Interim Report April 1 – September 30, 2010

At a Glance

(CHF million)	1.4. - 30.9.10	1.4. - 30.9.09	%
Bookings	108.9	72.4	+50.4
Operating revenue	90.8	70.4	+29.0
EBITDA	13.3	5.3	+150.9
EBIT	11.1	3.4	+226.5
Net income	7.5	1.6	+368.8
Cash flow	9.7	3.8	+155.3
Additions to fixed assets	1.3	1.3	-
Net working capital	35.5	30.8	+15.3
Net cash position (at 30.9.10 / 31.3.10)	38.1	44.4	-14.2

Energy to Components!

Letter to the Shareholders

Dear Shareholders,

Carlo Gavazzi achieved a strong result in the first half of the business year 2010/11. Demand from customers for the group's products increased substantially in all geographical regions compared with the same period of the previous year. This positive development, together with the launch of many new products, resulted in a significant improvement in bookings of 50% and a substantial increase in operating revenue of 29%. The book-to-bill-ratio reached 1.2, a result that implies a positive revenue development in the second half-year. As a consequence of the revenue increase, EBIT improved from CHF 3.4 million to CHF 11.1 million, reaching 12.2% of revenue (versus 4.8% in the first semester of 2009/10) and net income rose from CHF 1.6 million to CHF 7.5 million or 8.3% of revenue. Equity at September 30 stood at CHF 90.7, representing 63.9% of total assets, and the group's net cash position amounted to CHF 38.1 million, evidencing the group's financial solidity.

The Carlo Gavazzi share price increased by 7% from CHF 150 on April 1, 2010, to reach CHF 161 at the end of the reporting period, outpacing the representative SPI Extra index which declined by 2%.

As communicated earlier, the board of directors decided on June 9, 2009, to change the group's accounting principles from US-GAAP to IFRS starting with the current financial year. Due to this change, figures were restated. In order to provide all shareholders with full transparency and in accordance with good corporate governance, the Interim Report reflecting the impact of these changes was expanded and includes all the details in its financial section.

Business review

Thanks to the global presence and the diversified customer base, the group benefitted from the increased demand for its electronic control components from both the factory and building automation industries. When considering the overall positive results of the group, reported in Swiss francs, it has to be taken into account that these figures were achieved despite the strengthening of the Swiss franc against the Euro and the US dollar which had a negative impact of around 10% on all key figures.

During the first semester, the group experienced a decrease of the gross profit margin from 53.9% to 51.5% of operating revenue despite all efforts to improve efficiency at all levels and the focus on reducing manufacturing costs. This decrease was due to an increased demand from larger Original Equipment Manufacturers (OEMs), traditionally generating lower profit margins and the fact that the world-wide economic recovery had a negative impact on the purchasing prices of strategic components linked with supply shortages.

Geographical markets

Sales in all geographical regions where the group is present benefitted from the improved economic environment. In Euros, revenue increased by almost 40% in the European region and by close to 30% in North America. The Asia-Pacific region registered a revenue increase of more than 70% compared with the same period of the previous year, benefitting from the robust economic recovery in the area and the additional sales and marketing activities

initiated in China and India. Independently from the external economic development, the group is determined to further strengthen its global presence by establishing additional regional offices in China, and by improving its sales activities in geographical areas not yet sufficiently covered, such as Turkey, Brazil, India and Taiwan.

Market segments and products

The focus on selected priority market segments proved to be a very valid strategy. Among these segments, the revenue increase of Heating, Ventilation & Air-conditioning (HVAC) and Food & Beverage was more than 24% versus the same period of the previous year and the sales in Renewable Energy tripled thanks to the complete packages of inverters and monitoring systems offered by the group.

Energy management proved to be a highly promising stream of revenue. Thanks to the innovative and complete product range, sales increased by almost 100% versus last year. It is expected that all the efforts in designing complementary products for power analyzers will further support the penetration in the conventional and renewable energy markets.

Sales of sensors grew by more than 20% compared with the same period of the previous year, due to many dedicated actions initiated together with OEM customers in the building automation sector. The forthcoming new generation of both photoelectric and inductive sensors will further enhance the group's position in the factory automation field.

Sales of solid-state relays benefitted from the overall recovery of the industrial automation market and grew by almost 50%. In the very near future, the release of a new family of modular solid-state relays should impact positively the revenue in all the selected priority market segments.

Outlook

The economic scenario remains complex, however, since the beginning of the financial year, there have been encouraging signs of recovery in developed economies and strong growth in many emerging and developing regions. As of today, it is difficult to assess whether the favorable environment experienced in the first half-year will be sustainable in the second semester. Therefore, Carlo Gavazzi maintains a cautious optimism for the full financial year. The group will increase its spending in R&D to design additional, application-oriented, state-of-the art products to complement the current product portfolio for the selected priority markets. For the full year, the group's goal is to achieve a financial performance well above the one of the previous year and remains committed to deliver to its shareholders an appropriate return.

