the period until the end of the next annual shareholders' meeting. The Board of Directors constitutes itself, but the Chairman of the Board of Directors is elected by the shareholders' meeting as set out in the Articles of Association. The members of the Nomination Committee, the Remuneration Committee and the Audit Committee, as well as the respective Chairmen, are elected from and by the Board members, as further described below in relation to the description of each committee. The Board of Directors has a Company Secretary that has the duties and competencies set out by Swiss law. Furthermore, the Secretary assists the Board, the Chairman and the Committees, to co-ordinate and 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;
f) Decisions on the business report consisting of the annual financial statements, the annual report, and consolidated financial statements including interim published reports and determination of the accounting standard;
g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO).

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

The Board of Directors held five Board meetings in Cavotec MSL and seven Board meetings in Cavotec SA in 2011.

Board and Committee meetings in Cavotec MSL and Cavotec SA in 2011

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Fabio Cannavale	4* + 7	10						
Leena Essén	4* + 7	11	3* + 3	6				
Nicola Gerber	4* + 7	11						
Christer Granskog	4* + 7	11	3* + 3	6	1* + 2	3	1*	1
Jack Groesbeek	4*	4					1* + 1	2
Lars Hellman	4*	4					1	1
Lakshmi Khanna	4* + 7	11	3* + 3	6	2	2		
Erik Lautmann	4* + 7	11			1* + 2	3		
Joe Pope	4* + 7	11	3* + 3	6	1* + 2	3	1*	1
Ottonel Popesco	4* + 7	11						
Stefan Widegren	4* + 7	11					1	1

** Meetings held in Cavotec MSL*

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, judgement and the ability to work with other Board members).

The current members of the Nomination Committee in Cavotec SA are Jack Groesbeek, Lars Hellman and Stefan Widegren. The Nomination Committee of Cavotec MSL met three times in 2010 and have met one time in 2011. At the date of this Annual Report the Nomination Committee of Cavotec SA has met twice in 2012.

Audit Committee

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

Board of Directors EUR	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	26,273	-	-	-	26,273
Leena Essén	7,750	312,631	22,257	-	342,638
Nicola Gerber	26,273	-	-	-	26,273
Christer Granskog	36,273	-	-	-	36,273
Jack Groesbeek[(1)]	25,398	-	-	-	25,398
Lakshmi Khanna	38,500	-	-	75,000	113,500
Lars Hellman[(1)]	-	267,010	12,681	-	279,691
Erik Lautmann	33,773	-	-	33,750	67,523
Joe Pope	40,023	-	-	-	40,023
Ottonel Popesco (Chief Executive Officer)	-	581,733	64,112	-	645,845
Stefan Widegren (Chairman)	26,250	611,849	86,991	60,846	785,936
Total remuneration	**260,510**	**1,773,223**	**186,041**	**169,596**	**2,389,371**

(1) They were Board members of MSL Holdings until 30 September 2011.

Please refer to Note 10 on page 90 for a detailed overview of the share ownership.

The current members of the Audit Committee in Cavotec SA are Lakshmi Khanna, Leena Essén, Christer Granskog and Joe Pope. Currently all the members are financially experienced and have relevant finance and/or auditing experience. One of them, namely Lakshmi Khanna, is a Chartered Accountant while Joe Pope is an accredited Fellow of the Institute of Directors. The Audit Committee of Cavotec MSL met five times in 2010 and have met three times in 2011, while the Audit Committee of Cavotec SA has met three times in 2011.

Remuneration Committee

The purpose of the Remuneration Committee is to regularly review, and recommend changes to Board members' remuneration to ensure that it is at an appropriate level, and effectively managed, to best advance the business objectives of Cavotec and assist the Board of Directors in the establishment of remuneration policies and practices for, and in discharging the Board of Directors responsibilities relative to remuneration setting and review of, the Company's CEO, other senior executives, and Board members. The compensation plans should reflect market conditions in the various countries where Cavotec is operating. During 2011, the Remuneration Committee of Cavotec MSL has carried out, with the support of the consulting firm MERCER, a complete position analysis of senior managers and linked the outcome to compensation database statistics for all markets.

The current members of the Remuneration Committee in Cavotec SA are Christer Granskog, Lakshmi Khanna, Erik Lautmann and Joe Pope. The Remuneration Committee of Cavotec MSL met three times in 2010 and has met one time in 2011, while the Remuneration Committee of Cavotec SA has met once.

Group Key Management

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

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

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

The Cavotec Executive Management Committee – EMC

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

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

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

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

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

REMUNERATION AND INCENTIVE PLANS

Remuneration of the Board of Directors

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

Remuneration levels for Senior Executives

To ensure strong cohesion across the Group, some 15 years ago Cavotec introduced a system under which bonuses for 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 intends to recommend a share based long-term incentive plan with performance requirements to be introduced in 2012 (LTIP 2012). LTIP 2012 is planned to be proposed to Cavotec's Annual General Meeting in 2012 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 object is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.

SWISS COMPANY LAW OVERVIEW

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

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

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

The share capital

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

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

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

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

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

The internal organisation

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

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

The general meeting of shareholders

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

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

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

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

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

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

The Board of Directors

Structure of the Board of Directors

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

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

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

Board meetings

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

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

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

Duties of the Board of Directors

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

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

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

Liability of the Board and management members

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

The auditors

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

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

Public companies must submit their annual financial statements to the auditors for an ordinary examination.

Financial year

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

Selected issues concerning shareholders' rights

Shareholders' meetings

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

Information right of shareholders / special audit

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

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

Pre-emptive rights

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

Conflicts of interest

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

Right to challenge shareholders' resolutions in court

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

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

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

Claim for invalidation of shareholders' resolutions

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

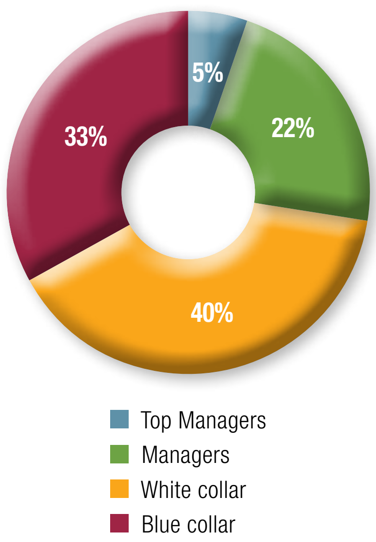
- withdraw or limit the shareholders' rights to participate in the shareholders' meeting, the minimum voting right, the right to sue and other rights granted by mandatory provisions of law;
- limit the shareholders' rights to control beyond the extent provided by law; and
- disregard the fundamental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

Such a suit can be filed at any time.

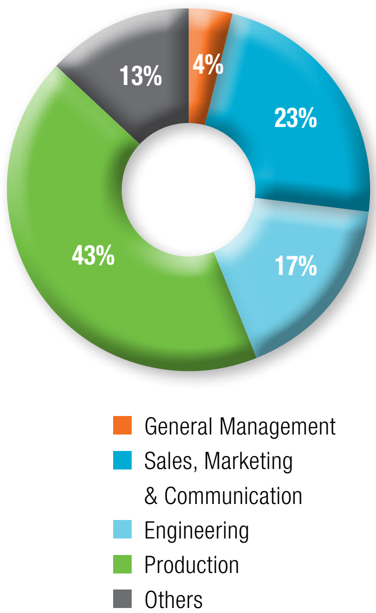
HUMAN RESOURCES

The composition of the Cavotec workforce reflects the Group's international, multicultural and interdisciplinary character. Cavotec had at the end of 2011, 890 members of staff, drawn from more than 40 countries in five continents and from a wide variety of backgrounds. The majority of the staff is employed locally, with many of them being skilled engineers.

