CARLO GAVAZZI

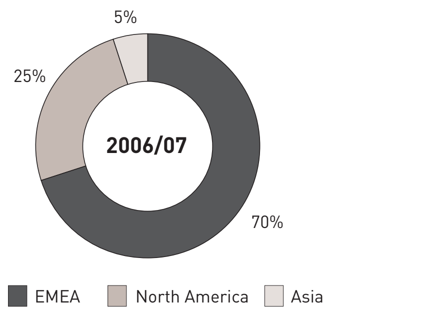
Annual Report 2006/07

At a Glance

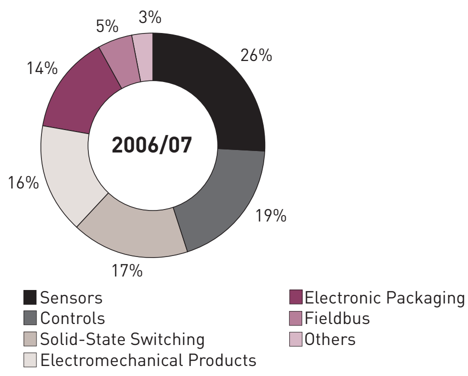
(CHF million)	**2006/07***	2005/06**	%
Bookings	**221.6**	201.8	+ 9.8
Operating revenue	**215.7**	201.6	+ 7.0
EBIT	**20.2**	14.8	+ 36.5
Earnings from continuing operations	**14.9**	11.5	+ 29.6
Cash flow	**18.8**	15.5	+ 21.3
Shareholders' equity	**98.9**	111.6	- 11.4
ROE	**11.7%**	10.9%	–
ROCE	**19.1%**	13.9%	–

* 2006/07 figures reflect the results of continuing operations
** 2005/06 figures have been restated to reflect the effect of the discontinuance of the Channel Access Fulfilment Division

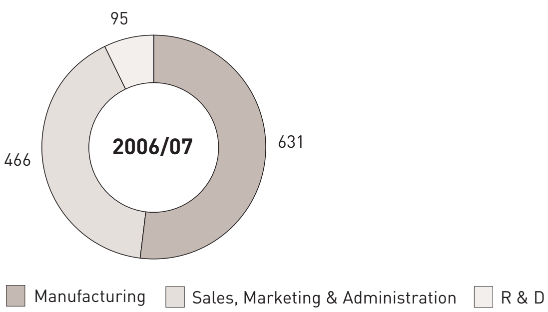
Revenue distribution by geographical region



Revenue distribution by product lines



Distribution of employees by activity



Five-Year Financial Summary

(CHF 1 000)	**2006/07***	2005/06**	2004/05	2003/04	2002/03
Bookings	**221.6**	201.8	207.0	206.5	208.9
Order backlog	**50.8**	44.7	45.5	43.2	42.4
Operating revenue	**215.7**	201.6	201.8	203.8	204.8
Gross profit	**100.9**	92.1	84.2	81.7	74.7
EBITDA	**25.0**	19.1	14.4	13.8	6.0
EBIT	**20.2**	14.8	10.0	8.5	-0.4
Earnings before taxes and minorities	**19.0**	15.1	8.9	6.8	-2.6
Net income from continuing operations	**14.9**	11.5	6.8	5.2	-2.7
Net income including discontinued operations	**11.5**	12.2			
Cash flow***	**18.8**	15.5	10.7	10.4	5.8
Depreciation and amortisation	**4.8**	4.3	4.4	5.3	6.4
Additions to fixed assets	**5.1**	5.4	4.6	3.5	4.7
Accounts receivable	**59.3**	63.1	64.3	57.7	59.9
Inventories	**40.4**	32.7	31.4	30.9	31.0
Net working capital	**58.7**	52.3	52.2	46.0	49.7
Current assets	**126.8**	128.7	111.3	111.6	110.2
Fixed assets, net	**23.2**	23.9	22.5	22.8	32.6
Intangible assets, net	**29.7**	33.8	32.6	33.0	33.5
Interest-bearing debt, net	**7.2**	- 5.1	8.3	17.4	37.2
Current liabilities	**71.3**	66.3	61.5	74.1	82.7
Long-term liabilities	**11.9**	13.2	13.1	16.2	22.9
Minorities	**–**	–	0.1	0.2	0.5
Shareholders' equity	**98.9**	111.6	100.8	95.9	89.7
Total liabilities and shareholders' equity	**182.2**	191.2	175.5	186.4	195.8
Number of employees (average)	**1 192**	1 126	1 041	999	1 033

* 2006/07 figures reflect the results of continuing operations
** 2005/06 figures have been restated to reflect the effect of the discontinuance of the Channel Access Fulfilment Division and are not comparable with previous periods
*** Net income + depreciation + amortisation + change in provisions – gain (loss) on sale of investments or assets

Information for Investors

Registered shares		2006/07	2005/06	2004/05	2003/04	2002/03
Nominal value CHF 3						
Shares issued	Number	**1 600 000**	1 600 000	1 600 000	1 600 000	1 600 000
Share of capital	%	**45.0**	45.0	45.0	45.0	45.0
Share of voting rights	%	**80.4**	80.4	80.4	80.4	80.4
Share price	The registered shares are not traded on the stock exchange					

Bearer shares						
Nominal value CHF 15						
Shares issued	Number	**390 710**	390 710	390 710	390 710	390 710
Share of capital	%	**55.0**	55.0	55.0	55.0	55.0
Share of voting rights	%	**19.6**	19.6	19.6	19.6	19.6
Share price as of March 31	CHF	**275**	209	116	80	28
Share price - high	CHF	**278**	229	121	83	80
Share price - low	CHF	**183**	103	74	28	28
Average daily volume	Number	**922**	1 366	962	708	258
P/E Ratio	Factor	**13.1***	12.2	12.1	11.0	–
Basic earnings per share	CHF	**21.0***	17.1	9.6	7.2	-3.8
Book value per share	CHF	**139**	157	142	135	126
Stock market capitalisation	CHF 1 000	**195 445**	148 500	82 400	56 500	19 900
- in percentage of revenue	%	**90.6**	68.5	40.8	27.7	9.7
- in percentage of equity	%	**197.6**	133.0	81.7	58.9	22.2
Dividend per share	CHF	**7.0****	–	5.0	2.0	–
- dividend yield	%	**2.5****	–	4.3	2.5	–
- total pay-out	CHF 1 000	**4 975****	–	3 554	1 421	–
- pay-out ratio	%	**33.4***	–	52.3	27.6	–
Share capital repayment per share	CHF	**–**	35.0	–	–	–

Restriction of voting rights

There are no limits on registration of voting rights

Conditional share capital as of March 31, 2007	
35 270 bearer shares (CHF 529 050)	For issue to employees and members of the board of directors of the company or subsidiaries

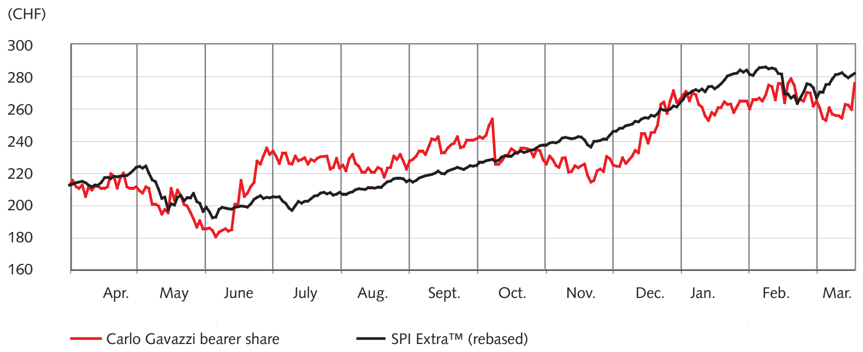
Financial calendar

Shareholders' meeting 2006/07	July 26, 2007, at the Congress Center Metalli, Zug
Interim report 2007/08	November 16, 2007
Press and financial analysts' meeting 2007/08	June 24, 2008, at the Hotel Widder, Zurich
Shareholders' meeting 2007/08	July 24, 2008, at the Congress Center Metalli, Zug

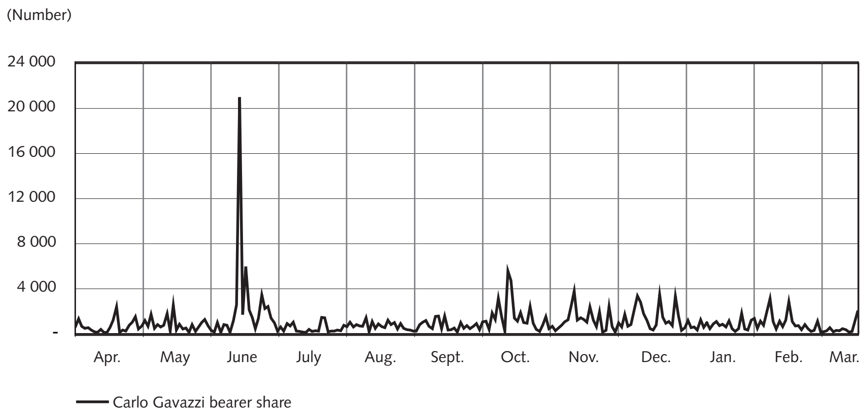
* Based on continuing operations only
** Proposal of the board of directors

Information for Investors

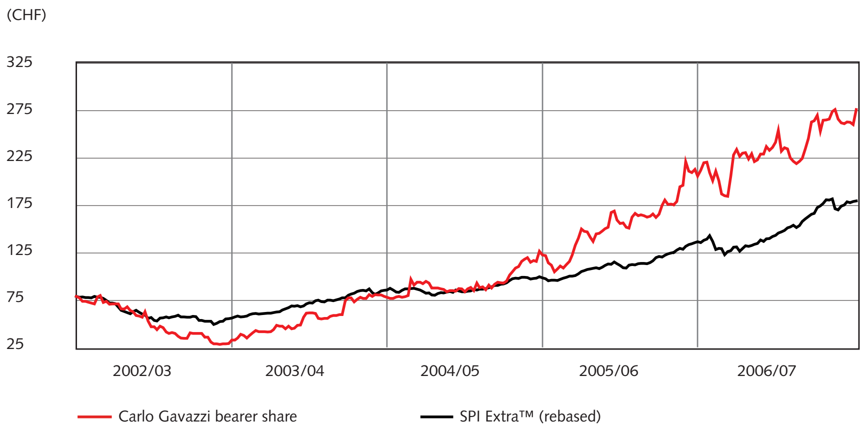
Share price 1.4.2006 – 31.3.2007



Share volume 1.4.2006 – 31.3.2007



Share price 1.4.2002 – 31.3.2007



Carlo Gavazzi Group

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Letter to the Shareholders

In 2006/07 Carlo Gavazzi experienced another outstanding year of growth, globally increased market share and significantly improved profitability.

– EBIT improved by 37% to CHF 20.2 million or 9.4% of operating revenue
– Earnings from continuing operations rose by 30% to CHF 14.9 million or 6.9% of operating revenue
– Bookings grew by 10% to CHF 222 million and operating revenue by 7% to CHF 216 million
– The Carlo Gavazzi share price increased from CHF 209 to CHF 275, despite the capital repayment of CHF 35 per share
– Since its low point at March 31, 2003, the market capitalisation of the company increased ten-fold

Management is confident that with the prevailing economic conditions, Carlo Gavazzi will further improve its market position and its financial performance during 2007/08. In order to assure future growth, the group will continue to pursue the chosen successful strategy.

Strategy

Application-driven product development
Carlo Gavazzi continued its efforts in designing new hardware that meets the specifications of our customers' next-generation products. The group aims at providing its customers a range of aligned products ideally fitting the targeted applications. In order to cope with development demand and to assure technological leadership, Carlo Gavazzi has strengthened its development resources. Consequently, a number of new products with high turnover potential, featuring enhanced specifications and lower cost, were introduced to the market.

Global coverage
The investments Carlo Gavazzi made over the last two years in establishing a presence in the fast growing South-East-Asian region are bearing fruit. The group established a network of eight sales offices and a fully fledged manufacturing operation in this region that produces a broad range of high-quality automation components. The growing customer base for components, now also extending to most of the South-East-Asian countries, evidences the global acceptance and competitiveness of Carlo Gavazzi's automation products.

The Business Units

Automation Components – gain of market share
With an increase in bookings of 12% and operating revenue of 9%, the business unit clearly outpaced global market growth, estimated at 4%. In geographical terms, Automation Components achieved particularly high growth rates in South-East-Asia where bookings grew, albeit from a small base, by 33% and operating revenue by 24%, followed by Europe, where bookings and revenue grew by 14%. Instead, the less favourable economic conditions in the US and Canadian factory and building automation markets limited bookings expansion in North America to 4% in local currency. Revenue in the priority market segments expanded at a high 22% rate, thereby confirming the customers' appreciation of the product offering. The operating profit of 13% of sales in the reporting period is an excellent base, allowing the business unit to further expand its investments for new products and to strengthen its global marketing and sales organisation. The objective remains to profitably expand sales of automation components well in excess of market growth and to further increase its geographical coverage.

Computing Solutions – concentration on core competences
The non-exclusive distribution of third-party active voice-recognition boards by Computing Solutions has been terminated by the supplier, negatively affecting revenue and operating profit by USD 5.8 million and USD 0.6 million, respectively. Without these products, the distribution business misses the required critical mass and, accordingly, it was decided to discontinue this activity and to write off the goodwill relating thereto in the amount of USD 2.7 million. Management embarked on streamlining and re-engineering its operating processes aiming at further reducing its break-even point. Computing Solutions now concentrates on its core competence, the design of highly effective standard and customised solutions for data and voice communication.



Despite stable turnover from continuing operations, the business unit succeeded in turning last year's operating loss into a meaningful profit. In 2007/08, Computing Solutions will leverage on the close and successful relations with its tier-one customers and management is confident to win additional, already identified programmes. It believes that the enacted and planned operational improvements as well as the identified new business opportunities will allow the business unit to significantly strengthen its market position and its financial performance.