Valeria Gavazzi
Chairman

Giovanni Bertola
Vice-Chairman

Statements of Comprehensive Income

for the six months ended September 30

(in CHF 1 000)	Notes	2010	2009
Continuing operations			
Sales		90 819	70 401
Cost of goods sold		(44 131)	(32 474)
Gross profit		**46 688**	**37 927**
Research & development expense		(3 524)	(3 821)
Selling, general and administrative expense		(31 402)	(30 593)
Other operating income (expense), net		(613)	(159)
Operating profit (EBIT)		**11 149**	**3 354**
Financial income		34	51
Financial expense		(298)	(955)
Profit before income tax		**10 885**	**2 450**
Income tax expense		(3 370)	(814)
Net profit for the period		**7 515**	**1 636**
Other comprehensive income			
Actuarial gains (losses) on employee benefit obligations		-	(160)
Tax impact on actuarial gains (losses) on employee benefit obligations		-	53
Exchange difference on translation of foreign operations		(5 179)	(906)
Other comprehensive income for the period, net of tax		**(5 179)**	**(1 013)**
Total comprehensive income for the period		**2 336**	**623**
Net profit attributable to owners of Carlo Gavazzi Holding AG		7 515	1 636
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		2 336	623
Earnings per share from net profit of continuing operations for the period attributable to owners of Carlo Gavazzi Holding AG (in CHF per share)			
Basic and diluted earnings per share of continuing operations:			
- registered shares	9	2.12	0.46
- bearer shares	9	10.57	2.30

The accompanying notes are an integral part of the consolidated financial statements

Balance Sheets

as of

(in CHF 1 000)	Notes	September 30 2010	March 31 2010	April 1 2009
Assets				
Current assets				
Cash and cash equivalents		41 855	47 853	37 023
Trade receivables		41 048	34 703	34 465
Other receivables		7 518	6 652	6 651
Inventories		28 137	25 900	28 009
		118 558	**115 108**	**106 148**
Assets classified as held-for-sale	10	-	-	9 435
Total current assets		**118 558**	**115 108**	**115 583**
Non-current assets				
Property, plant and equiment		11 344	13 020	14 312
Intangible assets	6	7 665	7 955	8 251
Other receivables		367	406	408
Deferred income tax assets		4 169	4 126	3 849
Total non-current assets		**23 545**	**25 507**	**26 820**
Total assets		**142 103**	**140 615**	**142 403**
Liabilities and equity				
Current liabilities				
Trade payables		13 471	13 215	10 973
Other payables		22 398	21 651	21 731
Borrowings		2 559	1 759	5 322
Current income tax liabilities		5 336	3 604	3 135
		43 764	**40 229**	**41 161**
Liabilities classified as held-for-sale	10	-	-	797
Total current liabilities		**43 764**	**40 229**	**41 958**
Non-current liabilities				
Borrowings		1 281	1 734	2 145
Employee benefit obligations		4 910	5 199	5 248
Other provisions		462	479	473
Deferred income tax liabilities		948	1 018	1 035
Total non-current liabilities		**7 601**	**8 430**	**8 901**
Total liabilities		**51 365**	**48 659**	**50 859**
Equity				
Share capital		10 661	10 661	10 661
Capital reserves		600	600	710
Other reserves		(9 067)	(3 888)	-
Own shares		-	-	(228)
Retained earnings		88 544	84 583	80 401
Total equity attributable to owners of Carlo Gavazzi Holding AG		**90 738**	**91 956**	**91 544**
Total liabilities and equity		**142 103**	**140 615**	**142 403**

The accompanying notes are an integral part of the consolidated financial statements

Statements of Changes in Equity

		Attributable to owners of Carlo Gavazzi Holding AG					
(in CHF 1 000)	Notes	Share capital	Capital reserves	Other reserves	Own shares	Retained earnings	Total equity
Equity at March 31, 2009 according to US GAAP		**10 661**	**710**	**(19 972)**	**(228)**	**115 742**	**106 913**
Adjustments to IFRS	3.2	-	-	19 972	-	(35 341)	(15 369)
Equity at April 1, 2009 after IFRS adjustments		**10 661**	**710**	**-**	**(228)**	**80 401**	**91 544**
Net profit for the period		**-**	**-**	**-**	**-**	**1 636**	**1 636**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(107)	-	-	(107)
Exchange difference on translation of foreign operations		-	-	(906)	-	-	(906)
Other comprehensive income for the period		**-**	**-**	**(1 013)**	**-**	**-**	**(1 013)**
Dividends	8	-	-	-	-	(3 554)	(3 554)
Sale of own shares		-	(110)	-	228	-	118
Total transactions with owners		**-**	**(110)**	**-**	**228**	**(3 554)**	**(3 436)**
Equity at September 30, 2009		**10 661**	**600**	**(1 013)**	**-**	**78 483**	**88 731**
Net profit for the period		**-**	**-**	**-**	**-**	**6 100**	**6 100**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(108)	-	-	(108)
Exchange difference on translation of foreign operations		-	-	(2 767)	-	-	(2 767)
Other comprehensive income for the period		**-**	**-**	**(2 875)**	**-**	**-**	**(2 875)**
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**
Equity at March 31, 2010		**10 661**	**600**	**(3 888)**	**-**	**84 583**	**91 956**
Net profit for the period		**-**	**-**	**-**	**-**	**7 515**	**7 515**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	(5 179)	-	-	(5 179)
Other comprehensive income for the period		**-**	**-**	**(5 179)**	**-**	**-**	**(5 179)**
Dividends	8	-	-	-	-	(3 554)	(3 554)
Total transactions with owners		**-**	**-**	**-**	**-**	**(3 554)**	**(3 554)**
Equity at September 30, 2010		**10 661**	**600**	**(9 067)**	**-**	**88 544**	**90 738**

For additional information purposes the second half of the prior year is presented in the table above
The accompanying notes are an integral part of the consolidated financial statements