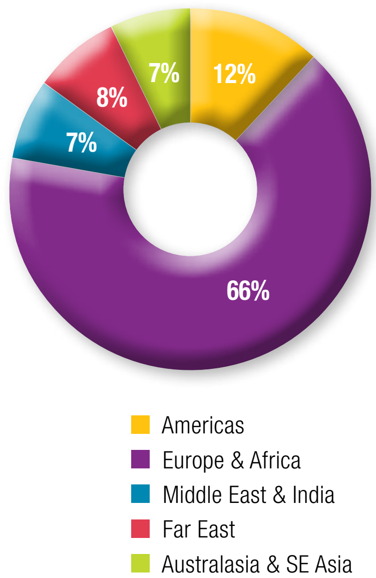
Employees by category (2011)



Employees by job family (2011)



Employees by geographical region (2011)



Number of employees (end of period)	2006	2007	2008	2009	2010	2011
Total	490	568	718	677	719	890

Cavotec's demographics

While the majority of Cavotec engineers are male, the Group also employs 182 women in administrative, communications and financial roles. Although there is a relatively small number of women in managerial positions, this is primarily a function of being an engineering company working in sectors that tend to attract men rather than women. Sick leave among Cavotec employees remains at a consistently low level across the Group and absence from work is rare.

Mutual respect in an international team

As a relatively small organisation spread across the world it is important for Cavotec to have a common and strong company culture to align the goals of Cavotec and all the employees in different countries, and to create one Cavotec. Each Cavotec employee brings to the Group a diverse range of skill sets and individual characteristics that are valued and recognised by fellow colleagues as well as partners and customers. Cavotec is a flat organisation, where all are respected and encouraged to contribute to its success.

In order to attract and retain highly skilled and talented people throughout the organisation, Cavotec offers a positive and rewarding work environment for its employees. Cavotec is flexible and dynamic, yet never abandons responsibilities and commitments. An open working environment, that fosters free exchange of ideas and mutual respect between individuals, underpins Cavotec as a global engineering group.

Local presence

In most cases the staff is employed locally. This enables Cavotec to build long-term relationships with customers, suppliers, authorities and professional bodies.

The local strength enables Cavotec to work closely with its customers, gain better understanding of their requirements and solve challenges they face more effectively. For its 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 Cavotec is a multinational group it is important for Cavotec's employees to work with exemplary ethical standards and an open mind. To ensure their conduct is of the highest calibre at all times, Cavotec employees are issued with a Code of Conduct that provides detailed guidelines on ethical standards and cultural differences.

THE BOARD OF DIRECTORS OF CAVOTEC SA IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2011

This report is dated 29 March 2012 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	2011	2010
Revenue from sales of goods		189,969	144,960
Other income	7	3,098	3,663
Raw materials and components		(96,288)	(65,802)
Employee benefit costs	8	(49,378)	(42,031)
Operating expenses	9	(30,210)	(25,027)
Gross Operating Result		**17,191**	**15,763**
Depreciation and amortisation		(4,507)	(3,376)
Operating Result		**12,684**	**12,387**
Non-operating costs	10	(2,320)	-
Interest expenses - net	11	(1,573)	(1,757)
Currency exchange differences - net	11	1,514	784
Profit before income tax		**10,305**	**11,414**
Income taxes	12	(4,461)	(3,408)
Profit for the year		**5,844**	**8,006**
Other comprehensive income:			
Exchange differences on translation of foreign operations		1,418	3,465
Fair value adjustment to available for sale financial assets		-	(466)
Actuarial gain (loss)		(244)	-
Total comprehensive income for the year		**7,018**	**11,005**
Total comprehensive income attributable to:			
Equity holders of the Group		7,155	10,934
Non-controlling interest		(137)	71
Total		**7,018**	**11,005**
Profit / (loss) attributed to:			
Equity holders of the Group		5,948	7,932
Non-controlling interest		(104)	74
Total		**5,844**	**8,006**
Basic and diluted earnings per share attributed to the equity holders of the Group	29	0.089	0.125

CAVOTEC SA & SUBSIDIARIES
Balance Sheet

Assets EUR 000's	Notes	2011	2010*	2009*
Current assets				
Cash and cash equivalents		12,952	12,203	10,957
Trade receivables	13	42,612	31,298	31,644
Tax assets	14	554	554	916
Other current receivables	15	6,491	2,802	2,221
Inventories	16	29,105	27,884	22,460
Assets held for sale		-	-	608
Total current assets		**91,714**	**74,741**	**68,806**
Non-current assets				
Property, plant and equipment	17	24,582	20,260	13,919
Intangible assets	18	66,379	50,739	50,435
Non-current financial assets	19	254	429	-
Deferred tax assets	20	2,766	1,181	889
Other non-current receivables		4,047	276	558
Total non-current assets		**98,027**	**72,885**	**65,803**
Total assets		**189,741**	**147,626**	**134,609**

Equity and Liabilities EUR 000's	Notes	2011	2010*	2009*
Current liabilities				
Bank overdrafts		-	-	(4,448)
Current financial liabilities	21	(4,277)	(3,559)	(4,641)
Trade payables	22	(33,949)	(23,645)	(20,778)
Other current liabilities	23	(15,383)	(10,082)	(10,225)
Total current liabilities		**(53,609)**	**(37,286)**	**(40,093)**
Non-current liabilities				
Non-current financial liabilities	21	(32,387)	(28,319)	(23,723)
Deferred tax liabilities	24	(3,411)	(2,698)	(1,740)
Other non-current liabilities		(1,591)	(44)	-
Provision for risks and charges	25	(3,870)	(2,472)	(2,136)
Total non-current liabilities		**(41,259)**	**(33,533)**	**(27,599)**
Total liabilities		**(94,868)**	**(70,819)**	**(67,692)**
Equity				
Equity attributable to owners of the parent	27,28	(94,968)	(76,459)	(66,650)
Non-controlling interests		95	(348)	(267)
Total equity		**(94,873)**	**(76,807)**	**(66,917)**
Total equity and liabilities		**(189,741)**	**(147,626)**	**(134,609)**

** restated, refer to page 59.*

CONSOLIDATED FINANCIAL STATEMENTS

CAVOTEC SA & SUBSIDIARIES
Statement of Changes in Equity

EUR 000's	Share Capital	Reserves	Available for sale reserve	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
Balance as at 31 December 2009	(42,578)	2,857	(450)	(27,175)	(67,346)	(267)	(67,613)
Restatement	-	-	-	697	697	-	697
Balance restated as at 1 January 2010	**(42,578)**	**2,857**	**(450)**	**(26,478)**	**(66,649)**	**(267)**	**(66,916)**
Balance as at 1 January 2010	(42,578)	2,857	(450)	(26,478)	(66,649)	(267)	(66,916)
Profit for the year	-	-	-	(7,932)	(7,932)	(74)	(8,006)
Exchange differences on translation	-	(3,453)	(16)	-	(3,469)	3	(3,466)
Fair value adjustment - to available for sale financial assets	-	-	466	-	466	-	466
Total comprehensive income and expenses	**-**	**(3,453)**	**450**	**(7,932)**	**(10,934)**	**(71)**	**(11,005)**
Dividends	-	-	-	1,114	1,114	-	1,114
Reduction in non-controlling interest	-	-	-	10	10	(10)	-
Transactions with shareholders	-	-	-	1,124	1,124	(10)	1,114
Balance as at 31 December 2010	**(42,578)**	**(596)**	**-**	**(33,286)**	**(76,460)**	**(348)**	**(76,807)**
Balance as at 1 January 2011	(42,578)	(596)	-	(33,286)	(76,460)	(348)	(76,807)
Profit for the year	-	-	-	(5,948)	(5,948)	104	(5,844)
Exchange differences on translation	-	(1,451)	-	-	(1,451)	33	(1,418)
Actuarial (gain) loss	-	244	-	-	244	-	244
Total comprehensive income and expenses	**-**	**(1,206)**	**-**	**(5,948)**	**(7,154)**	**137**	**(7,017)**
Reclassification	(35,531)	-	-	35,531	-	-	-
Capital increase	(12,444)	-	-	-	(12,444)	-	(12,444)
Purchase of treasury shares	-	81	-	(81)	-	-	-
Share premium reserve	-	(1,751)	-	1,751	-	-	-
Dividends	-	-	-	1,395	1,395	-	1,395
Reduction in non-controlling interest	-	-	-	(306)	(306)	306	-
Transactions with shareholders	**(47,975)**	**(1,670)**	**-**	**38,290**	**(11,355)**	**306**	**(11,049)**
Balance as at 31 December 2011	**(90,553)**	**(3,472)**	**-**	**(944)**	**(94,968)**	**95**	**(94,873)**