Financial results

Operating revenue from continuing operations increased by CHF 14.1 million over the previous year. As a result of efficiency improvement programmes, economy-of-scale effects and a different business mix, gross profit rose by CHF 8.8 million to CHF 100.9 million, representing a new record high of 46.7% of sales. EBIT of the reporting period includes CHF 1.8 million non-recurring legal and severance expenses as well as license income while previous year's EBIT benefited from the reversal of accruals of CHF 1.5 million. Despite these differences totalling CHF 3.3 million, EBIT improved by CHF 5.4 million or 37%. After interest charges and currency exchange losses of CHF 1.2 million (previous year CHF 0.3 million income) earnings from continuing operations improved by CHF 3.4 million from CHF 11.5 million to CHF 14.9 million. After the goodwill write-off, the company is reporting a net income of CHF 11.5 million.
With an equity at March 31, 2007, amounting to CHF 99 million or 54% of total assets, the group's balance sheet continues to be sound. Considering this, as well as the strong operational performance, the board of directors will propose to the annual shareholders' meeting the payment of a dividend of CHF 7 per bearer share for the reporting period, corresponding to 33% of earnings from continuing operations.

Outlook

Carlo Gavazzi believes that the companies having the highest success potential are those that react fast to the changing environment, invest heavily in future technologies and exploit fully the economy-of-scale effects. The basis for the group's future success remains the high service level and customer orientation, the broad range of globally accepted state-of-the-art products, the joint development of new products with market segment leaders and the ever-increasing number of satisfied customers. The group will retain its lean and efficient operating structure.
With the current economic conditions prevailing, group revenue is expected to again exceed market growth and management is confident in further enhancing the group's profitability significantly.

Acknowledgements

Today, Carlo Gavazzi is well positioned in terms of financial stability, focused strategy, innovative technology, customer alliances and market share and, moreover, achieved the highest earnings ever from continuing operations. The group consists of many talented people providing exceptional performance, rewarded by attractive bonus schemes that honour outstanding results. Carlo Gavazzi is proud to have a dedicated team, willing and able to further strengthen both its financial and its global market position. Many thanks and appreciation go to the employees for their dedication and hard work, to our customers and business partners for their confidence and loyalty, as well as to our shareholders for the continued trust in the management and the board of directors.

Werner S. Welti

Chairman of the Board

Corporate

Review of Operations

Structure

The organisational structure of the group remained unchanged during the year under review. The group is composed of the two business units Automation Components with its head office in Lainate (Milan), Italy, and Computing Solutions with its head office in Brockton, MA, USA. Due to the cancellation of the distribution agreement for active voice-recognition boards sold until March 2007 by Channel Access, LLC, the Fulfilment Division of the Computing Solutions Business Unit, this activity has been discontinued. In 2006/07, its operating revenue amounted to CHF 7.4 million compared with CHF 14.9 million in the previous year.

Discontinued operations

Under US GAAP, the sale or abandonment of an entire activity results in the transaction being treated as discontinued operations. This implies that the consolidated income statement is made up of two parts, an income statement reflecting the financial performance of the remaining business (continuing operations) and an additional part below the line «earnings from continuing operations» reflecting the financial consequences of the sale or abandonment of the activity (discontinued operations). The income statement of the previous year is restated in order to allow for direct comparison. The balance sheet at March 31, 2007 reflects the assets, liabilities and equity of the continuing operations only, whereas the previous year's balance sheet has not been restated.

Currencies

As the group operates in more than 20 countries and generates substantially all of its revenue in currencies other than the Swiss franc, foreign exchange rate movements are of particular importance. Compared with the previous year, the Euro strengthened against the Swiss franc and the US dollar weakened. The weighted positive currency effect for the group amounted to 0.8% on bookings and operating revenue and 1.3% on operating expenses. The currency exposure for the group on profitability is limited as local revenues are matched with corresponding expenses in the same currencies.

Bookings and backlog

In 2006/07, consolidated bookings from continuing operations increased by CHF 19.8 million or 9.8% (8.9% adjusted for currency effect) from CHF 201.8 million to CHF 221.6 million. Bookings exceeded revenue by CHF 5.9 million for a book-to-bill ratio of 103%. The Automation Components Business Unit increased its bookings by CHF 19.8 million or 11.5% (9.6% adjusted for currency effect) from CHF 171.5 million to CHF 191.3 million. Bookings of the Computing Solutions Business Unit (from continuing operations) increased in US dollars by 2.9% whereas in Swiss francs they were maintained at the same level as the previous year of CHF 30.3 million. Group order backlog at year-end amounted to 23.6% of operating revenue, corresponding to work-on-hand of almost three months compared with two and a half months in the previous year.

Operating revenue

Consolidated revenue from continuing operations increased by CHF 14.1 million or 7.0% (6.2% adjusted for currency effect) from CHF 201.6 million to CHF 215.7 million. The Automation Components Business Unit increased its revenue by CHF 15.6 million or 9.1% (7.2% adjusted for currency effect) from CHF 171.0 million to CHF 186.6 million, reflecting the benefits gained from application-driven product development and the geographical expansion in South-East-Asia. Revenue from continuing operations at Computing Solutions decreased in US dollars by USD 0.5 million or 2.1% and in Swiss francs by CHF 1.5 million or 4.9% from CHF 30.6 million to CHF 29.1 million. Automation Components represented 86.5% of group revenue compared with 84.8% in the previous year.

Improved gross profit margin

The consolidated gross profit margin improved by 1.0 percentage point from 45.7% to 46.7% in the reporting period. In the Automation Components Business Unit, the gross profit margin increased by 1.1 percentage points from 49.5% to 50.6% while it decreased at Computing Solutions from 24.0% to 21.9% due to a different product mix. The excellent margin performance at Automation Components was assisted by the lower costs resulting from the transfer of production from Denmark to Malta and Lithuania and economy-of-scale effects from increased production.

Operating expenses

Operating expenses as a percentage of operating revenue amounted to 36.9% compared with 38.9% in the previous year. Operating expenses, including selling, general, administrative and R & D expenses, increased by CHF 1.2 million or 1.5% (0.3% adjusted for currency effect) from CHF 78.4 million to CHF 79.6 million. The Automation Components Business Unit increased operating expenses by CHF 3.1 million or 4.6% (2.7% adjusted for currency effect) from CHF 67.3 million to CHF 70.4 million, reflecting the increased investment in sales, marketing and R&D personnel. Operating expenses of the Computing Solutions Business Unit were reduced by CHF 1.9 million or 17.1% (23.3% adjusted for currency effect) from CHF 11.1 million to CHF 9.2 million as a result of the restructuring efforts. Other income/expense, net, of CHF 1.0 million includes non-recurring restructuring expenses to cover the move of Automation Components production from Denmark and the relocation of the Computing Solutions Reno production to Brockton, MA, USA, arbitration legal costs plus third-party license income for a net cost of CHF 1.8 million. In contrast, the previous year included income from a provision no longer required of CHF 1.5 million. The net change of non-recurring items amounted to CHF 3.3 million.

Enhanced EBIT

Consolidated EBIT increased by CHF 5.4 million or 36.5% from CHF 14.8 million to CHF 20.2 million. As a percentage of operating revenue, EBIT amounted to 9.4%, an improvement of 2.1 percentage points over the previous year.
Net interest expense increased from CHF 0.1 million to CHF 0.7 million, mainly due to the financing cost of the CHF 24.9 million share capital reduction made on October 17, 2006. In 2006/07, there was an exchange loss of CHF 0.5 million compared with a gain of CHF 0.4 million in the previous year, mainly due to the decrease of the US dollar. The nominal tax rate improved by 2.2% percentage points from 23.8% to 21.6%.

Net income

Earnings from continuing operations increased by CHF 3.4 million or 29.6% from CHF 11.5 million to CHF 14.9 million. The loss and goodwill write-off from discontinuance of the Computing Solutions distribution business amounted to CHF 3.4 million compared with a profit of CHF 0.6 million in the previous year. Net income after deducting discontinued operations amounted to CHF 11.5 million. Earnings per share from continuing operations grew from CHF 16.21 to CHF 20.99. Return on equity increased from 10.9% to 11.7% while return on capital employed improved from 13.9% to 19.1%.

Balance sheet and cash flow

Trade accounts receivable, net, increased by CHF 2.3 million or 4.4% from CHF 52.3 million to CHF 54.6 million, corresponding to a collection period of 82 days, a slight increase over the 80 days of the previous year. Inventories increased by CHF 7.7 million to CHF 40.4 million, corresponding to 3.3 turns compared with 4.0 turns in the previous year. This temporary increase resulted from the necessity to hold additional stock to cover customer requirements following the transfer of production from Denmark to Malta and Lithuania. Net working capital increased by CHF 6.4 million from CHF 52.3 million to CHF 58.7 million for the same reason. Goodwill decreased by CHF 4.1 million from CHF 33.8 million to CHF 29.7 million due to the write-off of goodwill attached to the Computing Solutions distribution business of Channel Access, LLC, of CHF 3.3 million plus translation differences.
Net interest-bearing debt amounted to CHF 7.2 million compared with a net cash position of CHF 5.1 million at the end of the previous year.
Shareholders' equity decreased from CHF 111.6 million to CHF 98.9 million or 54.3% of total assets, after the net income of CHF 11.5 million, translation gains of CHF 0.6 million and the share capital repayment of CHF 24.9 million.

Cash flow from operating activities before net working capital changes amounted to CHF 18.8 million, an increase of CHF 3.3 million over the previous year. Cash flow from operating activities including changes in net working capital decreased by CHF 7.6 million from CHF 15.6 million to CHF 8.0 million, caused by the inventory increase described above. Taking investing activities into account, free cash flow decreased by CHF 4.7 million from CHF 17.5 million to CHF 12.8 million.

Corporate

Group Profile

Our mission

Carlo Gavazzi is a diversified, internationally active electronics group designing, manufacturing and marketing electronic equipment targeted at the global markets of industrial automation and information processing.

Our structure

Under the umbrella of a holding company, headquartered in Switzerland, Carlo Gavazzi is organised in two business units. It is the function of the holding company to ensure planning and development of the group's business portfolio, choose a coherent set of strategies and objectives, monitor their implementation and the efficiency of the corresponding management tools and processes, select the upper-level management, manage corporate finance, controlling, tax planning, management information systems, communication and investor relations.
The business units operate separately within the framework of defined strategies and objectives; they are responsible for research and development, manufacturing, quality, marketing and sales, human resources, logistics, finance and control. Group executives lead their business units in line with the holding's objectives as businessmen with strong entrepreneurial drive and responsibility.

Our objectives

To provide our customers with technologically innovative, high quality and competitive solutions, in compliance with their requirements and expectations.
To create an environment conducive to our employees' professional and personal development.
To obtain a fair and equitable return for our shareholders through sustained development of our core activities.

Our principles

To create added value for our customers with our products and services in order to strengthen their market positions and establish long-term partnerships.
To adapt structures and processes to market needs and delegate responsibility.
To promote an environment conducive to mutual respect and cooperation.
To mark clear leadership and integrity by doing what we say.