Statements of Cash Flows

for the six months ended September 30

(in CHF 1 000)	Notes	2010	2009
Cash flow from operating activities			
Profit for the period		**7 515**	**1 636**
Depreciation and amortization		2 154	2 030
Loss (gain) on disposal of property, plant and equiment		(15)	(11)
Change in other non-cash items		(378)	110
Changes in working capital:			
- Change in trade receivables and other receivables		(7 201)	1 132
- Change in inventories		(2 237)	(1 210)
- Change in trade payables and other payables		1 003	(2 746)
Cash generated from operations		**841**	**941**
Interest received		11	23
Interest paid		(50)	(64)
Taxes paid		(557)	(687)
Cash flow from operating activities		**245**	**213**
Cash flow from investing activities			
Purchases of property, plant and equiment		(1 319)	(1 314)
Proceeds from disposal of property, plant and equiment		15	11
Proceeds from disposal of net assets of discontinued operations	10	-	8 638
Cash flow from investing activities		**(1 304)**	**7 335**
Cash flow from financing activities			
Dividends paid	8	(3 554)	(3 554)
Sale of own shares		-	118
Proceeds from borrowings		1 818	-
Repayment of borrowings		(1 471)	(3 465)
Cash flow from financing activities		**(3 207)**	**(6 901)**
Change in cash and cash equivalents		**(4 266)**	**647**
Cash and cash equivalents at the beginning of the period		47 853	37 023
Effects of exchange rate changes on cash and cash equivalents		(1 732)	(407)
Cash and cash equivalents at the end of the period		**41 855**	**37 263**

The accompanying notes are an integral part of the consolidated financial statements

Notes to the Consolidated Interim Financial Statements

1. General information

Carlo Gavazzi Holding AG with its subsidiaries (together Carlo Gavazzi Group, hereinafter «the Group») is an internationally active electronics company. Its core business Automation Components consists of design and manufacture of electronic control components for the global industrial automation markets. Carlo Gavazzi Holding AG is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange) in Zürich. The address of its registered office is Sumpfstrasse 32, CH-6312 Steinhausen, Switzerland.

The financial year of the Group ends on March 31. The Group reporting currency is Swiss Francs (CHF). The consolidated financial statements are presented in thousands of Swiss Francs (CHF 1 000).

These unaudited consolidated half-year financial statements of the Group were approved for publication by the Board of Directors on November 5, 2010.

The Group's business is not usually impacted by seasonality.

2. Significant accounting and valuation policies

The significant accounting and valuation policies employed in the preparation of these consolidated financial statements are described below. The described policies have been applied consistently in all of the reporting periods presented except as described below:

2.1 Basis of preparation

The Group's unaudited consolidated half-year financial statements have been prepared in accordance with IFRS for the first time in financial year 2010/11. IAS 34 «Interim Financial Reporting» and IFRS 1 «First-time Adoption of International Financial Reporting Standards» have been applied. The financial effects on the financial position, results of operations and cash flows of the Group resulting from the change in accounting policies from US GAAP to IFRS are shown in Note 3.

Until March 31, 2010, the half-year consolidated financial statements of the Group were prepared in accordance with US GAAP. In certain areas these accounting policies differ from those of IFRS. The first-time adoption of IFRS took effect as of April 1, 2009. The accounting policies used to prepare the half-year financial statements as of September 30, 2010 have been revised in accordance with IFRS standards effective as of September 30, 2010. As part of the transition to IFRS as of April 1, 2009, the income statement comparative information for the six month period ended September 30, 2009, and the balance sheet comparative information as of April 1, 2009 and March 31, 2010 have also been adjusted to reflect the new accounting policies.

The Group's consolidated half-year financial statements have been prepared on the historical cost basis.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities and contingent assets during the reporting period. Whilst these estimates are based on management's best knowledge of current circumstances and possible future events, actual results may ultimately differ from these estimates.

2.2 Changes to accounting policies

Selected standards and revisions to standards effective for periods commencing on or after October 1, 2010, which have not been adopted early by the Group:

- The new IFRS 9 «Financial Instruments» deals with the classification and measurement of financial assets, thereby concluding the first of three project stages. IFRS 9 will fully replace IAS 39 «Financial Instruments: Recognition and Measurement» over the next two years. IFRS 9 simplifies the financial asset categories, reducing them in number from four to two. This standard must be applied for reporting periods beginning after January 1, 2013 at the latest, with earlier application permitted.
- The revised IAS 24 «Related Party Disclosures», applicable to financial years commencing on or after January 1, 2011, with earlier application permitted, simplifies the disclosure requirements for public companies and redefines the concept of a «related party».

– The revised IFRIC 14 «IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction» is applicable to financial years beginning on or after January 1, 2011, with earlier application permitted and stipulates that voluntary payments into a pension plan, constituting a surplus, should be recognized as an economic benefit. This can typically occur in Switzerland in cases where pension plans have an employer contribution reserve.

The Group is currently assessing the effects of these new standards, interpretations and amendments on its future financial reporting.

2.3 Principles of consolidation

Group companies

Group companies are all those companies in which Carlo Gavazzi Holding AG either directly or indirectly holds 50% or more of the voting rights. New group companies are fully consolidated from the time at which control of the company is transferred to Carlo Gavazzi Group. They are deconsolidated at the point in time at which control ceases.

Assets and liabilities as well as the income and expenses of these companies are fully (100%) consolidated. All material internal group transactions, balances, and unrealized profits and losses resulting from internal group transactions are eliminated.

Minority interest

The share of net assets and net profit or loss attributable to minority shareholders is presented separately in the consolidated balance sheet and income statement. For the periods presented, there was no minority interest.