CAVOTEC SA & SUBSIDIARIES
Statement of Cash Flows - Indirect Method

EUR 000's	2011	2010
Profit for the year	**5,844**	**8,006**
Adjustments for:		
Net interest expenses	1,303	1,449
Current taxes	5,043	3,276
Depreciation and amortisation	4,507	3,376
Deferred tax	(582)	(1,250)
Provision for risks and charges	1,859	336
Capital gain or loss on assets	(49)	(458)
Other items not involving cash flows	270	3,514
Interest paid	(1,374)	(2,068)
Taxes paid	(2,634)	(2,657)
	8,343	**5,518**
Cash flow before change in working capital	**14,187**	**13,524**
Impact of changes in working capital		
Inventories	(1,443)	(5,424)
Trade receivables	(15,155)	346
Other current receivables	(4,076)	(219)
Trade payables	10,304	2,867
Other current liabilities	1,347	(143)
Impact of changes involving working capital	**(9,023)**	**(2,573)**
Net cash inflow/(outflow) from operating activities	**5,164**	**10,951**
Financial activities		
Increase (decrease) of loans and borrowings	4,517	3,682
Dividend payment	(1,395)	(1,114)
Acquisition of non-controlling interest	(410)	-
Net cash inflow from financial activities	**2,712**	**2,568**
Investing activities		
Investments in property, plant and equipment	(6,609)	(7,954)
Investments in intangible assets	(180)	(525)
Increase in non-current financial assets	(69)	(176)
Disposal of assets	151	110
Net cash outflow from investing activities	**(6,707)**	**(8,545)**
Cash at the beginning of the year	12,203	6,509
Cash flow for the year	1,169	4,974
Currency exchange differences	(420)	721
Cash at the end of the year	**12,952**	**12,203**
Cash comprises:		
Cash and cash equivalents	12,952	12,203
Bank overdrafts	-	-
Total	**12,952**	**12,203**

Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

Cavotec is a global engineering group, supplying innovative and environmentally friendly systems to the ports and maritime, airports, mining and tunnelling and general industry sectors.

The financial statements of the Cavotec Group for 2011 reflect the business activities of Cavotec SA and those of its predecessor company, Cavotec MSL Holdings Ltd, Christchurch, New Zealand; the activities of this latter company were incorporated into those of Cavotec SA as of 3 October 2011 based on a Scheme of Arrangement under part 15 of the New Zealand Companies Act 1933 approved by the High Court in Christchurch on 26 September 2011. Comparative numbers for 2010 and prior years refer to the predecessor company Cavotec MSL Holdings Ltd. The accompanying audited financial statements were approved by the Board of Directors of Cavotec SA on 29 March 2012 and are to be presented for approval and adoption at the Annual General Meeting of Shareholders scheduled to be held on 4 May 2012.

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.

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

NOTE 2. BASIS OF PREPARATION

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

Historical Cost Convention

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

Changes in accounting policy

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Group.

Adoption of new standards and interpretations

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

Standard / Interpretation	Effective Date	Planned Application
Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (1)	1 Jan 2012	2012
IFRS 10, 'Consolidated financial statements' (3)	1 Jan 2013	2013
IFRS 11, 'Joint arrangements' (1)	1 Jan 2013	2013
IFRS 12, 'Disclosure of interests in other entities' (3)	1 Jan 2013	2013
IFRS 13, 'Fair value measurement' (3)	1 Jan 2013	2013
IAS 27 (revised) 'Separate financial statements' (1)	1 Jan 2013	2013
IAS 28 (revised) 'Investments in associates and joint ventures' (3)	1 Jan 2013	2013
Amendments to IAS 1 'Presentation of items of other comprehensive income' (2)	1 Jul 2012	2013
IAS 19 (revised) 'Employee benefits' (3)	1 Jan 2013	2013
IFRS 9 'Financial Instruments' - classification and measurement (3)	1 Jan 2015	2015

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

Critical accounting estimates

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

Restatement

The reported Balance Sheet figures as of 31 December 2009 and 31 December 2010 have been restated to correct an error dating back to 2006/07 resulting in a reduction in inventory of EUR 697 thousands and a corresponding reduction of prior years' retained earnings for the same amount.

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 2011 and 2010.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign operations

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

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

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

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

CONSOLIDATION

(i) Subsidiaries

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

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

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

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

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

Notes to the Financial Statements

(ii) Transactions with non-controlling interest

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

(iii) Associates

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

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

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 2011 of the companies included in the scope of consolidation, which have been prepared in accordance of IFRS adopted by the Cavotec Group. Below is a list of companies consolidated on a line by line basis and the respective shares held either directly or indirectly by Cavotec SA:

Name	Registered office	Controlled through	% Group ownership	
			Direct	Indirect
Cavotec (Swiss) SA	Lugano - Switzerland	Cavotec SA	100%	
Cavotec Alfo GmbH	Köln - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Australia Pty Ltd	Newcastle - Australia	Cavotec Group Holdings NV		100%
Cavotec Belgium NV	Antwerpen - Belgium	Cavotec Group Holdings NV		100%
Cavotec Canada Holding Inc	Nova Scotia - Canada	Cavotec Group Holdings NV		100%
Cavotec Canada Inc	Toronto - Canada	Cavotec Canada Holding Inc		100%
Cavotec Connectors AB	Malmö - Sweden	Cavotec Group Holdings NV		100%
Cavotec Dabico US Inc	Costa Mesa - United States of America	Cavotec US Holdings Inc		100%
Cavotec Danmark AS	Odense - Denmark	Cavotec Group Holdings NV		100%
Cavotec Deutschland GmbH	Frankfurt - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Deutschland Holdings GmbH	Frankfurt - Germany	Cavotec Canada Holding Inc		100%
Cavotec Engineering Services India Ltd	Pune - India	Cavotec Group Holdings NV		100%
Cavotec Finland OY	Helsinki - Finland	Cavotec Group Holdings NV		100%
Cavotec Fladung GmbH	Mömbris - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec France RMS SA	Paris - France	Cavotec Group Holdings NV		100%
Cavotec Group Holdings NV	Woerden - The Netherlands	Cavotec MoorMaster Ltd		100%
Cavotec Hong Kong Ltd	Hong Kong - China	Cavotec Group Holdings NV		100%
Cavotec Iberica SL	Alicante - Spain	Cavotec Group Holdings NV		100%
Cavotec India Private Ltd	Pune - India	Cavotec Group Holdings NV		70%
Cavotec Inet Inc	Fullerton - United States of America	Cavotec US Holdings Inc		100%
Cavotec International Ltd	Stockton-On-Tees - United Kingdom	Cavotec Group Holdings NV		100%
Cavotec Korea Ltd	Ulsan - Korea	Cavotec Group Holdings NV		100%
Cavotec Latin America	Buenos Aires - Argentina	Cavotec Group Holdings NV		90%
		Ipalco BV		10%
Cavotec Meyerinck GmbH	Frankfurt - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Micro-control AS	Stjørdal - Norway	Cavotec Group Holdings NV		100%
Cavotec Micro-control GmbH	Munich - Germany	Cavotec Deutschland Holdings GmbH		100%
Cavotec Middle East FZE	Dubai - U.A.E.	Cavotec Group Holdings NV		100%
Cavotec MoorMaster Ltd	Christchurch - New Zealand	Cavotec SA	100%	
Cavotec Nederland BV	Woerden - The Netherlands	Cavotec Group Holdings NV		100%
Cavotec Norge AS	Drammen - Norway	Cavotec Group Holdings NV		100%
Cavotec Realty France SCI	Paris - France	Cavotec Realty Holdings BV		100%
Cavotec Realty Germany BV	Woerden - The Netherlands	Cavotec Realty Holdings BV		100%
Cavotec Realty Holdings NV	Woerden - The Netherlands	Cavotec Group Holdings NV		100%
Cavotec Realty Italia Srl	Nova Milanese - Italy	Cavotec Realty Holdings BV		100%
Cavotec Realty Norway AS	Stjørdal - Norway	Cavotec Realty Holdings BV		100%
Cavotec Realty USA LLC	Charlotte - Unites States of America	Cavotec Realty Holdings BV		100%
Cavotec Russia OOO	Moscow - Russia	Cavotec Group Holdings NV		100%
Cavotec Shanghai Ltd	Shanghai - China	Cavotec Group Holdings NV		100%
Cavotec Singapore Pte Ltd	Jurong - Singapore	Cavotec Group Holdings NV		100%
Cavotec South Africa Pte Ltd	Johannesburg - South Africa	Cavotec Group Holdings NV		100%
Cavotec Specimas Spa	Nova Milanese - Italy	Cavotec Group Holdings NV		100%
Cavotec Sverige AB	Stockholm - Sweden	Cavotec Group Holdings NV		100%
Cavotec UK Ltd	Stockton-On-Tees - United Kingdom	Cavotec International Ltd		100%
Cavotec US Holdings Inc	Delaware - United States of America	Cavotec SA	100%	
Cavotec USA Inc	Charlotte - Unites States of America	Cavotec Canada Holding Inc		100%
Ipalco BV	Woerden - The Netherlands	Cavotec Group Holdings NV		100%

From 15th of November 2011, the ownership of Cavotec South Africa has been increased from 70% to 100% for a total consideration of EUR 410 thousands.