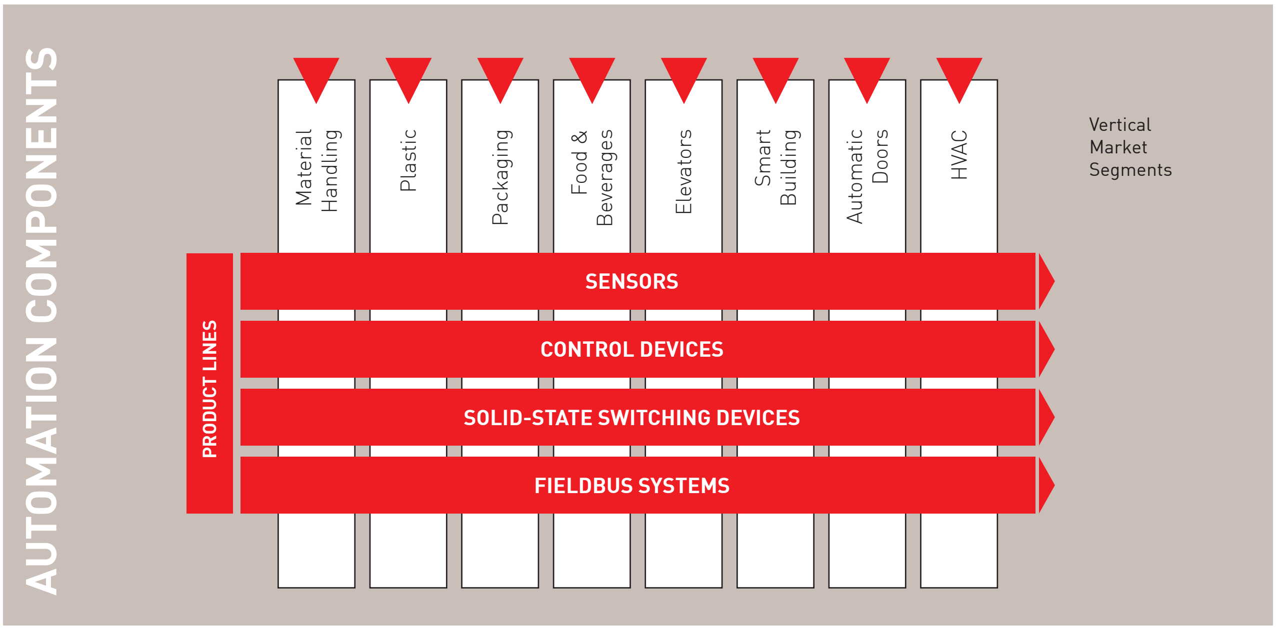
Our activities

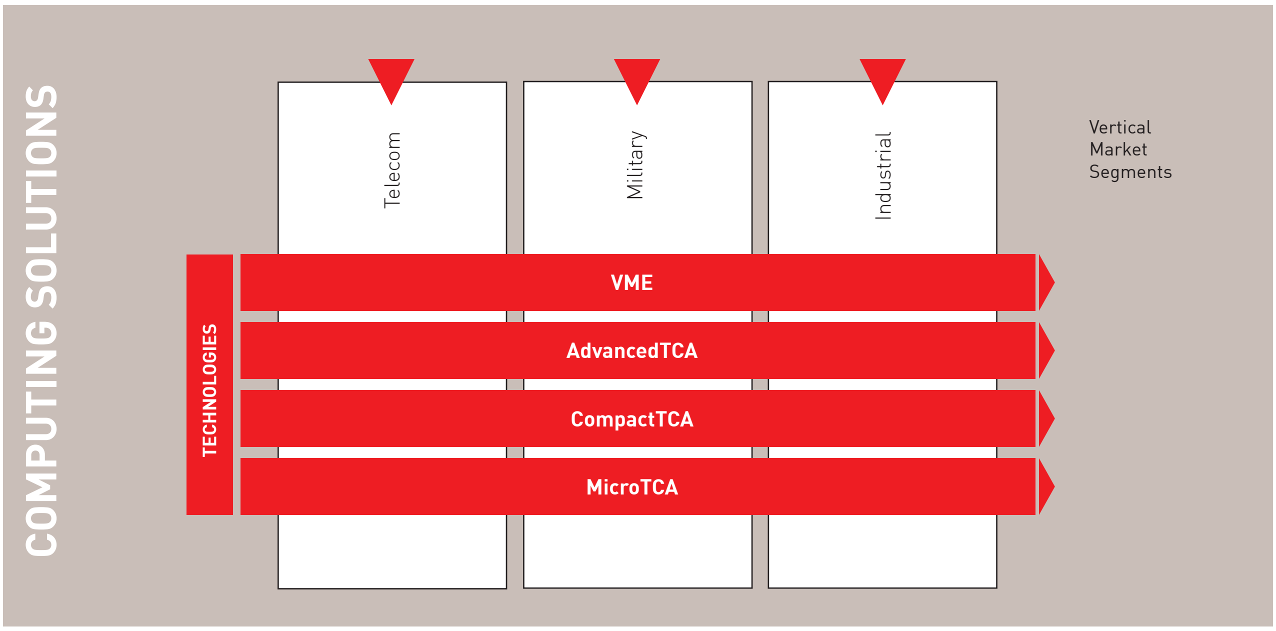
The Automation Components Business Unit
Designs and manufactures electronic control components for the global industrial automation markets in its ISO 9001 certified factories in Italy, Lithuania, Malta and the People's Republic of China. The products (sensors, monitoring relays, timers, energy management systems, solid-state relays, electronic motor controllers, safety devices and fieldbus systems) provide automation solutions for the factory and building automation markets. Typical customers are original equipment manufacturers of packaging machines, plastic-injection moulding machines, food and beverages production, conveying and material handling equipment, door and entrance control systems, lifts and escalators as well as heating, ventilation and air-conditioning devices. Value-added resellers and distributors are other effective channels to the market. The products are marketed across Europe, North America and Asia-Pacific through a network of 20 own sales companies and through more than 40 independent national distributors.
In addition, the business unit designs and manufactures signalling equipment and safety relays for the Italian State Railways.

The Computing Solutions Business Unit
Designs, manufactures and markets in the USA standard and custom products supporting open architecture bus structures such as VME, CompactPCI, AdvancedTCA, CompactTCA and MicroTCA as well as switch fabric technologies. The products include enclosures and high-speed backplanes, fabric connectivity solutions as well as embedded computer systems. The unit's system integration expertise provides customers with complete, fully tested and certified systems. The Computing Solutions Business Unit operates an ISO 9001 certified manufacturing facility on the East-coast of the USA. The unit's main customers are manufacturers of commercial and military telecommunications equipment, mass-storage units for data processing, speciality computers, medical equipment and systems for industrial automation.

Our strategy

Solution-packages for the vertical market segments





Business Units

Automation Components

Continuing investments in sales and marketing personnel, broader geographical coverage and favourable market conditions enabled Automation Components to expand bookings and operating revenue by 11.5% and 9.1%, respectively.

Dino Masili
Group Executive

As operating expenses rose by only 4.6%, operating profit improved by 37.7% to reach CHF 24.1 million or 12.9% of revenue.

Completion of production relocation

The relocation of the Danish manufacturing operations to Lithuania and Malta has been successfully completed. The temporary increase of semi-finished and finished products assisted the business unit in limiting supply constraints that are normally experienced during production transfers. The related restructuring expenses of CHF 1.3 million were fully charged to the income statement in the reporting period.

Growth in regions and in core products

The expansion strategy in South-East-Asia continues to pay off. While revenue in the region increased by 24%, the sales organisation established in Mainland China two years ago expanded sales by 119%. Starting from a low level, sales in Eastern Europe, particularly in Poland and the Czech Republic, increased over the previous year by 60%. Revenue from core product lines such as solid-state switching devices and monitoring relays grew by more than 15%, topped only by energy management devices which increased in excess of 30%. Contrary to this, sales of non-strategic products and dedicated electromechanical safety relays and signalling devices for state railways slightly declined.

Many innovative and promising products

With the target to provide the priority market segment customers with a full package of application-oriented products, Automation Components designed and introduced a new range of energy analysers and energy meters. In line with new EU directives for public buildings, these products permit customers to individually monitor and control energy consumption, thereby achieving important energy savings. Most of these devices incorporate standard interfaces to interconnect with building control systems. Furthermore, to benefit from the ongoing introduction of new safety regulations in most parts of the world, the business unit launched a number of related devices such as safety modules, safety light-curtains and a safety version of the proprietary Dupline® fieldbus.

Outlook

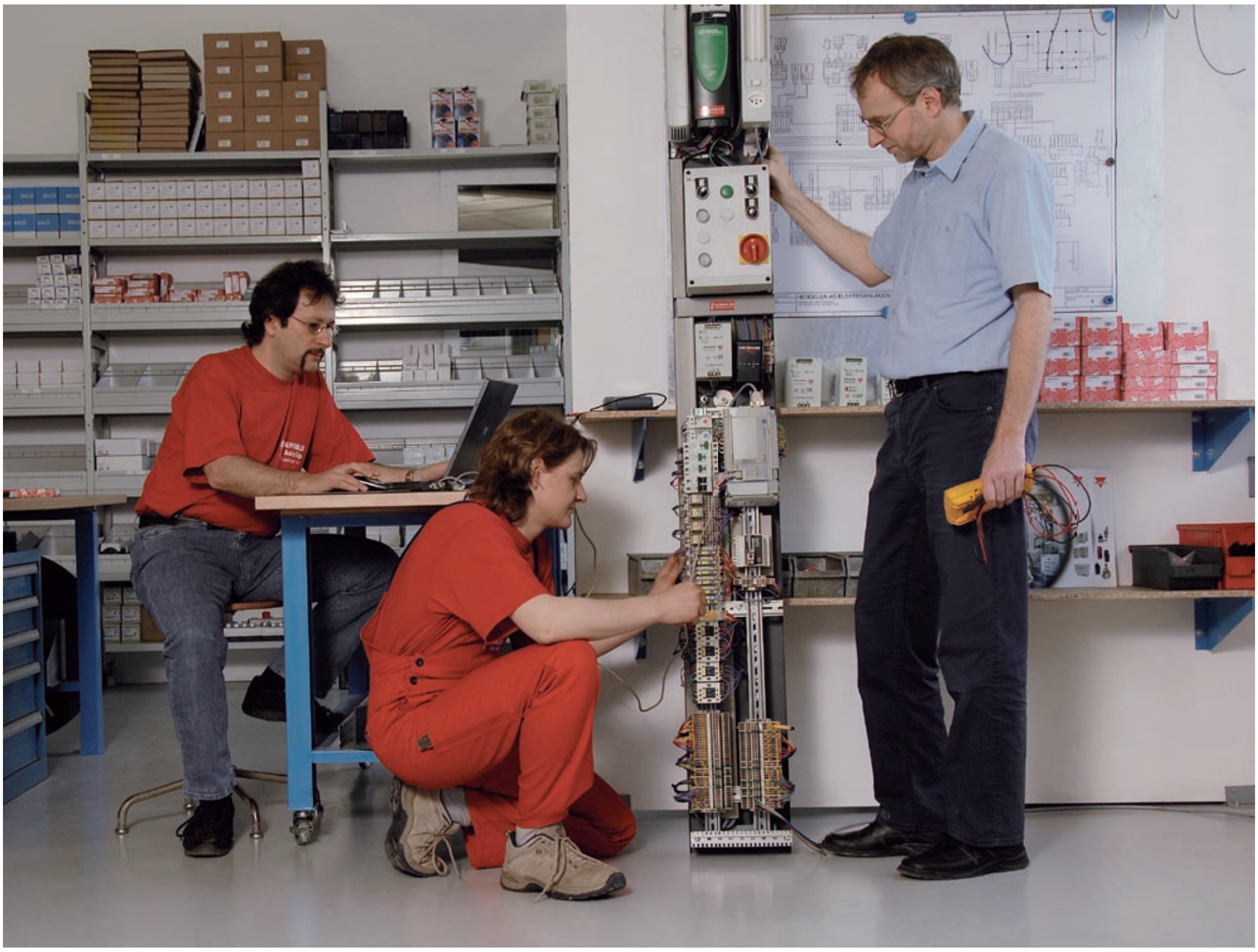
Management is confident that the accessible market potential for automation components will continue to grow in 2007/08 at the current rate estimated at 4%. Instead, demand for safety relays and signalling devices from state railways may decline further in the current financial year. The broad state-of-the-art product line, the global market presence and the cost-efficient manufacturing operations should allow the business unit to again outgrow market demand and to further improve profitability.

Financial results

(CHF million)	**2006/07**	2005/06	%
Bookings	**191.3**	171.5	+ 11.5
Operating revenue	**186.6**	171.0	+ 9.1
Operating profit	**24.1**	17.5	+ 37.7

Carlo Gavazzi's automation components and their fieldbus are the appropriate solution for our most advanced generation of lifts.
Markus und Kilian Henseler, Owners and Managing Directors of H. Henseler AG

H. Henseler AG designs and manufactures a broad range of lifts for personnel and cargo transportation. Their newest generation features an extremely slim, wall-mounted, densely-packed control panel for which, in close cooperation with Carlo Gavazzi, their technical department incorporated a variety of products, such as sensors, safety modules, limit switches, power supplies and the fieldbus to provide the necessary levelling, safety and communication solutions.



Business Units

Computing Solutions

The financial year 2006/07 was marked by the termination of the distribution agreement for third-party voice-recognition boards in the second semester and the subsequent concentration of Computing Solutions on its core competences.

Chris Boutilier
President

Computing Solutions achieved an operating profit of USD 0.6 million, an improvement of USD 0.9 million over the previous year. Though operating revenue stabilised at the previous year's level, bookings improved by 3%.

Improved operational efficiency and reduced cost structure

During the year, the business unit integrated the Reno production facility into its East-coast manufacturing operation in Brockton and reduced vertical integration by subcontracting the production of printed circuit boards. Moreover and, as a consequence of the discontinued distribution business, the division's California sales office was closed down. The implemented measures allowed the business unit to reduce operating expenses by 23% from USD 6.0 million to USD 4.6 million.

Market segment focus

The business unit continued to focus on the three strategic market segments, telecom infrastructure, military and industrial. While revenue from customers in the industrial market segment increased sharply from 37% to 47% of total revenue, turnover from both telecom and military customers declined, reflecting the low investments in the telecom infrastructure market and the delay in the execution of planned military communication projects.
In the reporting period, Computing Solutions was successful in booking some important orders from tier-one customers. Such orders include rugged systems for seismic testing from a leading oil exploration group, a full-fledged chassis for Magnetic Resonance Imaging (MRI) applications and military communication enclosures for an IFF (Identification Friend & Foe) radar system. Furthermore, the business unit concluded an important repeat order from General Electric for racks used for the control and protection of steam and gas turbines in electrical power stations.

Product innovation

With the aim to offer its customers the most advanced and cost-effective products, the business unit embarked on designing new standard enclosures to fully meet market requirements. Specifically, a top-performance AdvancedTCA enclosure for telecom applications was developed, featuring the highest slot-density available in the market and meeting the robust power and thermal characteristics required for use in high-bandwidth applications. Moreover, Computing Solutions designed the industry's lightest weight Air Transport Rack (ATR) for the military market segment. It features innovative convection cooling and an ultra-strong modular frame that can withstand the severest shock and vibration environments occurring in today's military aircraft.