2.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Swiss Francs (CHF) as the presentation currency. The group companies compile their financial statements in their functional currency, which is the currency of the primary economic environment in which they operate.

Foreign currency translation

All assets and liabilities in the balance sheets of the group companies that are denominated in respective functional currencies are translated into Swiss Francs at the closing rate. Items in the income statement and cash flow statement are translated at the average exchange rate for the period. The resulting translation differences are recognized in shareholders' equity. When a Group company is sold, the cumulative translation differences recognized in shareholders' equity are recycled to the income statement.

The following exchange rates into Swiss Francs were used during the periods under review:

Exchange Rates

Period end rates applied for the consolidated balance sheet

Currency	Unit	30.9.2010	31.3.2010	30.9.2009	1.4.2009
CAD	1	0.95	1.04	0.95	0.90
CNY	100	14.62	15.61	15.19	16.67
DKK	100	17.84	19.24	20.29	20.33
EUR	1	1.33	1.43	1.51	1.51
GBP	1	1.54	1.60	1.65	1.63
HKD	100	12.59	13.71	13.36	14.70
LTL	100	38.50	41.48	43.73	44.00
MYR	100	31.67	32.60	29.75	31.19
NOK	100	16.70	17.81	17.74	16.98
SEK	100	14.51	14.67	14.77	13.86
SGD	1	0.74	0.76	0.73	0.75
USD	1	0.98	1.05	1.04	1.14

Average rates applied for the consolidated income statement

Currency	Unit	1.4.2010 – 30.9.2010	1.4.2009 – 30.9.2009
CAD	1	1.04	0.96
CNY	100	15.77	15.96
DKK	100	18.44	20.38
EUR	1	1.37	1.52
GBP	1	1.63	1.73
HKD	100	13.77	14.04
LTL	100	39.86	44.08
MYR	100	33.56	30.85
NOK	100	17.30	17.27
SEK	100	14.43	14.34
SGD	1	0.78	0.75
USD	1	1.07	1.09

Foreign currency transactions and balances in the individual financial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

All exchange differences are recognized in the income statement, except for intercompany transactions having the nature of a permanent financial investment which are directly recorded in equity.

2.5 Cash and cash equivalents

The Group considers all highly liquid investments purchased with maturity of three months or less to be cash.

Cash and cash equivalents are reported at their nominal value.

2.6 Trade receivables

Trade receivables are stated at nominal value less an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The amount of the allowance is determined by analyzing known uncollectible accounts, aged receivables, economic conditions in the customers' country or industry, historical losses and the customers' creditworthiness.

Concentrations of credit risk with respect to trade receivables are limited due to the large number of geographically diverse customers which make up the Group's customer base, thus spreading credit risk. Some European countries require longer payment terms as a part of doing business and this may subject the Group to a higher risk of non-collectability. This risk is evaluated when determining the allowance for doubtful accounts. The Group generally does not require collateral from its customers.

Changes to allowances for doubtful receivables as well as effective losses due to bad debts are shown in selling, general and administrative expense.

2.7 Other receivables

This item includes all other receivables that do not arise from deliveries of products (e.g. VAT credits, withholding tax credits, receivables from social insurances, etc.). Included are also advances to suppliers as well as prepaid expenses (e.g. for rent, consulting, insurance premiums, etc.).

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.8 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets unless they are not expected to be realized within 12 months.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The loans and receivables comprise 'cash and cash equivalents', 'trade receivables' and 'other receivables' in the balance sheet (notes 2.5, 2.6 and 2.7).

c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of them within 12 months of the end of the reporting period.

Recognition and measurement
Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other operating income (expense), net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of 'other operating income (expense), net' when the Group's right to receive payment is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest rate method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of 'other operating income (expense), net' when the Group's right to receive payment is established.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of financial assets
a) Assets carried at amortized cost
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated

future cash flows of the financial asset or Group of financial assets that can be reliably estimated.
The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

– Significant financial difficulty of the issuer or obligor;
– A breach of contract, such as a default or delinquency in interest or principal payments;
– The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
– It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
– The disappearance of an active market for that financial asset because of financial difficulties; or
– Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and
(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

b) Assets classified as available for sale
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. For debt securities, the Group uses the criteria referred to above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.9 Inventories

Inventories are stated at the lower of cost or net realizable value. The first-in, first-out (FIFO) method is applied to finished goods inventory and the weighted-average method is applied to production inventory. The cost of finished goods and work in process comprise raw materials, direct labour costs and other costs that can be directly allocated, such as production overhead expenditures. Provision for write-downs is established when there is a reasonable indication that the Group will not be able to recover the cost of the specific inventory items.

2.10 Property, plant and equipment

Property, plant and equipment include land, property used for operational purposes, facilities, machinery, IT and vehicles, as well as plant and equipment under construction.

Property, plant and equipment are reported at their purchase price or construction costs less scheduled accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes the estimated costs of dismantling and removing the asset and restoring the site on which it is located (decommissioning costs) and the corresponding liability is recognized in accordance with IAS 37.

Depreciation is calculated using the straight-line method over the estimated useful lives, as follows:

Land	No depreciation
Buildings	50 years
Leasehold improvement (maximum)	10 years
Machinery and equipment	6 years
Furniture and fixtures	6 years
Vehicles	4 years
IT equipment	3 years

Maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized 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 the income statement.

2.11 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated, from the acquisition date, to cash-generating units or groups of cash-generating units (not higher than operating segment) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from synergies arising from the business combination.