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.

Notes to the Financial Statements

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Capital work in progress is not depreciated until commissioned.

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

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

LEASES

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

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

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

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

INTANGIBLE ASSETS

(i) Goodwill

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

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

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

(ii) Research and development

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

(iii) Patents

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads which are attributed based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated variable costs necessary to make the sale. Provisions are made for inventories with a lower market value or which are slow-moving. If it becomes apparent that such inventory can be reused, provisions are reversed with inventory being revalued up to the lower of its net realizable value or original cost. Unsalable inventory is fully written off.

FINANCIAL INSTRUMENTS

Recognition and derecognition

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

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

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

Measurement and classification

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

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

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

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

Notes to the Financial Statements

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

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

Hedge accounting

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

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

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

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

Impairment of financial assets

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

CASH AND CASH EQUIVALENTS

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

BORROWINGS

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

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

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 for deferred compensation and warranty are recognised when the Group has a present, legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

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.

REVENUE RECOGNITION

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

(i) Sales of goods

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

(ii) Sales of services

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

(iii) Long term contracts

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

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

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

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

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

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

EMPLOYEE BENEFITS

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

(a) Pension obligations

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

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

Notes to the Financial Statements

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.

DIVIDENDS

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

INCOME TAX

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

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

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

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

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

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

NON-OPERATING COSTS

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

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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 31/12/2010	Translation differences and other	Acquisitions and dispositions	Impairment	Net book value as of 31/12/2011
Ports & Maritime	23,239	47			23,286
Airports	14,470	1,975	15,212		31,657
Mining & Tunnelling	530				530
General Industry	6,545	(88)			6,457
Total	**44,784**	**1,934**	**15,212**		**61,930**

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

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

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

2011	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 2011. 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 2011, management specifically considered the recently acquired INET and its underlying business operations which have not been integrated in the Airports Market Unit yet. The goodwill associated with INET amounts to EUR 15.2 million and the recoverable amount is estimated to be higher than the carrying amount.

NOTE 5. BUSINESS ACQUISITIONS

INET Airport Systems

On 17 August 2011 the Group acquired through its fully owned subsidiary Cavotec Inet certain assets of INET Airport Systems a leader in the engineering and manufacturing of ground support equipment (GSE) based in USA. The purchase consideration included the issuance of 7.7 million shares each valued EUR 1.616 and a potential earn-out of maximum USD 4 million upon fulfilment of certain terms and conditions. The purchase consideration took in to account the market price of the shares at the date of acquisition. The transaction costs amounted to EUR 299 thousands.

The assets and liabilities as of 17 August 2011 arising from the acquisition are as follows:

EUR 000's	Fair value	Acquired carrying amount
Fixed assets	382	382
Warranty provision	(381)	-
Net assets acquired	1	382

The acquired business contributed EUR 6.6 million in total revenues and EUR 0.8 million in profit before income tax from the date of acquisition to 31 December 2011.

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

EUR 000's	
Purchase consideration	15,214
Fair value of the net assets acquired	1
Goodwill acquired	15,212

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

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 6. LONG TERM CONTRACTS

EUR 000's	2011	2010
Revenues recognized	16.342	14,819
Cost incurred and recognized	(14.295)	(12,598)
Progress billings on account	-	(1,354)
Earning in excess of billings	3.230	-

At 31 December, 2011 all costs sustained have been recognized as an expense. Retentions totalling EUR 3,588 thousands has been included in the other non-current receivables.

NOTE 7. OTHER INCOME

EUR 000's	2011	2010
Carriage, insurance and freight	2,237	1,882
Commissions and royalties	281	226
Other miscellaneous income	580	1,555
Total	**3,098**	**3,663**

The variation in other income is due to the increase of volume of business in the year regarding the income of carriage, insurance, freight, commissions and royalties as well as the decreased realization of operating exchange differences.

NOTE 8. EMPLOYEE BENEFIT COSTS

EUR 000's	2011	2010
Salaries and wages	(38,534)	(32,820)
Social security contributions	(6,076)	(5,127)
Other employee benefits	(4,768)	(4,084)
Total	**(49,378)**	**(42,031)**

The employee benefit costs are based on an average workforce of 796 (2010: 702). The increase of EUR 7,347 thousands is attributable to the growth of the number of personnel (up 94 compared with 2010), mainly due to the integration of INET.

NOTE 9. OPERATING EXPENSES

EUR 000's	2011	2010
Transportation expenses	(3,029)	(2,676)
External services	(8,414)	(6,390)
Travelling expenses	(4,177)	(3,433)
General expenses	(9,233)	(7,499)
Rent and leasing	(3,771)	(3,915)
Credit losses	(498)	(270)
Warranty costs	(1,088)	(844)
Total	**(30,210)**	**(25,027)**

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

NOTE 10. NON-RECURRING ITEMS

EUR 000's	2011	2010
Restructuring costs	572	-
Acquisition costs	299	-
Impairment losses	619	-
Total operating costs	**1,490**	**-**
Non-operating costs	2,320	-
Reduction of deferred tax assets	1,147	-
Total non-recurring items	**4,957**	**-**

As a consequence of the recent INET acquisition, Cavotec has revisited the production strategy within the Airports market unit resulting in impairment losses on capitalized R&D costs of EUR 619 thousands and other restructuring costs of EUR 572 thousands. The delisting from New Zealand, reincorporation in Switzerland and subsequent listing on NASDAQ OMX resulted in non-operating costs of EUR 2,320 thousands and caused a reduction of deferred tax assets of EUR 1,147 thousands.

NOTE 11. NET FINANCE COSTS

EUR 000's	2011	2010
Interest income	76	317
Interest expenses	(1,379)	(1,699)
Change of derivatives fair value	50	(66)
Amortization of issuance costs	(320)	(309)
Interest expenses - net	**(1,573)**	**(1,757)**
Currency exchange difference - net	**1,514**	**784**
Total	**(59)**	**(973)**

NOTE 12. INCOME TAXES

EUR 000's	2011	2010
Current tax	(5,043)	(3,276)
Deferred tax	582	(133)
Total	**(4,461)**	**(3,408)**

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

Tax calculated at domestic tax rates applicable to profits in the respective countries	(3,953)	(2,552)
Tax effect of non-taxable income included in profit before tax	210	195
Tax on non-deductible expenses or not related to income	756	(918)
Tax effect of losses not allowed to be carried forward	(2,056)	-
Total current tax	**(5,043)**	**(3,275)**

NOTE 13. TRADE RECEIVABLES

EUR 000's	2011	2010
Trade receivables	43,533	31,906
Provision for doubtful debts	(921)	(608)
Trade receivables, net	**42,612**	**31,298**

Trade receivables are stated net of an allowance for doubtful debts of EUR 921 thousands, representing a reasonable estimate of the expected loss at the reporting date. The movement on the provision for doubtful debts is summarised below:

Opening balance	**(608)**	**(709)**
Provision recorded in the year	(410)	-
Provision used in the year	136	125
Currency exchange difference	(39)	(24)
Closing balance	**(921)**	**(608)**

NOTE 14. TAX ASSETS

EUR 000's	2011	2010
Tax assets	92	459
VAT recoverable	462	95
Total	**554**	**554**

Notes to the Financial Statements

NOTE 15. OTHER CURRENT RECEIVABLES

EUR 000's	2011	2010
Short term investments	3	23
Deposits	867	712
Prepayments	1,336	1,300
Other receivables	4,285	767
Total	**6,491**	**2,802**

Other receivables include EUR 3,230 thousands of earning in excess of billings related to the long term contracts.