Outlook

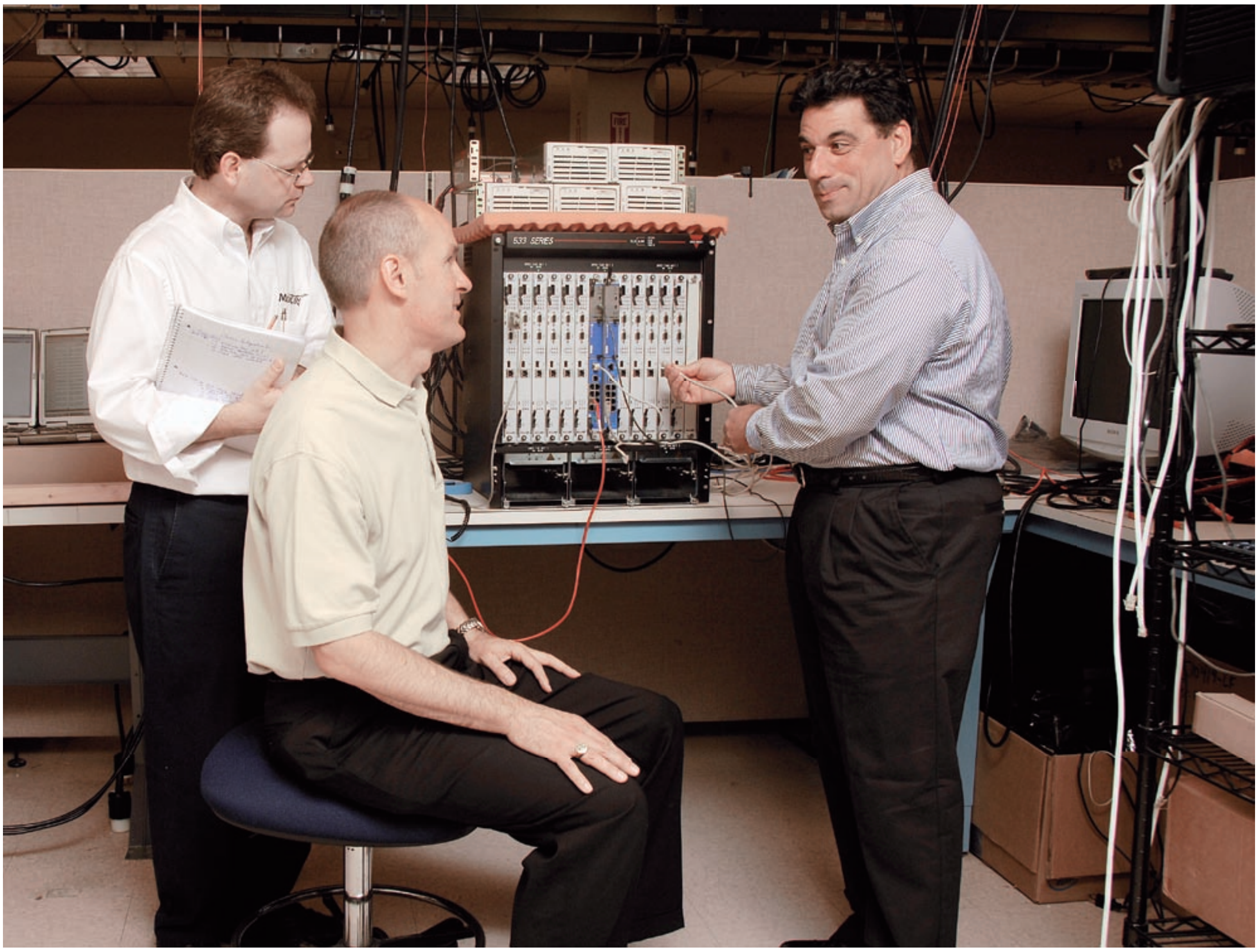
Industry forecasts that in 2007/08, the accessible demand in the North American electronic packaging and embedded computing market will grow by 4%. Management intends to outpace the market growth and, as a consequence of the already accomplished operational improvements, is confident in substantially improving the financial performance in the current year.

Financial results from continuing operations (2005/06 restated)

(USD million)	**2006/07**	2005/06	%
Bookings	**24.5**	23.8	+ 2.9
Operating revenue	**23.5**	24.0	- 2.1
Operating profit	**0.6**	- 0.3	–

Together with Carlo Gavazzi's dedicated, professional team, we were able to design one of Mercury's highest performing ATCA systems.
Greg Tiedemann, Director of Sales and Marketing, Advanced Solutions Business, Mercury Computer Systems, Inc.

Mercury Computing Systems transforms boards, software and services into high-end integrated solutions for aerospace & defence, communications & video, education & research and energy applications. Mercury approached Carlo Gavazzi with a highly challenging AdvancedTCA-based satellite communication application that exceeded industry specifications for system cooling. As both company's teams share a passion for solving the hardest computing problems, all customer requirements could be met.



Corporate Governance

Carlo Gavazzi Group

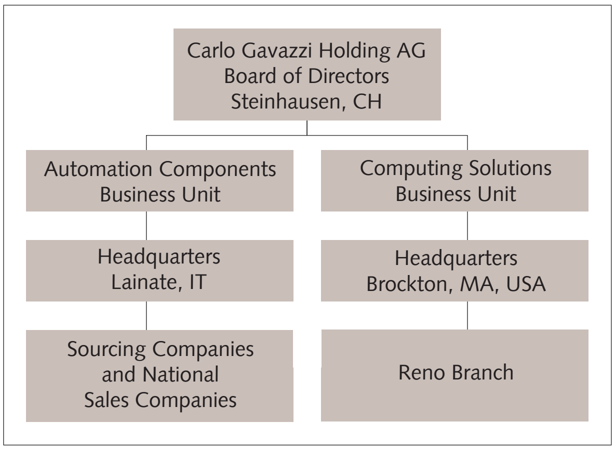
Carlo Gavazzi is committed to the principles of good corporate governance. The company shows responsibility in dealing with the interests of its various stakeholders, which include shareholders, employees, customers and the general public. The rigorous application of sound corporate governance helps to consolidate and strengthen trust in the company.

The following representations made by the company are in accordance with the directive on information relating to corporate governance as resolved by the SWX Swiss Exchange on April 17, 2002, applicable as of July 1, 2002. Information requested by such directive, which is either not applicable or immaterial, is not mentioned. The representations also take into account the commentary on the corporate governance directive, last updated on August 1, 2006.

The information is set out in the order required by the SWX Swiss Exchange guidelines on corporate governance information (RLCG), with subsections being summarised to the extent possible. Carlo Gavazzi's financial statements comply with US GAAP reporting standards and in certain sections readers are referred to the financial statements and notes in this annual report.

1. Group structure and shareholders

The operational group sturcture is as follows:



There are no listed companies apart from Carlo Gavazzi Holding AG, Security No. 1100359, ISIN No. CH0011003594. For details of non-listed companies, refer to the Notes to Consolidated Financial Statements of Carlo Gavazzi Holding AG, Note 29 «Subsidiaries».
The Gavazzi family holds directly or indirectly 80.7% of the voting rights of the company. Apart from these shareholders, there are no other major shareholders known to the company holding more than 5% of the voting rights. No cross-shareholdings exist.

2. Capital structure

For details of authorised, paid-in and conditional capital and numbers of shares issued, refer to the Notes to Financial Statements of Carlo Gavazzi Holding AG, Note 3 as well as to article 6 of the statutes, governing the exclusion of shareholders' subscription rights.
For Statements of Changes in Consolidated Shareholders' Equity at March 31, 2005, 2006 and 2007, refer to page 26 of this annual report.
There were no changes in share capital during the years ended March 31, 2005 and 2006. At the annual shareholders' meeting of July 27, 2006, the shareholders decided to decrease the share capital from CHF 35 535 500 to CHF 10 660 650 by reducing the nominal value of the registered shares from CHF 10.00 to CHF 3.00 and the nominal value of the bearer shares from CHF 50.00 to CHF 15.00 and to amend the statutes accordingly.
The company has not issued any profit-sharing certificates.
There are no restrictions on transferability or registrations.
There are no convertible bonds.

Corporate Governance

Board of Directors

Werner S. Welti

Executive Chairman
First elected 1977, elected until 2007

Dominique Fässler

Director
First elected 2002, elected until 2007

Federico Foglia

Director
First elected 2004, elected until 2007

Giulio Pampuro

Director
First elected 2005, elected until 2007

Alessandro Berlingieri

Director
First elected 2004, elected until 2007

Werner S. Welti
Swiss national, Dietikon ZH

Economist
CFO Carlo Gavazzi Group from 1978 until 1983
CEO Carlo Gavazzi Omron from 1983 until 1986
CEO & Group Executive Components Business Unit from 1986 until 1990
CEO Carlo Gavazzi Group from 1991 until 1997
Chairman of Carlo Gavazzi Holding AG since 2003
Chairman of Coplax Industrie AG, Zug, since 2004
Owner of management consulting company since 1997

Dominique Fässler
Swiss national, Mühlau AG *

Lic.oec. HSG
Held various positions within the Credit Suisse Group from 1987 until 2004
Member of the Executive Committee, Vontobel Asset Management AG, Zurich, since 2004

Federico Foglia
Swiss national, Lugano TI

Graduated in economics and political sciences, Bocconi University, Milan
Held positions with Banca del Ceresio, Lugano, Merrill Lynch International Bank, London, and Merrill Lynch Mercury Asset Management, London, from 1998 until 2000
Managing Director of Banca del Ceresio, Lugano, since 2000
Director of Belgrave Capital Management, London, since 2003

Giulio Pampuro
Italian and Swiss national, Milan

Graduated in economics and business administration, Bocconi University, Milan. Master of science in economics, London School of Economics
Held positions with First National Bank of Chicago, World Bank, Washington, Pirelli Group, Basle and Milan, and Finarvedi Group, Milan, from 1977 until 2006
Managing Director Barguzin Participation SA, Luxemburg, since 2005
CFO of the Magnetto/CLN Group, Turin, since 2006

Alessandro Berlingieri
Italian national, Milan **

Graduated in economics, Ca'Foscari University, Venice
Held management positions with manufacturing companies in Austria, France, Germany, Italy and Turkey from 1996 until 2001
Chairman Billion SA – Mannesmann Plastic Machinery, France, until 2004
Chairman Barguzin Corporation NV, Curaçao, since 2004

* Chairman of the Audit Committee
** Member of the Audit Committee

3. Board of directors

Two members of the board of directors have functions/close relations to companies controlled by the majority shareholder. Refer to information on members of the board of directors, «Related Party Transactions» Note 22 to Consolidated Financial Statements of Carlo Gavazzi Holding AG and Note 4 to Financial Statements of Carlo Gavazzi Holding AG.
The board of directors comprises at least five members. They are elected at the annual shareholders' meeting for a term of one year. The members are elected globally unless decided otherwise at the shareholders' meeting. Re-election is permitted. The statutory age limit is 70 years. The chairman is elected by the board of directors. The statutes are available in German language on the group's website at www.carlogavazzi.com/Investors/Corporate governance/Statuten.
The board of directors establishes the strategic, accounting, organisational and financing policies to be followed by the company. It supervises and advises the group's management. It regularly reviews the financial results and approves budgets as well as consolidated financial statements. The board of directors appoints the company's executive officers.
The rules defining the interactions with management are set out in the Business Rules.

The board of directors has a quorum when the majority of its members are present. Its decisions are made with a simple majority of the attending members. In case of a tied vote, the chairman has the casting vote.

The board of directors holds a minimum of four meetings per year including a full-day strategy meeting and a budget meeting in November and March, respectively. The executives responsible for business units attend these meetings as required. The group controller regularly assists the chairman in the presentation and discussion of the financial results. In the reporting period, the board of directors held six full-day meetings.

The areas of responsibility of the board of directors are defined in the Swiss Code of Obligations (OR) and in the company's statutes. The board of directors has established an audit committee to carry out certain duties as set out below.

Audit committee
The prime function of the audit committee is to assist the board in fulfilling its supervisory responsibilities. It evaluates the independence and effectiveness of external auditors, approves auditing services to be performed by the external auditors, evaluates business risks, assesses the quality of financial accounting and reporting, evaluates scope and overall audit plans, reviews audit results and monitors compliance with specific laws and regulations governing the financial statements. The audit committee can ask any question at all times when deemed necessary through the group controller and may have direct contact with the company's auditor and other professional organisations. During the financial year 2006/07, the audit committee consisted of Dominique Fässler (chairman) and Alessandro Berlingieri. In the financial year 2006/07, the committee met twice and the auditors participated in all of the meetings.

Reporting
The board of directors is regularly informed about the company's performance according to the latest MIS Reporting. Furthermore, the annual budget and the 3-year strategic plan are subject to approval by the board. Ad-hoc information is reported to the board when deemed necessary.

Frequency	Content
Monthly	Key P&L information on • Business units sub-consolidated • Group consolidated with previous year and budget comparisons
Quarterly	P&L, balance sheets, investments and personnel • Business units sub-consolidated • Group consolidated with previous year, budget comparisons and year-end estimate
Semi-annually	Interim reports meeting the requirements of the SWX Swiss Exchange
Annually	All information necessary to establish the annual report governed by US GAAP and the rules applicable to companies quoted on the SWX Swiss Exchange

4. Executive management

The executive management of the group comprises the heads of the two business units and the corporate functions.

Corporate Governance

Executive Management

Dino Masili
Italian national

Group Executive
Automation Components

Diploma in electronic engineering

R & D management positions with Zanussi from 1969 until 1984
Joined group in 1984 and held management positions in different group operating units
Group Executive since 1992
CEO of the Automation Components Business Unit since 1997

Chris Boutilier
US national

President
Computing Solutions

Degree in mechanical engineering

Positions at Augat, New Bedford, MA, from 1985 until 1989
Joined group in 1989 and held various positions in different operating units
General manager of the West-coast facility since 1997
Chief Operating Officer of the business unit since 2005
President of the Computing Solutions Business Unit since 2006

Anthony M. Goldstein
British and Swiss national

Group Controller

Chartered Accountant FCA

Audit and training Manager at Deloitte, Haskins & Sells (now Deloitte and Touche) from 1975 until 1982
Joined group in 1982
Head of Group Reporting and Secretary to the Board
Group Controller since July 2006

Felix Stöcklin
Swiss national

Head of Corporate Communications

Dipl. El.-Ing. ETH, Zurich

Joined group in 1974 and held various positions in marketing, strategic planning and business development in the Netherlands, Germany and Switzerland
Head of Corporate Communications since 2003

5. Compensation, shareholdings and loans

The compensation of the board of directors is determined by its members. The compensation of the executive management is proposed by the chairman and approved by the board of directors.

In the reporting period, the executive member of the board and the members of the management have received a total remuneration including bonuses and other benefits of CHF 2 772 341 and were awarded 3 616 bearer shares. They held a total of 11 798 bearer shares as of March 31, 2007.
In the year under review, the non-executive members of the board have received a total remuneration including other benefits of CHF 139 600 and were awarded 348 bearer shares. They held a total of 2 440 bearer shares as of March 31, 2007.
During 2006/07, the member of the board with the highest compensation received a total remuneration including bonuses and other benefits of CHF 895 964. In addition, this board member was awarded 3 616 bearer shares.

Board remuneration: Members of the board of directors can elect to take 50% or 100% of their annual board remuneration in the form of Carlo Gavazzi bearer shares multiplied by a factor of 1.05 or 1.1, respectively. As of March 31, 2007, 464 (2006: 724) bearer shares have been granted to the board members at a cost of CHF 128 000 (2005/06: CHF 151 000). The chairman of the board of directors receives a certain number of Carlo Gavazzi bearer shares free of charge if certain financial parameters of the group are met for a specific financial year. As of March 31, 2007, 3 500 (2006: 3 300) bearer shares have been granted to the chairman at a cost of CHF 963 000 (2005/06: CHF 688 000).