Research and development

Expenditure incurred on research and development is distinguished between the research phase and the development phase. All research phase expenditure is charged to the income statement as incurred. For development expenditure, it is capitalized as an internally generated intangible asset only if it meets strict criteria relating to technical feasibility, intention to complete, ability to use or sell, generation of future economic benefits, availability of adequate technical, financial and other resources to complete its development and reliable measurement of the costs incurred. Expenditure capitalized is amortized over the planned economic life or in relation to the expected revenue over the economic useful life, up to a maximum of 5 years from the entry-into-service of the product or asset, using the straight-line method. Intangible assets that do not have a finite economic life and therefore cannot be depreciated on a straight-line basis are subject to an annual test for impairment.

Software

Acquired computer software licences for own use, which are not an integral part of hardware are capitalized on the basis of the costs incurred to acquire and bring the related software to use. These software licences are amortized using the straight-line method over their useful economic life, generally 3 years.

2.12 Assets held for sale

The Group's assets are reclassified as held for sale when a sale within one year is highly probable and the assets are available for immediate sale in their present condition.

Non-current assets held for sale are re-evaluated at the lower of fair value less cost to sell or the carrying amounts at the date they meet the held for sale criteria. Any resulting impairment loss is recognized in the income statement.

The liabilities of an asset classified as held for sale or of a group of assets held for sale are disclosed separately from other liabilities in the balance sheet. Such assets and liabilities may not be offset and disclosed as a single amount.

2.13 Impairment of non-financial assets

Non-financial assets are assessed on each balance sheet date for any indication of impairment. If any such indication exists, a test is carried out to estimate if the carrying amount could exceed the higher of the asset's fair value less costs to sell and its value in use. If this is the case, the appropriate impairment loss is recognized.

The same method is applied to reversals of impairment losses as for identifying impairment, i.e. a review must be carried out on each reporting date to assess whether there are indications that an impairment loss might no longer exist or might have decreased. If this is the case, the amount of the decrease in impairment loss must be determined (difference between recoverable amount and net carrying amount).

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Impairment losses relating to goodwill cannot be reversed in future years.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.15 Other payables

Other payables include non interest-bearing liabilities, in particular VAT liabilities, liabilities for social security payments, current and non-current employee benefits (e.g. accrued paid annual leave and overtime, bonuses, etc.) as well as accrued expenses, short-term provisions and prepaid income.

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.16 Borrowings

Borrowings are divided into current and non-current depending on the time to maturity and include in particular bank overdrafts, loans and finance leases.

Borrowings are recognized initially as the proceeds received, net of transaction costs incurred. In subsequent periods, loans are stated at amortized cost using the effective interest rate method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the terms of the borrowing.

2.17 Leasing

Assets acquired under finance leases are capitalized as part of the fixed assets. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

The associated obligations are included dependent on their maturity in current or non-current financial liabilities, respectively.

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

2.18 Employee benefits

Pension obligations

The Group has a range of pension plans designed to take account of local conditions and practices in individual countries in which the Group operates. The Swiss subsidiaries provide a defined benefit plan for their employees; subsidiaries in other jurisdictions provide both defined contribution plans and defined benefit plans for their employees. The plans are generally funded through payments to insurance companies or trustee-administered funds. Costs related to post-employment benefits are recognized as personnel expenses allocated to the functions to which the respective employees contribute.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (insurance company or fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee services in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans typically specify an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and salary.

For defined benefit plans, the amount recognized in the balance sheet corresponds to the present value of the defined benefit obligation at the balance sheet date reduced by the fair value of plan assets and adjusted for unrecognized past service cost. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Any underfunding will be recognized as a liability. Overfunding, however, will only be capitalized to the extent that it represents economic benefits for the Group.

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

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over such vesting period.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Termination indemnity

Italian law requires the Italian group companies to grant termination indemnity benefits (TFR) to all employees. Up to a pension reform which introduced new regulations for employee termination benefits beginning from January 1, 2007, termination indemnity benefits were classified and accounted for as defined benefit plans. Beginning January 1, 2007 the plans are considered to be defined contribution plans. The termination benefit provision accrued up to December 31, 2006 continues to be accounted for as a defined benefit plan and is recorded at the actuarial present value of the benefits for which the employees are currently entitled based on the employee's expected separation or retirement date. The benefit obligation is not covered by separately identified assets (unfunded plan).

Long-term incentive plan ACBU

A Long-Term Incentive plan (LTI) was approved by the Board of Directors on July 23, 2010, it includes the first-line management of Automation Components who have a significant influence on the Group's long-term development and financial results. The purpose of the LTI is to strengthen the long-term commitment to the Group and to foster teamwork in that the entitled employees are granted cash awards, dependent on various criteria allied to the

long-term success of the Group as a whole. The Group recognizes a provision where contractually obliged. The LTI is accounted for under IAS 19.

2.19 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision is measured on the best estimate concept, i.e. the amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation on the balance sheet date. The amount of a provision is reviewed for appropriateness at every balance sheet date. Long-term provisions are discounted.

Contingent liabilities arise from past events where the outcome depends on future events. As the probability either cannot be measured reliably or the probability for a subsequent outflow lies below 50%, contingent liabilities are not recognized in the balance sheet but are described in the notes.

2.20 Equity

Equity includes share capital, capital reserves, other reserves, own shares and retained earnings.

Share capital is the par value of all outstanding shares.

Capital reserves contain gains and losses realized on the sale of own shares.