NOTE 16. INVENTORIES

EUR 000's	2011	2010
Raw materials and components	3,972	3,394
Work in progress	940	811
Finished goods	25,704	24,799
Provision for slow moving inventories	(1,511)	(1,120)
Total	**29,105**	**27,884**

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

EUR 000's	2011	2010
Opening balance	**(1,120)**	**(798)**
Provision used during the year	2	85
Provision recorded in the year	(365)	(359)
Currency exchange difference	(28)	(48)
Closing balance	**(1,511)**	**(1,120)**

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

EUR 000's	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2010				
Opening net book value	9,189	3,756	974	13,919
Additions	6,382	1,444	128	7,954
Disposals	(0)	(97)	(9)	(106)
Depreciation	(396)	(1,502)	(380)	(2,278)
Currency exchange differences	544	167	60	771
Net book amount	**15,719**	**3,768**	**773**	**20,260**
At 31 December 2010				
Cost	17,334	14,887	2,745	34,966
Accumulated depreciation	(1,615)	(11,119)	(1,972)	(14,706)
Net book amount	**15,719**	**3,768**	**773**	**20,260**
Year ended 31 December 2011				
Opening net book value	15,719	3,768	773	20,260
Additions	2,138	2,396	2,475	7,009
Disposals	(0)	(66)	(36)	(102)
Depreciation	(663)	(1,647)	(549)	(2,859)
Currency exchange differences	160	51	63	274
Closing net book value	**17,354**	**4,503**	**2,725**	**24,582**
At 31 December 2011				
Cost	19,658	16,638	5,143	41,439
Accumulated depreciation	(2,304)	(12,135)	(2,418)	(16,857)
Net book amount	**17,354**	**4,503**	**2,725**	**24,582**

The increase is mainly related to the acquisition of the Cavotec Meyerinck premises in Germany, the completion of works on the premises for Cavotec Micro-control in Norway and for Cavotec US in the USA, and the acquisition of assets from INET.

NOTE 18. INTANGIBLE ASSETS

EUR 000's	Research & development	Patents & trademarks	Goodwill	Total
Year ended 31 December 2010				
Opening net book value	1,698	4,647	44,089	50,435
Additions	421	104	-	525
Disposals	58	-	-	58
Amortisation	(605)	(492)	-	(1,097)
Currency exchange differences	53	71	695	818
Net book amount	**1,625**	**4,330**	**44,784**	**50,739**
At 31 December 2010				
Cost	3,851	6,561	44,784	55,196
Accumulated amortisation	(2,226)	(2,231)	-	(4,457)
Net book amount	**1,625**	**4,330**	**44,784**	**50,739**
Year ended 31 December 2011				
Opening net book value	1,625	4,330	44,784	50,739
Additions	59	301	15,212	15,572
Disposals	(238)	0	-	(238)
Amortisation	(557)	(471)	-	(1,029)
Impairment	(619)	-	-	(619)
Currency exchange differences	4	15	1,934	1,932
Closing net book value	**274**	**4,175**	**61,930**	**66,379**
At 31 December 2011				
Cost	1,293	6,887	61,930	70,109
Accumulated amortisation	(1,019)	(2,712)	-	(3,731)
Net book amount	**274**	**4,175**	**61,930**	**66,379**

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

NOTE 19. NON-CURRENT FINANCIAL ASSETS

EUR 000's	2011	2010
Financial receivables	214	388
Financial assets at fair value	40	41
Total	**254**	**429**

The financial receivables include interest bearing loans of which EUR 129 thousands is due from related parties.

NOTE 20. DEFERRED TAX ASSETS

EUR 000's	2011	2010
Deferred tax assets to be recovered within 12 months	386	-
Deferred tax assets to be recovered after more than 12 months	2,380	1,181
Total	**2,766**	**1,181**

EUR 000's	2011	2010
Provision for warranty, inventory and doubtful accounts	512	278
Losses carried forward	736	553
Depreciation and amortization	324	61
Unrealized exchange differences	141	116
Accrued expenses not currently deductible	634	26
Mark-to-mark on derivatives	20	17
Others	399	129
Total	**2,766**	**1,181**

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

Notes to the Financial Statements

NOTE 21. LOANS AND BORROWINGS

EUR 000's	2011	2010
Credit facility current portion	(2,000)	(3,000)
Other current financial liabilities	(2,277)	(559)
Credit facility non-current portion	(30,000)	(25,000)
Other non-current liabilities	(3,164)	(3,895)
Unamortized issuance costs	777	576
Total	**(36,664)**	**(31,878)**

In August 2011, the Group renegotiated the syndicated loan facility agreement extending the maturity to August 2016 at improved pricing. Syndication costs and upfront fees of EUR 510 thousands were paid during the year and will be amortized over the extended duration of the facility.

Negative mark-to-market on derivatives for EUR 6 thousands is included in other current liabilities and EUR 66 thousands in other non-current liabilities. Financial leasing liabilities for EUR 39 thousands are included in other current liabilities and EUR 65 thousands in other non-current liabilities.

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

The average cost of the interest bearing liabilities at the end of the 2011 was slightly lower compared to the previous year because of the reduced average spread paid on the indebtness and due to a larger percentage of floating rate debt.

EUR 000's	2011	2010
Short term debt	2.77%	2.68%
Long term debt	2.61%	2.68%
Interest bearing liabilities	**2.63%**	**2.68%**

NOTE 22. TRADE PAYABLES

EUR 000's	2011	2010
Trade payables	(28,096)	(19,810)
Advances from customers	(5,853)	(3,835)
Total	**(33,949)**	**(23,645)**

NOTE 23. OTHER CURRENT LIABILITIES

EUR 000's	2011	2010
Tax and social security	(3,614)	(1,205)
Employee entitlements	(5,482)	(5,539)
Accrued expenses and other	(6,287)	(3,338)
Total	**(15,383)**	**(10,082)**

NOTE 24. DEFERRED TAX LIABILITIES

EUR 000's	2011	2010
Depreciation and amortization	(2,111)	(1,456)
Unrealized exchange differences	(165)	(95)
Actual pension scheme	(32)	(56)
Local Tax requirements	(912)	(748)
Financial Leasing	(7)	(7)
Others	(184)	(337)
Total	**(3,410)**	**(2,698)**

The deferred tax liabilities are expected to have an impact on current taxes payable after more than 12 months.

NOTE 25. PROVISION FOR RISKS AND CHARGES

EUR 000's	Taxation	Deferred compensation	Warranty	Total
Balance at 1 January 2010	**(372)**	**(1,216)**	**(548)**	**(2,136)**
Provision recorded in the year	(60)	(204)	(240)	(505)
Used during the year	-	195	35	230
Currency exchange difference	(33)	(12)	(16)	(61)
Balance at 31 December 2010	**(465)**	**(1,237)**	**(769)**	**(2,472)**
Balance at 1 January 2011	**(465)**	**(1,237)**	**(769)**	**(2,472)**
Provision recorded in the year	(6)	(546)	(866)	(1,418)
Used during the year	-	88	28	116
Currency exchange difference	(15)	(20)	(62)	(97)
Balance at 31 December 2011	**(486)**	**(1,715)**	**(1,669)**	**(3,870)**

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

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

NOTE 26. PENSION PLAN

The group operates defined pension plans in Switzerland based on employee pensionable remuneration. The amount recognized in the balance sheet is as follows:

EUR 000's	2011	2010
Present value of funded obligations	854	-
Fair value of plan assets	553	-
Deficit of funded plans	301	-
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Liability in the balance sheet	301	-

Due to the first time application of IAS 19 no movement in the defined benefit obligation and in the fair value of the plan assets occurred over the year. The amounts recognised in the income statement are as follows:

EUR 000's	2011	2010
Contributions from employer	116	-
Total costs, included in employee benefit cost (note 7)	**116**	**-**

Actuarial losses recognized in the statement of other comprehensive income in the period equal the cumulative actuarial loss and amount to EUR 224 thousands.