Profit-sharing plan (PSP): In June 2004, the company established an incentive plan for the financial years 2004/05 to 2006/07 which grants cash awards to the chairman, directors, group executives, first-line managers and holding managers. Under this plan, the participants receive a cash award if certain financial parameters in the group are met for a specific financial year. The participants can elect to receive Carlo Gavazzi bearer shares at a discount of 10% in lieu of the cash award, but in such a case delivery of the shares awarded will be delayed for six months. The PSP expense amounted to CHF 1 558 000 (2005/06: CHF 1 558 000).
There is an obligation by a company owned by the main shareholders to repay a loan in the amount of CHF 2.4 million. Refer to Note 22 «Related Party Transactions».

6. Shareholders' participation rights

There are no restrictions on the use of voting rights by any group of shareholders. Statutory rules for participating at the general meeting of shareholders do not differ from the applicable legal provisions. Resolutions of the general meeting of shareholders are carried by the majorities set out by the applicable legal provisions. Convocation of the general meeting of shareholders and rules for adding items to the agenda of the general meeting of shareholders, especially rules on deadlines, are in accordance with the applicable legal provisions.

All shareholders entered on the share register will be admitted to the general meeting of shareholders and are entitled to vote. For administrative reasons, no new entries will be made during the ten days preceding a general meeting. Shareholders who dispose of their shares before a general meeting are not entitled to vote.

7. Changes of control and defence measures

There are no statutory rules in existence relating to opting out or opting up in connection with the duty to make an offer. Furthermore, there are no agreements in existence relating to changes in control.

8. Auditors

PricewaterhouseCoopers AG, Zug, have been group auditors and statutory auditors since 1979. The auditors are elected by the general meeting of shareholders for a period of one year. The lead auditor, Mrs Joanne Burgener, took up her mandate in July 2003.
The audit fees charged by PricewaterhouseCoopers in 2006/07 amounted to CHF 601 653. In addition, fees for other services charged by PricewaterhouseCoopers in 2006/07 amounted to CHF 131 204. Fees charged in 2006/07 by other audit companies for auditing certain subsidiaries amounted to CHF 64 680.
The audit committee regularly evaluates the independence and the effectiveness of the external auditor. The auditors are also present at meetings of the audit committee as required.

9. Information policy

The group has an open information policy, which treats all target groups equally. In addition to the annual report and the interim report, the group provides the media with regular information on relevant changes and developments. Such data can also be obtained from the group's website at www.carlogavazzi.com/Media. The company's official means of communication is the Swiss Official Gazette of Commerce.
As a company quoted on the SWX Swiss Exchange and in line with article 72 of the rules for quoted companies (ad hoc publicity), the group publishes all information relevant to its share price. In accordance with the amended ad hoc publicity directive adopted by the Admission Board of the SWX on September 30, 2004, the company offers a service on its website that allows interested parties to receive via e-mail distribution timely notification of potentially price-sensitive facts (www.carlogavazzi.com/Media/Registration). In addition, any ad hoc notice will be made available on the company's website simultaneously.
Contact for investor relations: Werner S. Welti, Chairman, werner_welti@carlogavazzi.ch

Carlo Gavazzi Group

Consolidated Financial Statements

for the years ended March 31, 2007 and 2006

Statements of Consolidated Income

for the years ended March 31

(CHF 1 000)	Notes	2007	2006
Operating revenue		**215 749**	201 630
Cost of sales	18, 19, 20	**114 896**	109 563
Gross profit		**100 853**	92 067
Selling, general and administrative expense	18, 19, 20, 21, 25	**79 634**	78 439
Other (income) expense, net	16	**976**	-1 212
Earnings before interest and taxes (EBIT)		**20 243**	14 840
Interest expense, net	17	**687**	139
Exchange (gain) loss, net		**508**	-375
Earnings from continuing operations before income taxes		**19 048**	15 076
Income taxes, net	11	**4 145**	3 550
Earnings from continuing operations		**14 903**	11 526
Earnings (loss) from discontinued operations	2	**-90**	638
Goodwill write-off from discontinued operations	2	**-3 288**	–
Net income		**11 525**	12 164

(CHF 1 000)			
Basic and diluted earnings per bearer share from continuing operations	14, 26	**20.99**	16.21
Basic and diluted earnings per bearer share from discontinued operations	14, 26	**-4.76**	0.90
Basic and diluted earnings per bearer share from net income	14, 26	**16.23**	17.11

See Notes to Consolidated Financial Statements

Consolidated Balance Sheets
at March 31

Assets

(CHF 1 000)	Notes	2007	2006
Current assets			
Cash		**18 957**	28 049
Accounts receivable	4, 22, 23	**59 337**	63 054
Inventories	5	**40 421**	32 746
Deferred income taxes	11	**3 381**	2 109
Prepaid expenses		**1 439**	1 426
Other current assets		**3 294**	1 267
Total current assets		**126 829**	128 651
Non-current assets			
Fixed assets, net	6, 23	**23 171**	23 907
Goodwill	7	**29 691**	33 753
Deposits and long-term receivables	22	**1 210**	2 994
Deferred income taxes	11	**1 272**	1 872
Total non-current assets		**55 344**	62 526
Total assets		**182 173**	191 177

Liabilities and shareholders' equity

(CHF 1 000)	Notes	2007	2006
Current liabilities			
Bank overdrafts and short-term debt	8	**20 668**	17 224
Current maturities of long-term debt	9	**1 458**	819
Accounts payable	10	**20 261**	25 203
Accrued liabilities – current and deferred income taxes	11	**4 022**	2 690
Accrued liabilities – other	12, 24, 25	**24 928**	20 365
Total current liabilities		**71 337**	66 301
Long-term liabilities			
Long-term debt	9	**4 022**	4 902
Staff seniority indemnity	13	**5 777**	5 543
Deferred income taxes	11	**1 823**	2 289
Other long-term liabilities and capital lease obligations	25	**292**	505
Total long-term liabilities		**11 914**	13 239
Shareholders' equity			
Share capital	14	**10 661**	35 536
Additional paid-in capital		**1 473**	1 473
Legal reserves	15	**6 830**	6 830
Retained earnings	15	**94 941**	83 516
Cumulative translation adjustment		**-14 169**	-14 816
Own shares	14	**-814**	-902
Total shareholders' equity		**98 922**	111 637
Total liabilities and shareholders' equity		**182 173**	191 177

See Notes to Consolidated Financial Statements

Statements of Changes in Consolidated Shareholders' Equity

at March 31

(CHF 1 000)	Share capital	Additional paid-in capital	Legal reserves	Retained earnings	Cumulative translation adjustment	Own shares	Shareholders' equity
Balance at March 31, 2004	**35 536**	**1 473**	**6 830**	**68 977**	**-16 242**	**-668**	**95 906**
Net income				6 788			6 788
Translation adjustments					-955		-955
Comprehensive income (subtotal)							**5 833**
Dividend payment				-1 421			-1421
Dividend on own shares				21			21
Purchase of own shares						-654	-654
Sale of own shares						893	893
Revaluation of own shares to market value				182			182
Balance at March 31, 2005	**35 536**	**1 473**	**6 830**	**74 547**	**-17 197**	**-429**	**100 760**
Net income				12 164			12 164
Translation adjustments					2 381		2 381
Comprehensive income (subtotal)							**14 545**
Dividend payment				-3 553			-3 553
Dividend on own shares				19			19
Purchase of own shares						-958	-958
Sale of own shares						485	485
Revaluation of own shares to market value				339			339
Balance at March 31, 2006	**35 536**	**1 473**	**6 830**	**83 516**	**-14 816**	**-902**	**111 637**
Net income				11 525			11 525
Translation adjustments					647		647
Comprehensive income (subtotal)							**12 172**
Repayment of share capital	-24 875					186	-24 689
Purchase of own shares						-1 328	-1 328
Sale of own shares						1 230	1 230
Loss on sale of own shares				-100			-100
Balance at March 31, 2007	**10 661**	**1 473**	**6 830**	**94 941**	**-14 169**	**-814**	**98 922**

See Notes to Consolidated Financial Statements

Statements of Consolidated Cash Flows

for the years ended March 31

(CHF 1 000)	2007	2006
Cash flows from operating activities		
Net income from continuing operations	**14 903**	12 164
Adjustments to reconcile net income to net cash provided by operating activities:		
Income (loss) from discontinued operations	**-90**	–
Goodwill write-off from discontinued operations	**-3 288**	–
Shareholders' net income	**11 525**	12 164
Depreciation and amortisation	**4 810**	4 343
Loss (gain) on disposal of fixed assets	**-263**	41
Goodwill write-off from discontinued operations	**3 288**	–
Change in other non-cash items	**-552**	-1 011
Subtotal	**18 808**	15 537
Changes in operating assets and liabilities:		
Accounts receivable	**4 716**	-866
Inventories	**-7 149**	18
Prepaid expenses and other current assets	**-3 155**	-291
Accounts payable, advances and accrued liabilities	**279**	775
Other, net	**-5 543**	414
Net cash provided (used) by operating activities	**7 956**	15 587
Cash flows from investing activities		
Purchases of fixed assets	**-5 135**	-5 391
Purchases of intangible assets	**–**	-382
Proceeds from disposal of fixed assets	**2 168**	428
Repayment of loans by main shareholder	**7 776**	7 227
Net cash provided (used) by investing activities	**4 809**	1 882
Cash flows from financing activities		
Repayment of share capital	**-24 689**	–
Dividends paid to shareholders	**–**	-3 534
Purchase of own shares	**-1 328**	-958
Sale of own shares	**1 130**	824
Proceeds from (retirement of) short-term debt, net	**2 973**	4 278
Proceeds from (retirement of) long-term debt	**-373**	-1 072
Proceeds from (retirement of) capital lease obligations	**-153**	367
Net cash provided (used) by financing activities	**-22 440**	-95
Cash		
Net increase (decrease) in cash	**-9 675**	17 374
Cash at beginning of year	**28 049**	11 118
Effect of exchange rate changes on cash	**583**	-443
Cash at end of year	**18 957**	28 049
The following items are also included in net cash provided (used) by operating activities:		
Taxes paid	**3 552**	3 700
Interest paid	**1 409**	1 061

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

at March 31

1. Significant accounting policies

Accounting principles
The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of estimates
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make use of certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates in these consolidated financial statements include allowances for doubtful accounts receivable, estimates of future cash flows associated with assets, asset impairments, useful lives for depreciation and amortisation, loss contingencies, net realisable value of inventories, income taxes and tax valuation reserves. Actual results could differ from those estimates.

Principles of consolidation
The consolidated financial statements include the accounts of Carlo Gavazzi Holding AG, Steinhausen, Switzerland, and its majority-owned subsidiaries. Unconsolidated affiliates are accounted for using the equity method and generally consist of operations owned more than 20 percent and up to 50 percent where control does not exist. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated financial statements. All intercompany transactions, balances and profits are eliminated.

In case of business combinations, the purchase method is used in accounting for such acquisitions. For acquisitions accounted for under the purchase method, goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary/associated undertaking at the date of acquisition. Goodwill is reported in the balance sheet as an intangible asset. The carrying amount of goodwill is tested for impairment at least annually. The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of.

Cash
For purposes of the statement of consolidated cash flows, the company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash.

Revenues
Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts and after eliminating sales within the group. For specific orders at the request of the customer, sales are also recognised on a «bill and hold» basis after completion of manufacture. All «bill and hold» transactions meet specified revenue recognition criteria, which include normal billing, credit and payment terms and transfer to the customer of all risks and rewards of ownership.

Accounts receivable – trade
Accounts receivable – trade are stated at nominal value less a provision for doubtful accounts. The provision is based on the risk of non-collectibility then known.

Inventories
Inventories are valued at the lower of cost or market, but not in excess of net realisable value. Cost is determined generally using the first-in/first-out method.

Fixed assets
Fixed assets are stated at cost less accumulated depreciation. Depreciation is computed generally using the straight-line method based on the estimated useful lives of the assets.

Maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalised and depreciated over their estimated useful lives.

When assets are retired or otherwise disposed of, the cost is removed from the asset account and the corresponding accumulated depreciation is removed from the related reserve account. Any gain or loss resulting from such retirement or disposal is included in current income.
The recoverability of fixed assets is assessed annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable and, when necessary, an impairment loss is recognised.

Fixed assets are being depreciated over the following number of years:

Buildings	50
Leasehold improvements (maximum)	10
Machinery and equipment	6
Furniture and fixtures	6
Motor cars	4
EDP equipment	3

Goodwill
In accordance with Financial Accounting Standards Board FAS No. 142, «Goodwill and Other Intangible Assets», goodwill, representing the excess of purchase price over the net asset value of companies acquired and indefinite lived intangible assets is not amortised, but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that an asset might be impaired. The annual evaluation is based on valuation models that estimate fair value based on expected future cash flows and profitability projections.

Income taxes
Consolidated companies file separate income tax returns and, therefore, it is not always possible to offset the taxable income of one consolidated company against the loss of another consolidated company. Consequently, the ratio of the tax provision compared with pre-tax income might be distorted. All consolidated companies recognise tax effects of transactions in the year such transactions enter into the determination of net income, regardless of when they are recognised for income tax purposes.

Deferred income taxes are determined utilising a liability approach. This method gives consideration to the future tax consequences associated with differences between financial accounting under US GAAP and tax bases of assets and liabilities. These differences relate to items such as depreciable fixed assets, inventories and certain liabilities. This method gives immediate effect to changes in income tax laws upon enactment. The income statement effect is derived from changes in deferred income taxes on the balance sheet. A valuation allowance is recorded to write down deferred tax assets to the amounts likely to be realised.

Research and development expense
All research and development is expensed as incurred.

Foreign currency translation
In accordance with Financial Accounting Standards Board FAS No. 52, assets and liabilities of foreign subsidiaries are translated into Swiss francs at current exchange rates. Income and expenses are translated into Swiss francs at average rates of exchange prevailing during the year. Gains and losses resulting from foreign currency transactions are included in current income, except for intercompany transactions having the nature of a permanent financial investment which are directly recorded in shareholders' equity. Adjustments resulting from translation of financial statements are included in the cumulative translation adjustment in the shareholders' equity section of the balance sheet until disposal of a foreign subsidiary. Upon disposal, any translation adjustments relating to that subsidiary are included in the income statement.