Own shares comprise shares in Carlo Gavazzi Holding AG held by Carlo Gavazzi Holding AG itself or indirectly through a subsidiary. Own shares are recognized at purchase cost and are not revalued at the balance sheet date.

Retained earnings are profits, including legal and free reserves, that are not distributed as dividends and which are generally freely available.

Other reserves include currency translation differences, actuarial gains and losses on post-employment benefit obligations as well as their related income tax effect on other comprehensive income.

2.21 Revenue recognition

Revenue from the sale of goods comprises all revenues that are derived from sales of products to third parties after deduction of sales taxes and discounts. Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the products have passed to the buyer, usually upon delivery of the products.

Appropriate provisions are created for expected warranty claims arising from the sale of goods.

Interest income is recognized using the effective interest rate method.

2.22 Borrowing costs

Borrowing costs comprise interest and other costs that are incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

2.23 Income taxes

Income tax expense for the period comprises current and deferred income taxes.

Current income taxes are the expected taxes payable on the taxable income for the year of the respective Group companies including any adjustment to taxes payable in respect of previous years. Current income taxes are accrued in a period-compliant manner.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes are determined using tax rates that apply, or have been substantially enacted, on the balance sheet date in the countries where the Group is active. Tax losses carried forward are recognized as deferred tax assets to the extent that it is probable that tax profit will be available in the future against which the tax losses carried forward can be utilized. Deferred tax assets and liabilities are offset against each other if the corresponding income taxes arise by the same tax authority and a legally enforceable right for offsetting exists.

2.24 Business combinations

All business combinations are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. The identifiable assets acquired or liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill and allocated to the cash-generating units or group of cash-generating units depending on the level at which it is monitored by management. If the consideration transferred is lower than the fair value of the acquirer's share of the identifiable net assets acquired (bargain purchase), the difference is recognized directly in the income statement.

3. Impact of transition to IFRS

3.1. Transition to IFRS

Up to March 31, 2010, Carlo Gavazzi Group's consolidated financial statements have been prepared in accordance with US GAAP. As described in note 2.1, upon adoption of IFRS for the first time in financial year 2010/11, Carlo Gavazzi Group's interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and IFRS 1, First-time Adoption of International Financial Reporting Standards. The financial effects on the equity, comprehensive income and cash flows of the Group resulting from the change in accounting policies from US GAAP to IFRS are shown hereafter.

In addition, certain reclassifications were made to prior periods' financial statement amounts and related note disclosures to conform to the current presentation under IFRS. The main reclassifications related to deferred income tax assets and liabilities, as well as liabilities of disposal group classified as held-for-sale.

3.2. Reconciliation of equity from US GAAP to IFRS

Adjustment effects on Equity

(in CHF 1 000)		31.3. 2010	30.9. 2009	1.4. 2009
Equity as reported under US GAAP		**107 863**	**104 145**	**106 913**
IFRS adjustments increase (decrease):				
Intangible assets	a	(15 629)	(15 650)	(15 650)
Property, plant and equipment	c	103	131	157
Other non-current provisions	c	(479)	(490)	(473)
Employee benefit obligations	d	(310)	203	275
Deferred income tax on assets/liabilities	e	408	392	322
Equity as reported under IFRS	b	**91 956**	**88 731**	**91 544**

a) Intangible assets

The Group decided to go back and restate its past business combination effected on February 1, 1988 by applying IFRS 3, Business Combinations (as revised in 2008), and all later business combinations, as well as applying IAS 27, Consolidated and Separate Financial Statements (as revised in 2008) from that same date and not to apply the exemption offered by IFRS 1.

When restating its past business combinations, the main adjustments the Group identified are intangible assets that had been acquired but not previously recognized (subsumed within goodwill) under US GAAP applicable at the time of such business combinations, as well as acquisition costs which were not expensed at the time of such business combinations. Consequently, according to IFRS 1, the newly-recognized intangibles have been adjusted against goodwill, while acquisition costs have been adjusted directly against retained earnings. Newly-recognized intangible assets have been amortized over their useful lives and were fully amortized by the date of transition to IFRS. Business combinations that occurred before February 1, 1988, were not restated retrospectively in accordance with IFRS 3.

b) Currency translation adjustments

The Group decided to use the exemption available

under IFRS 1 that relieves it from complying with the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates, to separately classify the currency translation differences as other comprehensive income up to the date of transition. Consequently, cumulative translation differences as of April 1, 2009, arising from translation into Swiss francs of the financial statements of foreign operations whose functional currency is other than Swiss francs and exchange differences on intercompany transactions having the nature of a permanent financial investment, were reset to zero. Accordingly, the cumulative translation differences were included in retained earnings in the IFRS opening balance sheet. In the case of subsequent disposal of a foreign operation concerned, no amount of currency translation difference relating to the time prior to the transition date will be included in the determination of the gain or loss on disposal of such entity.

c) Property, plant and equipment and other non-current provisions

Under US GAAP, the Group had identified several asset retirement obligations (decommissioning costs) but decided not to account for those in light of materiality of the amounts involved and related impact on the financial statements. As part of its transition to IFRS, and applying IAS 16, Property, Plant and Equipment and IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the Group has now recorded those costs and related provisions (discounted) on its IFRS opening balance sheet as of April 1, 2009.

d) Liabilities from defined benefit pension plans

Pension obligation

The Group operates different pension plans in various countries, which individually cover only a small number of employees. In light of the transition to IFRS all existing pension plans were reassessed for classification and measurement purposes. As part of this process, the valuation of the defined benefit obligations, performed by independent actuaries, has been harmonized within the group.The remeasurement of the existing defined benefit obligations, applying the measurement principles set forth in IAS 19, Employee Benefits, resulted in an increase to the net pension obligation of the Group at the date of transition. In addition, the Group elected the option under IFRS to record actuarial gains and losses directly in other comprehensive income.