The principal actuarial assumptions were as follows:

EUR 000's	2011
Discount rate	2.25%
Inflation rate	1.00%
Interest rate on the savings account	2.25%
Long term rate of return on plan assets	2.50%
Future salary increase	1.50%
Social security increase	1.00%
Future pension increases	0.00%

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

	2011
Mortality rates	BVG 2010
Disability rates	BVG 2010
Turnover rates	BVG 2010
Early retirement age	None M65/F64
Capital option	40.00%

Notes to the Financial Statements

Plan assets are comprised as follows:

	2011
Fixed-interest, cash and cash equivalents, time deposits	77.10%
Mortgages and other claims on par value	7.02%
Equities and units in investment funds	1.26%
Private equity and hedge funds	0.58%
Investment in participations and associated companies	0.84%
Real estate	11.38%
Other investments	1.82%
Total	100.00%

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

NOTE 27. SHARE CAPITAL

The table below sets forth the changes occurred in 2011 in the share capital of the Group.

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

On 17 August 2011, Cavotec MSL issued 7.7 million shares valued at EUR 1.616 per share in conjunction with the INET acquisition.

Cavotec SA became the Parent of the Group after the implementation of the Scheme of Arrangement on 3 October 2011 which resulted in Cavotec SA assuming the option right in 71,332,700 registered shares of Cavotec MoorMaster shares from the existing Cavotec MSL shareholders. As a consequence of this transaction, EUR 35,531 thousands has been imputed on the share capital and EUR 1,751 thousands on share premium from other reserves.

The share capital of Cavotec SA as of 31 December 2011 is divided into 71,397,220 shares at par value CHF 1.55 each.

NOTE 28. OTHER RESERVES

EUR 000's	2011	2010
Currency translation reserve	(2,046)	(596)
Share premium reserve	(1,751)	-
Treasury shares reserve	81	-
Actuarial reserve	244	-
Total	**(3,472)**	**(596)**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into Euro. The value of the currency reserve increased from EUR 596 thousands to EUR 2,046 thousands due to the general depreciation of the EUR against the currencies of the countries where the Group operates.

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

NOTE 29. EARNINGS PER SHARE

EUR 000's	2011	2010
Profit for the year	5,844	8,006
Attributable to:		
Equity holders of the Group	5,948	7,932
Non-controlling interest	(104)	74
Total	**5,844**	**8,006**
Weighted-average number of shares outstanding	66,501,741	63,632,700
Basic and diluted earnings per share attributed to the equity holders of the Group	0.089	0.125

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

NOTE 30. SEGMENT INFORMATION

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

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

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

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

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

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

Information by operating segment for the year ended 31 December, 2010 for each reportable segment is summarised below:

Year ended 31 December, 2010 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Revenue from sales of goods	17,276	111,507	27,806	16,308	19,508	-	(47,445)	**144,960**
Other income	354	4,467	430	562	100	820	(3,070)	**3,663**
Operating expenses before depreciation and amortisation	(15,204)	(106,423)	(25,673)	(15,178)	(18,369)	(988)	48,975	**(132,860)**
Gross Operating Result	**2,426**	**9,551**	**2,563**	**1,692**	**1,239**	**(168)**	**(1,540)**	**15,763**

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.

Notes to the Financial Statements

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

EUR 000's	Year ended 31 December 2011	Year ended 31 December 2010
Gross operating result for reportable segments	17,669	17,303
Inter-Group elimination	(479)	(1,540)
Depreciation	(2,859)	(2,278)
Amortisation	(1,029)	(1,097)
Impairment	(619)	-
Non-operating costs	(2,320)	-
Financial costs - net	(59)	(973)
Profit before income tax	**10,305**	**11,415**

Assets at 31 December 2011 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current assets	15,757	60,283	17,145	15,376	32,468	26,455	(75,771)	**91,713**
Intangible assets	25,358	15,566	-	-	25,278	177	-	**66,379**
Total non-current assets	3,706	20,314	5,366	731	739	13,376	(12,583)	**31,649**
Total assets	**44,821**	**96,163**	**22,511**	**16,107**	**58,485**	**40,008**	**(88,354)**	**189,741**

Assets at 31 December 2010 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current assets	9,356	56,277	18,027	11,232	8,544	12,034	(40,728)	**74,740**
Intangible assets	8,191	16,930	-	-	23,355	2,263	-	**50,739**
Total non-current assets	2,147	16,829	1,936	430	643	12,439	(12,277)	**22,146**
Total assets	**19,694**	**90,035**	**19,963**	**11,662**	**32,542**	**26,735**	**(53,006)**	**147,625**

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

EUR 000's	Year ended 31 December 2011	Year ended 31 December 2010
Segment assets for reportable segments	278,096	200,631
Inter-Group elimination	(88,355)	(53,005)
Total assets	**189,741**	**147,626**

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

Liabilities at 31 December 2010 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	HQ	Inter-Group elimination	Total
Total current liabilities	(9,003)	(41,040)	(11,015)	(5,534)	(3,077)	(4,659)	37,042	**(37,286)**
Total non-current liabilities	(532)	(18,168)	(405)	(687)	(422)	(24,583)	11,265	**(33,532)**
Total liabilities	**(9,535)**	**(59,208)**	**(11,421)**	**(6,221)**	**(3,499)**	**(29,242)**	**48,307**	**(70,818)**

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

EUR 000's	Year ended 31 December 2011	Year ended 31 December 2010
Segment liabilities for reportable segments	(178,397)	(119,125)
Inter-Group elimination	83,529	48,306
Total liabilities	**(94,868)**	**(70,819)**

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

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

Year ended 31 December 2010 EUR 000's	Americas	Europe & Africa	Middle East & India	Far East	Australasia SE Asia	Total
Ports & Maritime	4,588	11,860	1,115	7,873	5,383	**30,819**
Airports	5,793	11,894	18,453	1,373	210	**37,723**
Mining & Tunnelling	1,400	14,158	-	1,821	3,757	**21,136**
General Industry	4,107	31,298	8,238	4,941	6,698	**55,282**
Total	**15,888**	**69,210**	**27,806**	**16,008**	**16,048**	**144,960**

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

NOTE 31. RELATED PARTY DISCLOSURE

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

Please refer to page 44 for the remuneration of the Executive Directors.

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 3,672 thousands.

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

At 31 December, 2011 the Company had interest bearing loans outstanding to managers and employees totalling EUR 129 thousands (2010: 187 thousands).

EUR 000's					Revenues		Costs	
Company	Country	Receivables	Payables	Guarantees	Goods and services	Others	Goods and services	Others
GEMS	USA	-	(27)	-	-	-	(189)	-
Inet AS Inc	USA	3,370	(2,192)	-	5,959	-	(2,223)	-
Port Equipment Manufacturing Association (PEMA)	Belgium	-	-	-	-	-	(2)	-
Sarlin Group Oy	Finland	-	-	-	14	-	-	-
Swedish Swiss Chamber of Commerce	Switzerland	-	-	-	-	-	-	(20)
VR Group Oy	Finland	-	-	-	35	-	-	-
Total		**3,370**	**(2,219)**	**-**	**6,008**	**-**	**(2,414)**	**(20)**

The Group has a rental commitment with GEMS for the building in Fullerton (USA) until August 2014.

Notes to the Financial Statements

NOTE 32. REMUNERATION OF AUDITORS

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

EUR 000's	2011	2010
Audit services:		
PricewaterhouseCoopers	420	312
Other auditor firms	202	188
Total	**622**	**500**
Other services:		
Taxation		
PricewaterhouseCoopers	49	57
Other auditor firms	22	16
Total	**71**	**73**
Other assurance services*		
PricewaterhouseCoopers	391	17
Other auditor firms	5	4
Total	**396**	**21**
Total	**467**	**94**

* Other assurance services included legal, due diligence and transfer pricing costs.

NOTE 33. CONTINGENCIES

EUR 000's	2011	2010
Bonds	7,004	4,842
Financial guarantees	916	2,086
Other guarantees	341	278
Total	**8,261**	**7,206**

The items listed under Contingencies are mainly performance bonds to customers in the Middle East, Italy and Germany.

NOTE 34. COMMITMENTS

The following table details commitments associated with Cavotec SA and its subsidiaries.

EUR 000's	2011	2010
Rental commitments		
Within one year	2,669	2,437
Later than one, not later than two years	2,303	1,440
Later than two, not later than five years	2,152	1,742
Later than five years	301	181
Total	**7,425**	**5,800**

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

Operating lease commitments		
Within one year	812	314
Later than one, not later than two years	738	202
Later than two, not later than five years	892	168
Later than five years	-	-
Total	**2,442**	**684**

Capital commitments		
Within one year	3,942	932
Later than one, not later than two years	3	-
Total commitments	**3,945**	**932**

Group capital commitments to purchase property, plant and equipment, already given to third parties at 31 December, 2011 and not yet reflected in the financial statements, amount to Euro 3,942 thousands. This amount is related to the purchasing of the new Fladung premises in Dietzenbach (Germany).