Financial instruments
The principal financial risks faced by the group are interest rate risk, exchange rate risk and credit risk.
The group borrows at both fixed and floating rates of interest to finance its operations. Sales are entered into in foreign currencies. Credit risk arises when derivative instruments are used or sales are made on deferred credit terms.
The objectives in using financial instruments are to reduce the uncertainty over future cash flows arising from movements in interest and exchange rates and to manage the liquidity of the cash resources.
Purchases of certain capital assets are made using capital lease arrangements.
All interest rate derivative transactions are subject to approval by the Group Controller before execution.
Financial instruments carried on the balance sheet include cash, bank balances, time deposits and marketable securities, investments, accounts receivable, trade creditors, leases and borrowings.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The companies are also parties to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rates. These instruments, which mainly comprise foreign currency forward contracts and interest rate swap agreements, are recognised in the financial statements on inception. The purpose of these instruments is to reduce risk. Exchange gains and losses and hedging costs arising on contracts entered into as hedges of specific revenue or expense transactions and of anticipated future transactions are deferred until the date of such transactions at which time they are included in the determination of such revenue and expenses. All other exchange gains and losses relating to hedge transactions are recognised in the income statement in the same period as the exchange differences on the items covered by the hedge transactions. Costs on such contracts are amortised over the life of the hedge contract. Gains and losses on contracts which are no longer designated as hedges are included in the income statement. As at March 31, 2007 and 2006, there were no outstanding contracts.

Pension obligations
The group operates a number of defined contribution plans throughout the world, the assets of which are held in separately administered trust funds. The pension plans are generally funded by payments from employees and by the relevant group companies. The company's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. There are no material defined benefit plans.

Own shares
Own shares are stated at cost and are deducted from equity. Any gains or losses upon sale of own shares are taken to retained earnings.

New accounting pronouncements
In November 2004, the Financial Accounting Standards Board issued FAS No. 151, «Inventory Costs», an amendment of ARB No. 43, Chapter 4. The amendments made by FAS No. 151 require that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognised as current-period charges and by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance became effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The company has adopted the requirements of this statement and no material impact has arisen.

In December 2004, the Financial Accounting Standards Board issued FAS No. 123R, «Share-Based Payments». This Statement replaces FAS No. 123, «Accounting for Stock-Based Compensation», and supersedes APB Opinion No. 25, «Accounting for Stock Issued to Employees». It requires public companies to recognise the cost of employee services received in exchange for an award of equity instruments. The cost of such service will be based on the grant-date fair value of the equity award (with limited exceptions) over the period during which an employee is required to provide service in exchange for the award. Disclosure of the effect of expensing the fair value of equity compensation is currently required under FAS No. 123. The Statement became effective for periods beginning after June 15, 2005. The company has adopted the requirements of this statement and no material impact has arisen.

In December 2004, the Financial Accounting Standards Board issued FAS No. 153, «Exchanges of Non-monetary Assets», an amendment of APB No. 29. It requires exchanges of certain non-monetary assets to be measured at fair value unless the exchange lacks commercial substance. The Statement became effective for periods beginning after June 15, 2005. The company has adopted the requirements of this statement and no material impact has arisen.

In March 2005, the Financial Accounting Standards Board issued FIN No. 47, «Accounting for Conditional Asset Retirement Obligations – an Interpretation of FAS Statement No. 143». This Interpretation clarifies that the term conditional asset retirement obligation as used in FAS Statement No. 143, «Accounting for Asset Retirement Obligations», refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. Retrospective application for interim financial information is permitted but not required. The company has adopted the requirements of this interpretation and no material impact has arisen.

In May 2005, the Financial Accounting Standards Board issued FAS No. 154, «Accounting Changes and Error

Corrections». This Statement replaces APB Opinion No. 20 «Accounting Changes» and FAS No. 3, «Reporting Accounting Changes in Interim Financial Statements». It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. The Statement became effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The Statement does not change the transition provisions of any existing accounting pronouncements, including those that are in a transition phase as of the effective date of this Statement. Early adoption was permitted and the company adopted it for the fiscal year beginning April 1, 2006.

In February 2006, the Financial Accounting Standards Board issued FAS No. 155, «Accounting for Certain Hybrid Financial Instruments». This Statement amends FAS No. 133 «Accounting for Derivative Instruments and Hedging Activities» and FAS No. 140, «Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities». This Statement resolves issues addressed in Statement No. 133, Implementation Issue No. D1, «Application of Statement No. 133 to Beneficial Interests in Securitised Financial Assets». This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. No material impact is expected from adopting this Statement.

In March 2006, the Financial Accounting Standards Board issued FAS No. 156, «Accounting for Servicing of Financial Assets». This Statement amends FAS No. 140 «Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities» with respect to the accounting for separately recognised servicing assets and servicing liabilities. It requires an entity to recognise a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract under specified conditions. It also requires all separately recognised servicing assets and servicing liabilities to be initially measured at fair value, if practicable and permits an entity to choose either the amortisation method or the fair value measurement method for each class of separately recognised servicing assets and servicing liabilities. It requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognised servicing assets and servicing liabilities. An entity should adopt this Statement as of the beginning of its first fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this Statement is the date an entity adopts the requirements of this Statement. No material impact is expected from adopting this Statement.

In June 2006, the Financial Accounting Standards Board issued FIN No. 48, «Accounting for Uncertainty in Income Taxes – an Interpretation of FAS Statement No. 109». This Interpretation clarifies the accounting for uncertainty in income taxes recognised in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. The Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. No material impact is expected from adopting this Interpretation.

In September 2006, the Financial Accounting Standards Board issued FAS No. 157, «Fair Value Measurements». This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute.
Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. The Statement is effective for financial statements issued

for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The company is in the process of evaluating the impact, if any, from adopting this Statement.

In September 2006, the Financial Accounting Standards Board issued FAS No. 158, «Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans». This Statement requires an employer to recognise the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognise changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. The Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. This Statement provides different effective dates for the recognition and related disclosure provisions and for the required change to a fiscal year-end measurement date. An employer with publicly traded equity securities shall initially apply the requirement to recognise the funded status of a benefit plan and the disclosure requirements as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position shall be effective for fiscal years ending after December 15, 2008, and shall not be applied retrospectively. No material impact is expected from adopting this Statement.

Reclassifications

Certain amounts in the previous year's financial statements have been reclassified to conform to the current year's presentation.

2. Discontinued operations

Channel Access, LLC, the Computing Solutions' Fulfilment Division distributes, on a non-exclusive basis, active voice-recognition boards manufactured by NMS, a NASDAQ-quoted US supplier. Overall sales of this company for the mentioned products declined, as customers are moving to next-generation products and software-based systems, presently not available from this supplier. To limit the economic impact of the sales erosion, NMS notified Computing Solutions of its intention to serve certain Fulfilment Division key customers directly as from October 1, 2006. Subsequently, NMS gave notice of cancellation of the distribution agreement effective March 6, 2007, and commenced serving the remaining customers directly. Since March 6, 2007, Channel Access, LLC, has ceased all sales activities and, accordingly, Computing Solutions was forced to discontinue the operations of its Fulfilment Division.

Accordingly, the operations of Channel Access, LLC, have been reported separately as discontinued operations in the Statements of Consolidated Income. The accompanying Notes to the Consolidated Financial Statements for the previous year have been adjusted and restated to exclude the discontinued operations. The profit (loss) from discontinued operations is stated after deducting income taxes of CHF nil (2005/06: CHF nil). The operating revenue of discontinued operations amounted to CHF 7 347 000 (2005/06: CHF 14 895 000).

Channel Access, LLC, carried goodwill on its balance sheet amounting to CHF 3 288 000 related entirely to the above activity. Due to the discontinuance of the activity, the fair value of this goodwill is considered to be zero and has been written off in the current year.

There were no other gains or losses relating to the discontinued operations.

3. Exchange rates

Year-end rates

Currency		**2007**	2006
CAD	(1)	**1.05**	1.12
CNY	(100)	**15.77**	16.28
DKK	(100)	**21.80**	21.17
EUR	(1)	**1.62**	1.58
GBP	(1)	**2.39**	2.27
HKD	(100)	**15.59**	16.81
LTL	(100)	**47.02**	45.64
MTL	(1)	**3.79**	3.69
MYR	(100)	**35.24**	35.40
NOK	(100)	**20.01**	19.75
SEK	(100)	**17.40**	16.78
SGD	(1)	**0.80**	0.81
USD	(1)	**1.22**	1.30

Average rates

Currency		**2006/07**	2005/06
CAD	(1)	**1.09**	1.07
CNY	(100)	**15.69**	15.67
DKK	(100)	**21.30**	20.80
EUR	(1)	**1.59**	1.55
GBP	(1)	**2.34**	2.27
HKD	(100)	**15.91**	16.41
LTL	(100)	**45.98**	44.92
MTL	(1)	**3.71**	3.62
MYR	(100)	**34.44**	33.86
NOK	(100)	**19.66**	19.49
SEK	(100)	**17.24**	16.60
SGD	(1)	**0.79**	0.77
USD	(1)	**1.24**	1.27

4. Accounts receivable

(CHF 1 000)	**2007**	2006
Trade receivable	**56 156**	54 248
Less allowance for doubtful accounts	**-1 596**	-1 934
Trade receivable, net	**54 560**	52 314
Other receivable (Note 22)	**4 777**	10 740
Total	**59 337**	63 054

5. Inventories

(CHF 1 000)	**2007**	2006
Finished goods	**18 781**	17 018
Work in progress	**6 983**	6 525
Raw materials and supplies	**14 657**	9 203
Total	**40 421**	32 746

6. Fixed assets and accumulated depreciation

2007 (CHF 1 000)	Fixed assets at cost	Accumulated depreciation	Net book value
Land	2 576	–	2 576
Buildings and improvements	17 980	11 601	6 379
Leasehold improvements	2 870	1 431	1 439
Machinery and equipment	47 034	37 767	9 267
Furniture and fixtures	5 281	4 232	1 049
Motor cars	2 724	1 706	1 018
EDP equipment	12 603	11 171	1 432
Construction in progress	11	–	11
Total	**91 079**	**67 908**	**23 171**

2006 (CHF 1 000)	Fixed assets at cost	Accumulated depreciation	Net book value
Land	2 559	–	2 559
Buildings and improvements	19 184	11 180	8 004
Leasehold improvements	2 991	1 245	1 746
Machinery and equipment	46 052	38 033	8 019
Furniture and fixtures	5 703	4 692	1 011
Motor cars	2 513	1 634	879
EDP equipment	13 054	11 428	1 626
Construction in progress	63	–	63
Total	**92 119**	**68 212**	**23 907**

Depreciation expense amounted to CHF 4 602 000 (2005/06: CHF 4 343 000). Included in fixed assets are assets acquired under capital leases (buildings, machinery and equipment, motor cars and EDP equipment) with original cost of CHF 1 064 000 (2006: CHF 1 034 000) and accumulated depreciation of CHF 536 000 (2006: CHF 404 000). The net book value of buildings includes an amount of CHF 2 992 000 (2006: CHF 2 293 000) for buildings not utilised for business purposes. Provision has been made for possible impairment of one building in the Automation Components segment at March 31, 2007 of CHF 1 300 000 (2006: CHF 1 300 000) using discounted cash flow techniques. The fire insurance value of fixed assets (excluding land) amounted to CHF 86 673 000 (2006: CHF 92 735 000).

7. Goodwill

(CHF 1 000)	**2007**	2006
Goodwill	**50 589**	54 791
Accumulated amortisation	**20 898**	21 038
Goodwill, net	**29 691**	33 753

Accumulated amortisation on goodwill at March 31, 2007 is stated after deducting translation adjustments of CHF 342 000 (2006: CHF 460 000).

The changes in the carrying amount of goodwill are as follows:

(CHF 1 000)	Automation Components	Computing Solutions	**Total**
Balance at March 31, 2005	**23 863**	**8 771**	**32 634**
Goodwill acquired during year	382	–	**382**
Translation adjustments	-29	766	**737**
Balance at March 31, 2006	**24 216**	**9 537**	**33 753**
Goodwill written off related to discontinued operations	–	-3 288	**-3 288**
Translation adjustments	-206	-568	**-774**
Balance at March 31, 2007	**24 010**	**5 681**	**29 691**

8. Bank overdrafts and short-term debt

(CHF 1 000)	**2007**	2006
Average borrowings outstanding during year	**22 435**	19 871
Unused short-term bank credit lines	**50 400**	42 451

Bank overdrafts and short-term debt bear interest at a weighted average of 4.6 percent (2005/06: 4.6 percent)

9. Long-term debt

Long-term debt at March 31, 2007 matures as follows:

(CHF 1 000)	Bank loans	Mortgages	Others	Total
2009	651	169	133	953
2010	210	173	133	516
2011	133	178	133	444
2012	–	180	133	313
Subsequent years	–	1 186	610	1 796
Non-current maturities	994	1 886	1 142	4 022
Current maturities	203	1 255	–	1 458
Total	**1 197**	**3 141**	**1 142**	**5 480**

Long-term debt bears interest of between 1 percent and 6 percent (according to currency) with a weighted average amounting to approximately 2.5 percent (2005/06: 2.6 percent).