Termination indemnity

Under IFRS, a liability for termination indemnity benefits is recorded at the actuarial present value of the benefits for which the employee is currently entitled, based on the employee's expected separation or retirement date. Under US GAAP, the Group measured the liability based on the amount the Group would pay if the employee left the company at the balance sheet date. The difference resulted in a reduction of the liability for termination indemnity benefits at the date of transition. In addition, the Group elected the option under IFRS to record actuarial gains and losses directly in other comprehensive income.

e) Deferred income tax assets and liabilities

Under US GAAP, the tax impact of the elimination of unrealized profits was deferred until the goods would be sold to third parties outside the Group using the seller's tax rate, while under IFRS, applying IAS 12, Income Taxes, the deferred tax on unrealized profits is calculated based on the buyer's tax rate. In addition, the adjustment includes all deferred income taxes on the taxable effects of the transition adjustments as per described above and recognized as appropriate depending on whether they are generating a taxable or deductible temporary difference.

3.3. Reconciliation of comprehensive income from US GAAP to IFRS

(in CHF 1 000)		Year ended 31.3. 2010	6 months ended 30.9.2009
Comprehensive income as reported under US GAAP		4 386	668
Increase (decrease) in net income for:			
Personnel expense			
– recognised under cost of goods sold	a	(92)	59
– recognised under selling, general and administrative expense	a	(116)	53
Depreciation recognised under cost of goods sold	b	(48)	(26)
Financial expense	c	(33)	(18)
Deferred income tax	d	(13)	10
		(302)	78
Increase (decrease) in other comprehensive income for:			
Actuarial gains (losses) on retirement benefit obligations	e	(320)	(160)
Deferred income tax	e	105	53
Cumulative translation adjustments		(21)	(16)
		(236)	(123)
Comprehensive income as reported under IFRS		3 848	623

a) Personnel expenses
As described in d) above, as part of the transition to IFRS, existing defined benefit pension plans and severance indemnity benefits were remeasured by applying the valuation principles defined in IAS 19, Employee Benefits. This resulted in higher pension costs which increased personnel costs under IFRS. Such increase in personnel costs has been allocated by function between Cost of sales and Selling, general and administrative expense (functions to which the respective employees contribute).

b) Decommissioning costs
As part of its transition to IFRS, and applying IAS 16 and IAS 37, the Group has now recorded decommissioning costs on its balance sheet. As such, the additional depreciation charge related to the amount capitalized under Property, plant and equipment is recognized in the income statement.

c) Finance costs
As described in b) above, upon recording of decommissioning costs in the IFRS opening balance sheet on a discounted basis, the Group is now recognizing the unwinding of the discount as a Finance cost as it occurs.

d) Deferred income taxes
The adjustment includes all deferred income tax impacts of the transition adjustments as described above and recognized as appropriate depending on whether or not they are generating a taxable or deductible temporary difference.

e) Actuarial gains and losses on pension benefit obligations
Under US GAAP, actuarial gains and losses arising from actuarial valuation of pension obligations and exceeding the «corridor» amount were amortized to the income statement over the average remaining service period of active plan participants. Upon adoption of IFRS and as per IAS 19, Employee Benefits, the Group decided to recognize actuarial gains and losses directly in other comprehensive income.

3.4. Material changes to the cash flow statement between US GAAP and IFRS
The transition from US GAAP to IFRS had no significant impact on the presentation of cash flows generated by the Group.

However, upon adoption of IFRS, interest received, interest paid and taxes paid, previously disclosed in a footnote to the cash flow statement, are now presented separately as part of cash flow from operating activities.

4. Critical accounting estimates and judgments

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

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods mainly relate to employee benefit obligations, income taxes, impairment of assets, provision for bad debts and warranties.

5. Segment reporting

The Group is an internationally active electronics company specializing in design and manufacture of electronic control components for the global markets of factory and building automation. The Group has only one reportable segment, the information for the segment therefore corresponds to the figures in the consolidated financial statements. When the Group implemented IFRS 8, Operating Segments, the following circumstances led to the conclusion that it only has one reportable segment:

- Internal monthly reporting for the only operating segment is carried out in concentrated form for the whole Group.
- Because of the close integration of the Group companies, focussing individually on production, logistics, marketing and selling, key decisions are, consequently, made by corporate management at consolidated group level and not on the basis of the financial statements of individual legal entities.
- The holding company only provides corporate services; its operating result is monitored in the internal monthly reporting.

6. Intangible assets

Impairment test for Goodwill

All goodwill resulting from past business combinations is monitored for internal management purposes at the ACBU segment level, as reflected in these consolidated financial statements and therefore allocated to a group of cash-generating units (see note 2.11). Goodwill has been tested for impairment as at the date of transition, i.e. April 1, 2009, and at March 31, 2010 at this level. No impairment charge arose.

The recoverable amount of the group of cash-generating units is determined based on fair value less costs-to-sell calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using an appropriate estimated growth rate at April 1, 2009 and March 31, 2010. The discount rate applied to the cash flow projections is based on the weighted average cost of capital and is correspondingly adjusted to the specific business risks. The post-tax discount rate applied was 7.6 % and 9.2 % at April 1, 2009 and March 31, 2010, respectively.