NOTE 35. SECURITIES AND COLLATERALS

Real estate related loans amounting in total to EUR 3,307 thousands at 31 December, 2011 (2010: 3,740) are secured by mortgages on land and buildings in Italy, Germany, Norway, Sweden and France.

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.

RISK MANAGEMENT

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

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

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

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

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

MARKET RISK

Foreign exchange risk

As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities. An area of potential risk arises from the fact that the Group's major manufacturing units, except for the operations of Inet, Dabico and Micro-control Norway, are located in Euro currency based jurisdictions while significant sales are also made in territories where the US dollar has historically had a significant influence (apart from the US, this would include the UAE, China, Hong Kong and Singapore amounting to 43.8% of the Group's total sales from 44% in 2010). As a matter of policy, sales are usually denominated in the currency of the country in which the sales company is located. 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.

The Group is exposed to foreign exchange risk related to exposures on transactions in various currencies. The exchange rates listed here below are used to prepare the Financial Statements:

Currency	Average rate	Year end rate
AED	0.19549	0.21026
ARS	0.17391	0.17951
AUD	0.74163	0.78598
BRL	0.42983	0.41392
CAD	0.72669	0.75672
CHF	0.81129	0.82264
DKK	0.13422	0.13451
EUR	1.00000	1.00000
GBP	1.15223	1.19717
HKD	0.09228	0.09949
INR	0.01541	0.01455
KRW	0.00065	0.00067
NOK	0.12831	0.12897
NZD	0.56817	0.59748
RMB	0.11116	0.12257
RUB	0.02446	0.02394
SEK	0.11074	0.11221
SGD	0.57180	0.59457
USD	0.71841	0.77286
ZAR	0.09904	0.09539

At 31 December 2011, 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 1,666 thousands higher/lower (2010: 298 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.

As at 31 December 2010	2011		2010	
EUR 000's	**EUR -10%**	**EUR +10%**	**EUR -10%**	**EUR +10%**
Receivables	64	(64)	15	(15)
Payables	(167)	167	(65)	65
Financial assets	1,769	(1,769)	349	(349)
Financial liabilities	-	-	-	-
Total increase / (decrease)	**1,666**	**(1,666)**	**298**	**(298)**

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

	2011		2010	
EUR 000's	**Financial Assets**	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
EUR	5,786	(34,857)	3,605	(30,315)
USD	3,348	-	2,213	-
RMB	512	-	1,021	-
AED	234	-	665	-
BHD	34	-	1,072	-
SEK	301	(890)	435	(1,020)
NOK	324	(322)	675	(449)
AUD	488	(89)	812	(85)
CHF	154	(387)	115	-
Other	1,771	(119)	1,590	(9)
Total	**12,952**	**(36,664)**	**12,203**	**(31,878)**

Other non-current financial assets totalling EUR 254 thousands were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

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

	2011		2010	
EUR 000's	**Receivables**	**Payables**	**Receivables**	**Payables**
EUR	18,829	(20,337)	12,901	(15,338)
USD	9,219	(5,437)	5,232	(1,110)
RMB	5,617	(1,132)	3,163	(1,170)
AED	608	(1,333)	884	(370)
BHD	-	(471)	1,604	(1,262)
SEK	521	(367)	286	(187)
NOK	1,549	(1,758)	1,477	(1,974)
AUD	1,972	(1,080)	2,865	(1,187)
CHF	-	(374)	-	(24)
Other	4,297	(1,660)	2,886	(1,023)
Total	**42,612**	**(33,949)**	**31,298**	**(23,645)**

Other non-current assets totalling EUR 4,301 thousands were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, minimizing borrowing costs over time and limiting the volatility of results. The Group is party to fixed interest rate loan agreements in the normal course of business in order to eliminate the exposure to increases in interest rates in the future in accordance with the Group's financial risk management policy approved by the Board. The amount of floating rate debt is the main factor that could impact the Statement of Comprehensive Income in the event of an increase in market rates. At 31 December, 2011 89% of the Net Debt was floating rate.

The impact of a 1% increase/decrease in interest rates will result in a decrease/increase of interest expenses for the year of EUR 328 thousands (2010: 208 thousands).

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

Financial instruments

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

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

The following table presents the Group's financial instruments that are measured at fair value including those measured at amortized cost or at cost at 31 December, 2011:

EUR 000's	Level 1	Level 2	Level 3	Valued at amortized cost	Total
Assets					
Current financial assets	3	-	-	-	3
Non-current financial assets	-	-	40		40
Long-term loans	-	-	-	214	214
Total Assets	**3**	**-**	**40**	**214**	**257**
Liabilities					
Current trading derivatives	-	(6)	-	-	(6)
Non-current trading derivatives	-	(66)	-	-	(66)
Total Liabilities	**-**	**(72)**	**-**	**-**	**(72)**

The decrease in carrying values of EUR 1 thousands associated with level 3 financial instruments during the year was recognized in the consolidated income statement.

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, 2011 total past due trade receivables were higher than at the end of 2010 but with a significant reduction of the receivable overdue by more than 90 days. The ageing of the trade receivables is as follows:

EUR 000's	2011	2010
Overdue up to 30 days	9,639	6,107
Overdue up to 30 and 60 days	4,480	1,819
Overdue up to 60 and 90 days	2,501	1,028
Overdue up to 90 and 120 days	858	1,840
Overdue more than 120 days	1,458	2,081
Total	**18,936**	**12,876**

At 31 December, 2011 EUR 921 thousands (2010: 608 thousands) has been provisioned against impaired financial receivable.

Provision for impaired financial receivables by operating segment

EUR 000's	2011	2010
Americas	(43)	(23)
Europe & Africa	(207)	(233)
Middle East & India	(397)	(256)
Far East	(210)	(77)
Australasia SE Asia	(64)	(19)
Total	**(921)**	**(608)**

NET DEBT

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

EUR 000's	2011	2010
Cash and cash equivalents	12,952	12,203
Current financial assets	3	23
Bank overdraft	-	-
Short term debt	(4,277)	(3,559)
Long term debt	(32,387)	(28,319)
Total	**(23,708)**	**(19,652)**

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. The facility is available in two parts - EUR 10.0 million amortizing term loan ("Facility A") and EUR 40.0 million revolving credit line ("Facility B"). Facility A was fully drawn at the end of 2011, drawings of facility B amounted to EUR 28.4 million of which EUR 22.0 million on the revolving credit facility itself and EUR 6.4 million on the ancillary credit line for guarantees. See note 21 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 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 bank loan covenants as of December 31, 2011.

As of December 31, 2011, 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 56.8 million, of which EUR 42.2 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.

At 31 December 2011		
EUR 000's	**Less than 1 year**	**1 and 5 years**
Bank overdrafts and short term debt	(4,277)	-
Long term debt	-	(32,387)
Total	**(4,277)**	**(32,387)**
Cash and cash equivalents	12,952	-

At 31 December 2010		
EUR 000's	**Less than 1 year**	**1 and 5 years**
Bank overdrafts and short term debt	(3,559)	-
Long term debt	-	(28,319)
Total	**(3,559)**	**(28,319)**
Cash and cash equivalents	12,203	-

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 2011, 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, 2011 and 31 December, 2010 were as follows:

EUR 000's	2011	2010
Net debt	23,708	19,652
Total equity	94,873	76,807
Debt equity ratio	25.0%	25.6%
Interest cover	8.1x	7.0x
Leverage Ratio	1.4x	1.2x

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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Cavotec SA, which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and notes (pages 54 to 83), for the year ended 31 December 2011.