10. Accounts payable

(CHF 1 000)	**2007**	2006
Trade	**17 819**	23 416
Other	**2 442**	1 787
Total	**20 261**	25 203

11. Income taxes

The tax expense in the statements of income consists of the following:

(CHF 1 000)	**2006/07**	2005/06
Current - income taxes	6 703	4 621
Current - tax benefit from operating loss carry-forwards	- 1 530	- 1 293
Deferred - income taxes	- 1 028	278
Deferred - adjustment for rate changes	–	- 56
Total	**4 145**	3 550

The company is incorporated in Switzerland but operates in numerous countries with differing tax laws and rates. The earnings before income taxes and provision for income taxes are generated primarily outside Switzerland. Therefore, the weighted average expected effective tax rate may vary between periods reflecting the income or loss generated in each country. The main factors causing the effective tax rate to differ from the expected tax rate are as follows:

(CHF 1 000)	**2006/07**	2005/06
Earnings before income taxes	**19 048**	15 076
Income tax calculated at a rate of 30% (2005/06: 30%)	**5 714**	4 523
Effect of lower rates in other countries	**-1 943**	-1 048
Expenses not deductible for tax purposes	**374**	551
Provision no longer required	**–**	-476
Actual tax charge	**4 145**	3 550

The net tax liabilities (assets) in the balance sheets consist of the following:

(CHF 1 000)	**2007**	2006
Income taxes currently payable	**4 008**	2 661
Current portion of deferred income taxes	**14**	29
Total current and deferred income taxes	**4 022**	2 690
Long-term portion of deferred income taxes	**1 823**	2 289
Total tax liabilities	**5 845**	4 979
Current portion of deferred income tax benefits	**-3 381**	-2 109
Total current and deferred income tax benefits	**-3 381**	-2 109
Long-term portion of deferred income tax benefits	**-1 272**	-1 872
Total tax assets	**-4 653**	-3 981
Net tax liabilities	**1 192**	998

The significant components of activities that gave rise to deferred tax assets and liabilities on the balance sheet are attributed to the following items:

(CHF 1 000)	**2007**	2006
Deferred tax assets:		
Accounts receivable	**1**	109
Inventories	**1 464**	982
Other assets	**695**	508
Other liabilities	**146**	398
Net operating tax loss carry-forwards	**6 900**	5 600
Gross deferred tax assets	**9 206**	7 597
Valuation allowance	**-4 400**	-3 800
Net deferred tax assets	**4 806**	3 797
Deferred tax liabilities:		
Fixed assets	**- 809**	- 853
Intangible assets	**-1 181**	-1 281
Deferred tax liabilities	**-1 990**	-2 134
Net deferred tax assets net of deferred tax liabilities	**2 816**	1 663

For tax return purposes, certain subsidiaries have tax losses available to carry forward against future profits of CHF 23 200 000 (2006: CHF 18 800 000). Of these, CHF 18 900 000 have no expiration date and CHF 4 300 000 expire in the years ending March 31, 2008 to 2012. Capitalisation of all these net operating tax loss carry-forwards would result in deferred tax assets of approximately CHF 6 900 000 (2006: CHF 5 600 000). However, management believes that a valuation allowance of CHF 4 400 000 (2006: CHF 3 800 000) is appropriate, given the current estimate of future taxable income in the relevant countries. The balance of CHF 2 500 000 (2006: CHF 1 800 000) has been capitalised because management is of the opinion that these tax assets will be realised through future taxable earnings or alternative tax strategies.

12. Accrued liabilities – other

(CHF 1 000)	2007	2006
Accrued compensation	**12 671**	12 246
VAT	**2 914**	2 009
Sales commission	**91**	82
Capital lease obligations	**161**	88
Freight and duty	**610**	172
Power, telephone and water	**117**	102
Audit fees	**601**	613
Staff leaving costs	**206**	847
Other	**7 557**	4 206
Total	**24 928**	20 365

13. Staff seniority indemnity

Under Italian law, employees are entitled to collect upon termination of employment (or in the event of death, their heirs) a deferred compensation. A similar law exists in Austria. The group companies operating in Austria and Italy accrue this indemnity by reference to length of service and overall remuneration. The charge to net income amounted to CHF 875 000 (2005/06: CHF 853 000) in accordance with the respective employment levels.

14. Share capital

Details concerning the company's capital structure are included in Note 3 to the Financial Statements of Carlo Gavazzi Holding AG. Details concerning major shareholders of the company are included in Note 4 to the Financial Statements of Carlo Gavazzi Holding AG. Details concerning the number of Carlo Gavazzi Holding AG shares owned by the company are included in Note 5 to the Financial Statements of Carlo Gavazzi Holding AG.

15. Legal reserve and retained earnings

Companies in France, Italy, Spain and Switzerland are required to appropriate to a legal reserve 5 percent of the profits in local currency for each calendar year until the legal reserve is equivalent to 20 percent of the aggregate par value of the share capital. In addition, Swiss companies must transfer to legal reserve 10 percent of the amount by which any dividend exceeds 5 percent of the par value of the share capital. This additional allocation must be made until the legal reserve amounts to 50 percent of the share capital except for holding companies. Legal reserves are restricted as to distribution and amounted to CHF 12 112 000 (2006: CHF 12 197 000).

16. Other (income) expense, net

(CHF 1 000)	2006/07	2005/06
Other expense:		
Indemnity costs	**1 810**	323
Arbitration legal costs	**648**	–
Losses on sale of fixed assets	**103**	103
Write-off minority participation	**–**	109
Other	**268**	319
Total other expense	**2 829**	854
Other income:		
Gain on sale of fixed assets	**-366**	-62
Rental income	**-98**	-100
Licence income	**-947**	-134
Provision no longer required	**–**	-1 466
Other	**-442**	-304
Total other income	**-1 853**	-2 066
Net other (income) expense	**976**	-1 212

17. Interest expense, net

(CHF 1 000)	2006/07	2005/06
Interest expense	**1 233**	943
Interest income	**-546**	-804
Net	**687**	139

18. Research and development expense

Research and development expense amounted to CHF 8 070 000 (2005/06: CHF 7 956 000).

19. Pension plans

Certain subsidiary companies operate insured or defined funded contribution pension plans that cover substantially all employees of the respective companies. Pension expense amounted to CHF 800 000 (2005/06: CHF 694 000) reflecting amounts contributed to the various plans. Amounts owed to pension plans at March 31, 2007 amounted to CHF 19 000 (2006: CHF 20 000).

20. Personnel expense

Personnel expense amounted to CHF 67 250 000 (2005/06: CHF 68 050 000).

21. Stock-based and profit-sharing compensation plans

Board remuneration: Members of the board of directors can elect to take 50 percent or 100 percent of their annual board remuneration in the form of Carlo Gavazzi bearer shares multiplied by a factor of 1.05 or 1.1, respectively. As of March 31, 2007, 464 (2006: 724) bearer shares have been granted to the board members at a cost of CHF 128 000 (2005/06: CHF 151 000).

The chairman of the board of directors receives a certain number of Carlo Gavazzi bearer shares free of charge if certain financial parameters of the group are met for a specific financial year. As of March 31, 2007, 3 500 (2006: 3 300) bearer shares have been granted to the chairman at a cost of CHF 963 000 (2005/06: CHF 688 000).

Profit-sharing plan (PSP): In June 2004, the company established an incentive plan for the financial years 2004/05 to 2006/07 which grants cash awards to the chairman, directors, group executives, first-line managers and holding managers. Under this plan, the participants receive a cash award if certain financial parameters in the group are met for a specific financial year. The participants can elect to receive Carlo Gavazzi bearer shares at a discount of 10 percent in lieu of the cash award, but in such a case delivery of the shares awarded will be delayed for 6 months. The PSP expense amounted to CHF 1 558 000 (2005/06: CHF 1 558 000).

22. Related party transactions

At March 31, 2005, there was a debt due to the company from its former major shareholder Riccardo Gavazzi which, including interest, amounted to CHF 9 415 677. This amount was repayable in cash in instalments until April 30, 2008, as approved by the board of directors on March 12, 2003. On April 3, 2005, Riccardo Gavazzi died. On June 14, 2005, Barguzin Participation SA, Luxembourg, the company's direct main shareholder, assumed the above debt and signed a loan agreement with the company subject to interest at LIBOR plus a margin of 1.5 percent. This agreement provided for repayment in instalments until September 30, 2008 in cash and by compensation of future dividends. During the year ended March 31, 2006, instalments due of CHF 3 440 000 plus interest were all paid when due.

At March 31, 2005, loans, fees and interest of CHF 7 299 000 were due from Carlo Gavazzi Impianti SpA and its subsidiaries, companies then owned by the company's direct main shareholder, payable by March 31, 2006. In January 2006, Carlo Gavazzi Impianti SpA and its subsidiaries were sold to a third party and on March 30, 2006, the company was repaid CHF 3 786 859. The balance unpaid at March 31, 2006 of CHF 3 512 141 plus interest and other charges was assumed by Barguzin Participation SA, Luxembourg, the company's direct main shareholder, in the agreed amount of CHF 3 968 182.

At March 31, 2006, the total due to the company under the above two agreements amounted to CHF 9 980 695. During the year ended March 31, 2007, CHF 7 776 000 including accrued interest was repaid by Barguzin Participation SA, Luxembourg. The remaining balance of CHF 2 389 421 at March 31, 2007 will be repaid in instalments until September 30, 2008 in accordance with the original agreement as stated above. Of this amount CHF 1 500 000 is included in accounts receivable and CHF 889 421 is included in deposits and long-term receivables.

23. Guarantees and contingent liabilities

The repayment of various loans and overdraft facilities granted to group companies by outside lenders has been collateralised by pledging assets as follows:

(CHF 1 000)	**2007**	2006
Accounts receivable	**875**	699
Land and buildings	**3 445**	2 931
Machinery and equipment	**2 501**	2 437
Total	**6 821**	6 067

Guarantees issued to banks at March 31, 2007 and 2006 are as follows:

(CHF 1 000)	**2007**	2006
For former affiliated companies	**–**	2 349
For consolidated subsidiaries	**6 737**	6 532
Total	**6 737**	8 881

Guarantees issued by banks on behalf of former affiliated companies to cover banking facilities amounted to CHF nil (2006: CHF 870 000). They were issued in August 2004 for one year and could be extended at the request of the former affiliated company.
Guarantees issued to banks on behalf of former affiliated companies to cover banking facilities amounted to CHF nil (2006: CHF 1 479 000). They were issued in October and November 2001 initially for one year and could be automatically renewed for consecutive one-year terms unless cancelled by the company 90 days prior to the expiration of any one-year term. All of the aforementioned guarantees were cancelled during the year.

The company has guaranteed the debt to banks and other third parties on behalf of consolidated subsidiaries to cover banking facilities amounting to CHF 6 737 000 (2006: CHF 6 532 000). These guarantees have no expiry date and continue to be effective as long as the respective banking facilities continue to be extended. All intercompany guarantees have been eliminated in consolidation.

As all guarantees were issued before January 1, 2003, the provisions for initial recognition and measurement under FIN No. 45 are not applicable. In addition, no payments are expected to be made under the guarantees described above.

24. Pending legal cases and arbitration

The previous potential buyer of the former Engineering and Contracting Business Unit and the company entered into arbitration, regulated by the International Chamber of Commerce, Paris. The Final Award of the ICC International Court of Arbitration, rendered on May 11, 2006, discharged all claims of both the previous potential buyer and the company. The potential buyer's arbitration legal costs amounting to CHF 648 000 were awarded against the company. There are no legal cases pending where the outcome could have any material effect on the financial statements.

25. Leasing arrangements as lessee

The company has commitments under long-term leases that have initial or remaining non-cancellable lease terms in excess of one year for buildings, machinery and equipment, motor cars and EDP equipment. The company has the option to purchase assets under capital leases for a nominal cost at the termination of the leases. Future minimum lease commitments were as follows:

(CHF 1 000)	**Operating leases**	Capital leases
2008	**1 747**	92
2009	**1 211**	98
2010	**663**	102
2011	**404**	104
2012	**174**	57
Subsequent years	**152**	–
Total	**4 351**	453
Less interest		-43
Present value of net minimum lease payments		410

The current obligation for capital leases is included in «accrued liabilities – other» and the long-term obligation is included in «other long-term liabilities and capital lease obligations». Rental expense under operating leases amounted to CHF 634 000 (2005/06: CHF 787 000). Rental income under sub-leases amounted to CHF 52 000 (2005/06: CHF 53 000).

26. Earnings per share and diluted earnings per share

Earnings per share are computed based on the weighted average number of bearer shares of CHF 15 each or equivalent five registered shares of CHF 3 each (registered shares divided by five) outstanding during the year. Basic and diluted earnings per bearer share are as follows:

(CHF 1 000)	**2006/07**	2005/06
Net income from continuing operations (numerator)	**14 903**	11 526
Number of shares (denominator)	**709 932**	710 722
Earnings per share (CHF)	**20.99**	16.21

The number of shares is calculated as follows:

	2006/07	2005/06
Registered shares of CHF 3	**1 600 000**	1 600 000
Registered shares divided by 5	**320 000**	320 000
Bearer shares of CHF 15	**390 710**	390 710
Average number of own shares held by the company	**-4 742**	-4 012
Planned issue of bearer shares in lieu of board remuneration	**464**	724
Planned issue of bearer shares for chairman remuneration	**3 500**	3 300
Total	**709 932**	710 722

27. Segment information

The company's operations are classified into two segments: Automation Components includes the design, manufacture and marketing of electronic control components for the global industrial automation markets.

Computing Solutions includes the design, manufacture and marketing of system integration products for the global information processing markets.

The company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The management approach focuses on financial information that the company's decision-makers use to take decisions about the company's operating matters and to assess performance.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The company evaluates performance in the business units based mainly on earnings before interest, non-recurring gains or losses and income tax expense. The company accounts for inter-segment operating revenue at cost plus a profit margin.

Following the discontinuance of the fulfilment business of Channel Access in the Computing Solutions Business Unit, previous year figures have been restated.

Operating revenue

(CHF 1 000)	**2006/07**	2005/06
Automation Components	**186 602**	171 007
Computing Solutions	**29 147**	30 623
Total	**215 749**	201 630

Operating profit

(CHF 1 000)	**2006/07**	2005/06
Automation Components	**24 094**	17 471
Computing Solutions	**679**	-341
Total segments	**24 773**	17 130
Corporate and adjustments	**3 554**	3 502
Other (income) expense, net	**976**	-1 212
EBIT	**20 243**	14 840
Interest expense, net	**687**	139
Exchange (gain) loss	**508**	-375
Earnings from continuing operations before income taxes	**19 048**	15 076

Segment assets

(CHF 1 000)	**2007**	2006
Automation Components	**162 749**	143 586
Computing Solutions	**17 741**	25 494
Total segments	**180 490**	169 080
Corporate and adjustments	**1 683**	22 097
Total group	**182 173**	191 177

Additions to fixed assets

(CHF 1 000)	2006/07	2005/06
Automation Components	**5 000**	4 993
Computing Solutions	**128**	341
Total segments	**5 128**	5 334
Corporate and adjustments	**7**	57
Total group	**5 135**	5 391

Depreciation and amortisation

(CHF 1 000)	2006/07	2005/06
Automation Components	**4 086**	3 575
Computing Solutions	**622**	682
Total segments	**4 708**	4 257
Corporate and adjustments	**102**	86
Total group	**4 810**	4 343

28. Geographic information

In 2006/07 and 2005/06, no revenue from customers represented more than 10 percent of the company's consolidated operating revenue.