A decrease in projected growth rate after the year 2012/13 to zero would not change the result of the impairment test. Management is of the opinion that possible changes in the other assumptions made, barring any exceptional events, would not lead to any impairment charge.

7. Contingent assets and contingent liabilities

There have not been any significant changes to the Group's contingent assets or contingent liabilities since the approval of the consolidated financial statements for the year 2009/10.

8. Dividends paid

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 27, 2010, resolved to distribute a dividend for the financial year 2009/10, with value August 3, 2010, as follows (in CHF):

Dividend per registered share	CHF	1.00
Dividend per bearer share	CHF	5.00
Total dividend paid	**CHF 1 000**	**3 554**

9. Earnings per share

Earnings per registered share are computed based on the weighted average number of registered shares of CHF 3 each outstanding during the periods.

Earnings per bearer share are computed based on the weighted average number of bearer shares of CHF 15 each outstanding during the periods

Basic and diluted earnings per share are as follows:

Basic and diluted earnings per share for the half year ended September 30

(in CHF 1 000)	2010	2009
Net profit attributable to owners of Carlo Gavazzi Holding AG	7 515	1 636
Percentage of registered shares outstanding in comparison with the share capital outstanding	45.03%	45.03%
Percentage of bearer shares outstanding in comparison with the share capital outstanding	54.97%	54.97%
Registered shares		
Net profit attributable to registered shareholders	3 384	737
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	2.12	0.46
Bearer shares		
Net profit attributable to bearer shareholders	4 131	899
Total number of shares outstanding	390 710	390 710
Average number of own shares held during the period	–	(519)
Average number of shares outstanding	390 710	390 191
Basic and diluted earnings per bearer share (CHF)	10.57	2.30

10. Discontinued operations

On April 1, 2009, the Group's subsidiary, Carlo Gavazzi Computing Solutions, Inc, completed the transaction for sale of the business and certain assets and liabilities and received a cash consideration of CHF 8 638 000.

11. Related party transactions

The related parties consist primarily of shareholders, members of the Board of Directors and members of Group Management.

During the periods under review there were no significant transactions with related parties.

12. Events after the balance sheet date

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Declaration on Forward-Looking Statements

This Interim Report contains statements that constitute «forward-looking statements», relating to The Group. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to The Group at the time of preparing this Report. The Group does not undertake any obligation to update any forward-looking statements contained in this Report as a result of new information, future events or otherwise.

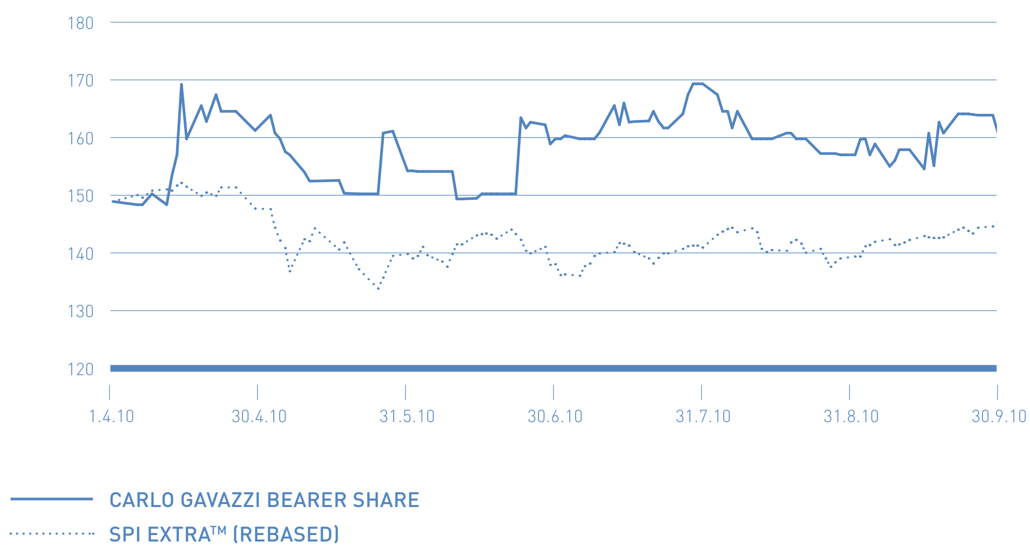
The Interim Report of the Group can also be viewed online: www.carlogavazzi.com

Information for Investors

(CHF)	**1.4.–30.9.10**	1.4.–30.9.09	1.4.–30.9.08	1.4.–30.9.07	1.4.–30.9.06
Share price 30.9	**161**	150	147	300	242
- half year-high	**170**	151	200	319	242
- half year-low	**148**	86	146	257	183
Average daily volume	**362**	441	405	916	867
Earnings per share	**10.57**	2.20	10.32	10.73	7.34
Book value per share	**128**	147	153	144	164
Stock market capitalisation (CHF million)	**114**	107	104	213	172
- in % of equity	**125**	103	95	207	148

As stated in the letter to the shareholders, the company changed the accounting principles from US-GAAP to IFRS. The figures for the first semester 2010 reflect such change. In this section figures related to the previous years have not been restated. For detailed information refer to the financial part of this interim report.

Share price 1.4.2010 - 30.9.2010
(CHF)



Financial calendar

Press and financial analysts' meeting 2010/11	June 28, 2011
Shareholders' meeting 2010/11	July 28, 2011
Interim Report 2011	November 22, 2011

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