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 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

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	

Lugano, 29 March 2012

STATUTORY FINANCIAL STATEMENTS

For the period ended 31 December 2011

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

STATUTORY FINANCIAL STATEMENTS

CAVOTEC SA
Income statement

CHF	2011
Revenue and income	-
Employee benefit costs	(171,452)
External services	(2,857,709)
Travelling expenses	(51,892)
General expenses	(7,026)
Operating Result	**(3,088,079)**
Finance costs - net	(1,382)
Foreign exchange - net	(581,636)
Profit / Loss before income tax	**(3,671,097)**
Taxes	(15,434)
Profit / Loss for the period	**(3,686,530)**

CAVOTEC SA
Balance Sheet

Assets CHF	Notes	2011
Current assets		
Cash and cash equivalents		27,827
Prepaid exp. and accrued income		6,547
Tax assets		42,221
Total current assets		**76,595**
Non-current assets		
Investment in subsidiary companies	3	122,501,704
Own shares	6	100,006
Total non-current assets		**122,601,710**
Total assets		**122,678,305**

Liabilities		2011
Current liabilities		
Bank overdrafts		(11,616,067)
Current financial liabilities	11	(1,355,394)
Trade accounts payables	4	(393,575)
Accruals and deferred income		(159,874)
Tax provision		(15,221)
Other liabilities		(19,034)
Total current liabilities		**(13,559,163)**
Total non-current liabilities		**-**
Total liabilities		**(13,559,163)**

Equity		2011
Share capital	5	(110,665,691)
Legal reserves:	5	
- Reserve for own shares	5,6	(100,006)
Share premium reserve	5	(2,039,975)
Result for the period	5	3,686,530
Total equity		**(109,119,142)**
Total equity and liabilities		**(122,678,305)**

STATUTORY FINANCIAL STATEMENTS

CAVOTEC SA
Notes to Statutory Financial Statements

NOTE 1. GENERAL
Cavotec SA (the "Company") was incorporated in Lugano on 14 June 2011 by Cavotec MSL.
It became the new parent of the Cavotec Group after the extensive corporate reorganization proposed by the Board of Directors of Cavotec MSL, through a Scheme of Arrangement under part 15 of the New Zealand Companies Act 1993 which came into effect on 3 October 2011.

Upon implementation of the Scheme of Arrangement the shareholding of Cavotec SA precisely mirrored the previous shareholding of Cavotec MSL.
The Cavotec MSL share was traded on the NZX for the last time on 26 September 2011 and Cavotec SA begun trading on NASDAQ OMX on the 19 October 2011.

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

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

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

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

NOTE 3. INVESTMENT IN SUBSIDIARY COMPANIES

Company name	Purpose	Domicile	Ownership interest	Curr.	Share Capital
Cavotec (Swiss) SA	Service company	Switzerland	100%	CHF	3,000,000
Cavotec MoorMaster	Holding & engineering	New Zealand	100%	NZD	9,500,000
Cavotec US Holdings Inc.	Holding	USA	100%	USD	6,000,000

NOTE 4. TRADE ACCOUNTS PAYABLES
The trade accounts payables include CHF 14 thousands due to the pension fund.

NOTE 5. 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

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 share capital as of 31 December 2011 is divided into 71,397,220 shares at a par value CHF 1.55 each.

CHF	Share Capital	Legal Reserve Reserve for own shares	Share Premium Reserve	Result for the period	Total Shareholder's equity
Balance at December 31, 2011	110,665,691	100,006	2,039,975	(3,686,530)	109,119,142

NOTE 6. OWN SHARES

The own shares held at 31 December were 64,520, equal to 0.09% of the total share capital. A reserve for own shares of CHF 100 thousands equal to 64,520 shares at CHF 1.55 has been established.

NOTE 7. SIGNIFICANT SHAREHOLDERS

At the end of the year, the shareholders with holdings in excess of 5% of the shares are:

Shareholders		Number	%
Lars Hellman & family (through Nordea Life & Pension)	Founder	7,912,551	11.1%
Michael Colaco (through Inet AS Inc)	EMC member	7,700,000	10.8%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Stefan Widegren & family	Chairman & Founder	6,830,867	9.6%
Total		**29,391,464**	**41.2%**

NOTE 8. BOARD OF DIRECTORS COMPENSATION

In 4 quarter of 2011, a total remuneration to the Board members in Cavotec SA was paid in aggregate of CHF 540.5 thousands, whereof CHF 192.8 thousands was allocated to the Chairman of the Board of Directors and CHF 347.7 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.

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

Stefan Widegren, throught Soliden Sagl, has provided consulting services to the Group totalling CHF 75.0 thousands. His remuneration includes the remuneration of his wife.

Ottonel Popesco's remuneration includes the remuneration of his wife.

Erik Lautmann, through Radela AB, has provided consulting services to Cavotec SA totalling CHF 41.6 thousands, CHF 34.1 thousands was outstanding at the end of the year.

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.

CAVOTEC SA
Notes to Statutory Financial Statements

NOTE 9. EXECUTIVE MANAGEMENT COMPENSATION
The remuneration of the Executive Management of Cavotec SA was as follows:

CHF	Short-term employee benefits	Post-employment benefits	Total
Executive Management	156,367	15,085	171,452
Total remuneration	**156,367**	**15,085**	**171,452**

In the table above is included the remuneration of Ottonel Popesco, Chief Executive Officer, equal to CHF 83.2 thousands thereof CHF 6.2 thousands for post-employment benefits. Please see the note 31 of Consolidated Financial Statement for the full disclosure of the Group Executive Management compensation.

NOTE 10. SHARE OWNERSHIP – BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT
Ownership by members of the Board and senior management:

Shareholders as of 31 December 2011		Number	%
Lars Hellman & family (through Nordea Life & Pension)	Founder	7,912,551	11.1%
Michael Colaco (through Inet AS Inc)	EMC member	7,700,000	10.8%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Stefan Widegren[(1)] & family	Chairman & Founder	6,830,867	9.6%
Peter Brandel	Founder	2,952,348	4.1%
Ottonel Popesco & family	CEO	2,641,420	3.7%
Leena Essén (through Anelea Holdings & other)	Board member	2,331,607	3.3%
Michael Widegren[(1)] & family	EMC member	1,085,277	1.5%
Lakshmi Khanna	Board member	263,406	0.4%
Erik Lautmann	Board member	87,802	0.1%
Patrick Rosenwald	EMC member	38,153	0.1%
Christian Bernadotte	EMC member	31,684	0.0%
Michael Scheepers	EMC member	28,153	0.0%
Christer Granskog (through Oy Piceum Ab)	Board member	20,000	0.0%
Diego Fiorentini	Group CFO	20,000	0.0%
Luciano Corbetta	EMC member	17,560	0.0%
Gary Matthews	EMC member	14,124	0.0%
Juergen Strommer	EMC member	14,124	0.0%
Gustavo Miller	EMC member	14,124	0.0%
Joe Pope	Board member	10,000	0.0%
Total		**38,961,246**	**54.6%**

[(1)] *Stefan Widegren and Michael Widegren are brothers.*

NOTE 11. 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 1,355 thousands.

NOTE 12. GUARANTEES AND COMMITMENTS
Cavotec SA is a guarantor for the existing EUR 50 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.

NOTE 13. 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 14. RELATED PARTY TRANSACTIONS

As of 31 December 2011, 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 15. 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 16. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

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

CHF	
Carried forward from previous years	-
Net loss for the financial year 2011	(3,686,530)
Total earnings available	**(3,686,530)**
Appropriation to general statutory reserves (retained earnings)	-
Appropriation to other reserves	-
Proposed balance to be carried forward	**(3,686,530)**

In lieu of a dividend the Board of Directors will propose to the Annual General Meeting, to be held on 4 May 2012, a reduction in par value of the shares by CHF 0.02 to CHF 1.53.

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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Cavotec SA, which comprise the balance sheet, income statement and notes (pages 87 to 91), for the year ended 31 December 2011.

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 2011 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.

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

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

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

PricewaterhouseCoopers SA

Daniel Ketterer	Efrem Dell'Era
Audit expert Auditor in charge	

Lugano, 29 March 2012

WHERE WE ARE

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

Head Office

Cavotec SA
Via Serafino Balestra 27
CH-6900 Lugano, Switzerland
Telephone: +41 91 911 40 10
Fax: +41 91 922 54 00
www.cavotec.com

NOTES

Project coordination:

Cavotec Investor Relations
investor@cavotec.com

Paper:

Fedrigoni Symbol Freelife Satin

Printing:

A.G. Bellavite (Missaglia, Lecco)

This publication has been printed
on FSC certified paper.

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

Cavotec SA is listed on the
NASDAQ OMX