Operating revenue

(CHF 1 000)	2006/07	2005/06
Switzerland	**2 837**	2 561
USA	**45 020**	46 299
Italy	**44 689**	41 165
Other European countries	**102 959**	91 817
Other countries	**20 244**	19 788
Total group	**215 749**	201 630

Long-lived assets

(CHF 1 000)	2007	2006
Switzerland	**139**	96
USA	**8 885**	13 840
Italy	**12 586**	11 831
Other European countries	**31 848**	34 726
Other countries	**1 886**	2 033
Total group	**55 344**	62 526

Employees

(Average Number)	2006/07	2005/06
Switzerland	**9**	10
USA	**141**	160
Italy	**196**	193
Other European countries	**700**	665
Other countries	**146**	98
Total group	**1 192**	1 126

29. Subsidiaries

At March 31, 2007 the following significant non-listed companies were held by Carlo Gavazzi Holding AG

Percentage of shares held			Company name and domicile		Share capital
					(Local currency 1 000)
100.00%			**CARLO GAVAZZI PARTICIPATION DANMARK A/S, Hadsten, Denmark**	DKK	10 000
	100.00%		CARLO GAVAZZI GmbH, Vienna, Austria	EUR	73
	100.00%		CARLO GAVAZZI SA, Vilvoorde, Belgium	EUR	224
	100.00%		CARLO GAVAZZI (CANADA) Inc, Mississauga, Canada	CAD	5
	100.00%		CARLO GAVAZZI AUTOMATION (KUNSHAN) Co Ltd, Kunshan, China	CNY	7 484
	100.00%		CARLO GAVAZZI HANDEL A/S, Hadsten, Denmark	DKK	5 000
	100.00%		CARLO GAVAZZI INDUSTRI A/S, Hadsten, Denmark	DKK	10 000
		100.00%	CARLO GAVAZZI INDUSTRI KAUNAS UAB, Kaunas, Lithuania	LTL	35
	100.00%		CARLO GAVAZZI OY AB, Helsinki, Finland	EUR	50
	100.00%		CARLO GAVAZZI Sàrl, Roissy, France	EUR	274
	100.00%		CARLO GAVAZZI GmbH, Weiterstadt, Germany	EUR	2 000
	100.00%		CARLO GAVAZZI UK Ltd, Aldershot, Great Britain	GBP	100
	100.00%		CARLO GAVAZZI SpA, Lainate, Italy	EUR	2 300
	100.00%		CARLO GAVAZZI AUTOMATION SpA, Lainate, Italy	EUR	7 180
		100.00%	CARLO GAVAZZI LOGISTICS SpA, Lainate, Italy	EUR	1 500
	100.00%		CARLO GAVAZZI CONTROLS SpA, Belluno, Italy	EUR	916
	100.00%		CARLO GAVAZZI AUTOMATION (M) Sdn Bhd, Shah Alam, Malaysia	MYR	730
	100.00%		CARLO GAVAZZI Ltd, Zejtun, Malta	MTL	450
	100.00%		CARLO GAVAZZI BV, Beverwijk, Netherlands	EUR	136
	100.00%		CARLO GAVAZZI AS, Porsgrunn, Norway	NOK	1 000
	100.00%		CARLO GAVAZZI Lda, Lisbon, Portugal	EUR	25
	100.00%		CARLO GAVAZZI AUTOMATION SINGAPORE Pte Ltd, Singapore	SGD	600
		100.00%	CARLO GAVAZZI AUTOMATION (CHINA) Co Ltd, Shenzen, China	CNY	1 735
		100.00%	CARLO GAVAZZI AUTOMATION HONG KONG Ltd, Hong Kong	HKD	50
	100.00%		CARLO GAVAZZI SA, Leioa, Spain	EUR	451
	100.00%		CARLO GAVAZZI AB, Karlstad, Sweden	SEK	800
	100.00%		CARLO GAVAZZI AG, Steinhausen, Switzerland	CHF	200
	100.00%		CARLO GAVAZZI Inc, Buffalo Grove, USA	USD	5
100.00%			**CARLO GAVAZZI COMPUTING SOLUTIONS Inc, Brockton, MA, USA**	USD	6
	100.00%		CHANNEL ACCESS LLC, Los Gatos, CA, USA	USD	0
100.00%			**CARLO GAVAZZI FINANCE Ltd, Jersey, Channel Islands**	CHF	20
100.00%			**CARLO GAVAZZI INTERNATIONAL NV, Curaçao, Netherlands Antilles**	CHF	24 000
100.00%			**CARLO GAVAZZI MARKETING AG, Steinhausen, Switzerland**	CHF	500
100.00%			**CARLO GAVAZZI SERVICES AG, Steinhausen, Switzerland**	CHF	500

The major changes during the year in principal subsidiaries held by the group were as follows:
Carlo Gavazzi Feme SpA, Lainate, Italy, was merged into Carlo Gavazzi Automation SpA, Lainate, Italy, both companies being 100.00 % owned subsidiaries of Carlo Gavazzi Participation Danmark A/S, Hadsten, Denmark. Carlo Gavazzi Components BV, Leiden, Netherlands, was liquidated.

In 2005/06, the major changes were as follows:
Carlo Gavazzi Automation Singapore Pte Ltd, Singapore, formed two new 100.00% owned subsidiaries, Carlo Gavazzi Automation (China) Co Ltd, Shenzen, China, and Carlo Gavazzi Automation Hong Kong Ltd, Hong Kong, both as sales companies for the South-East-Asian region. Saiet Elettronica SpA, Castel Maggiore, Italy, was merged into Carlo Gavazzi Controls SpA, Belluno, Italy, both companies being 100.00 % owned subsidiaries of Carlo Gavazzi Participation Danmark A/S, Hadsten, Denmark. Carlo Gavazzi Automation SpA, Lainate, Italy, was transferred from Carlo Gavazzi Components BV, Leiden, Netherlands, to Carlo Gavazzi Participation Danmark A/S, Hadsten, Denmark.

Carlo Gavazzi Group

Report of the Group Auditors

To the general meeting of shareholders of Carlo Gavazzi Holding AG, Steinhausen

As auditors of the group, we have audited the consolidated financial statements (statement of income, balance sheet, statement of changes in shareholders' equity, statement of cash flows and notes, pages 24 to 41 of Carlo Gavazzi Holding AG for the years ended March 31, 2007 and 2006. These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with auditing standards generally accepted in the United States of America, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates and the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly in all material respects the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America and comply with Swiss law.

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

PricewaterhouseCoopers AG

J. Burgener

Joanne Burgener
Auditor in charge

Daniel Wyss

Zug, June 15, 2007

Carlo Gavazzi Holding AG

Financial Statements

for the years ended March 31, 2007 and 2006

Statements of Income

for the years ended March 31

(CHF 1 000)	Notes	2007	2006
Investment result			
Dividend income		**28 161**	–
Decrease in provision for investments		**8 500**	–
Revaluation of own shares to market value	5	**–**	339
Loss on own shares	5	**-100**	–
Loss on liquidation of investment		**-27 963**	–
Increase in provision for investments		**–**	-4 700
Net investment result		**8 598**	-4 361
Financial result			
Financial income – interest		**1 039**	1 127
Financial income – exchange gains		**10**	28
Financial expense – interest		**-634**	-464
Net financial result		**415**	691
Miscellaneous result			
Sundry income		**–**	1 951
Decrease in provision for accounts receivable		**–**	4 700
Administrative and other expense		**-456**	-384
Arbitration legal costs		**-654**	–
Net miscellaneous result		**-1 110**	6 267
Income before taxes		**7 903**	2 597
Taxes		**-172**	-9
Net income		**7 731**	2 588

See Notes to Financial Statements

Balance Sheets
at March 31

Assets

(CHF 1 000)	Notes	2007	2006
Current assets			
Liquid funds		**173**	13 759
Marketable securities – own shares	5	**814**	902
Other accounts receivable – third parties		**37**	3
Other accounts receivable – main shareholder		**–**	4 786
Other accounts receivable – group companies		**16 275**	5 933
Total current assets		**17 299**	25 383
Fixed assets			
Financial assets – investments, gross	2	**90 170**	113 720
Financial assets – provision for investments		**-20 000**	-28 500
Financial assets – investments, net		**70 170**	85 220
Other accounts receivable – main shareholder		**–**	2 476
Total fixed assets		**70 170**	87 696
Total assets		**87 469**	113 079

Liabilities and shareholders' equity

(CHF 1 000)	Notes	2007	2006
Current liabilities			
Bank loans and overdrafts		**4 270**	5 871
Other short-term liabilities – third parties		**70**	61
Other short-term liabilities – group companies		**35**	6 913
Provisions – taxes		**172**	12
Accrued expenses		**318**	689
Total short-term liabilities		**4 865**	13 546
Non-current liabilities			
Provision for unrealised exchange gains		**215**	–
Total non-current liabilities		**215**	–
Total liabilities		**5 080**	13 546
Shareholders' equity			
Share capital	3, 4	**10 661**	35 536
Legal reserves – general		**8 447**	8 447
Legal reserves – own shares	5	**820**	640
Free reserves		**44 180**	44 360
Retained earnings		**18 281**	10 550
Total shareholders' equity		**82 389**	99 533
Total liabilities and shareholders' equity		**87 469**	113 079

See Notes to Financial Statements

Statements of Changes in Retained Earnings and Free Reserves
at March 31

Retained earnings
(CHF 1 000)

Balance March 31, 2005	**11 496**
Dividend paid	-3 553
Dividend on own shares	19
Net income 2005/06	2 588
Balance March 31, 2006	**10 550**
Net income 2006/07	7 731
Balance March 31, 2007	**18 281**

Free reserves
(CHF 1 000)

Balance March 31, 2005	**44 680**
Change in legal reserves – own shares	-320
Balance March 31, 2006	**44 360**
Change in legal reserves – own shares	-180
Balance March 31, 2007	**44 180**

Appropriation of reserves
(CHF 1 000)

Proposals of the board of directors for 2006/07	
Retained earnings:	
Distribution of dividend	
– 1 600 000 registered shares at CHF 1.40 per share	2 240
– 390 710 bearer shares at CHF 7.00 per share	2 735
Transfer to free reserves	10 000
To be carried forward	3 306
Retained earnings per balance sheet	**18 281**
Legal reserves – general	
Transfer to free reserves	6 297
To be carried forward	2 150
Legal reserves – general per balance sheet	**8 447**

See Notes to Financial Statements

Notes to Financial Statements

at March 31

1. Securities, guarantees and pledges

Guarantees issued in favour of subsidiary companies and affiliates amounted to CHF 6 800 000 (2006: CHF 8 900 000).

2. Significant investments

Details of the principal subsidiaries held by Carlo Gavazzi Holding AG and major changes during the year are included in Note 29 to the Consolidated Financial Statements.

3. Capital structure

At the shareholders' meeting of the company held on July 27, 2006, it was resolved to reduce the share capital of the company by CHF 24 874 850 from CHF 35 535 500 to CHF 10 660 650 and to reduce the conditional share capital by CHF 1 234 450 from CHF 1 763 500 to CHF 529 050.

The company's share capital is now divided into registered shares of CHF 3 each and bearer shares of CHF 15 each. Each share carries one vote. The registered share capital amounts to CHF 4 800 000 divided into 1 600 000 registered shares of CHF 3 each (2006: 1 600 000 of CHF 10 each). The paid-in bearer share capital amounts to CHF 5 860 650 divided into 390 710 bearer shares of CHF 15 each (2006: 390 710 of CHF 50 each). The conditional bearer share capital amounts to CHF 529 050 divided into 35 270 bearer shares of CHF 15 each (2006: 35 270 of CHF 50 each). The conditional bearer share capital is reserved for issuance to employees and directors upon the exercise of share options.

There are no restrictions in the company's statutes concerning the registration of registered shares. Under Swiss law, a company can hold up to a maximum of 10 percent of its own shares. All shares are entitled to receive dividends.

4. Major shareholders and their shareholdings

The Gavazzi family holds directly and indirectly 80.7 percent (2006: 80.7 percent) of the voting rights of the company. Apart from these shareholders, there are no other major shareholders known to the company holding more than 5 percent of the voting rights.

5. Own shares

The company has carried out the following transactions in Carlo Gavazzi Holding AG bearer shares:

	Number of shares	Average price per share (CHF)
Balance March 31, 2005	**3 700**	
Purchases April 2005	900	115.44
Purchases June 2005	1 955	116.18
Disposals June 2005	-4 431	115.00
Purchases August 2005	288	138.49
Disposals August 2005	-843	136.00
Purchases September 2005	2 900	148.52
Purchases November 2005	1 000	150.00
Disposals January 2006	-1 145	175.00
Balance March 31, 2006	**4 324**	
Purchases May 2006	4 200	197.79
Purchases June 2006	2 604	189.37
Disposals June 2006	-5 104	183.00
Disposals August 2006	-724	221.00
Disposals January 2007	-140	255.50
Balance March 31, 2007	**5 160**	

Carlo Gavazzi Holding AG

Report of the Statutory Auditors

To the general meeting of shareholders of Carlo Gavazzi Holding AG, Steinhausen

As statutory auditors, we have audited the accounting records and the financial statements (statement of income, balance sheet and notes), pages 44 to 47 of Carlo Gavazzi Holding AG for the year ended March 31, 2007.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available retained earnings and legal reserves comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers AG

J. Burgener

Joanne Burgener
Auditor in charge

Daniel Wyss

Zug, June 15, 2007

Carlo Gavazzi Group

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Carlo Gavazzi Group

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