



CARLO GAVAZZI

Annual Report 2014/15



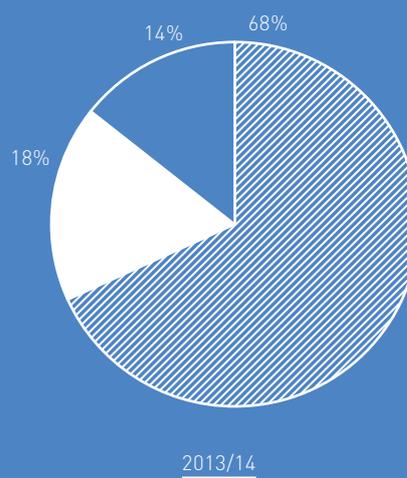
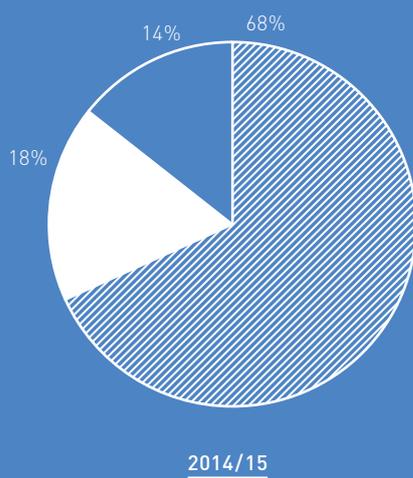
Energy to Components!

At a Glance
Five-Year Financial Summary

At a Glance

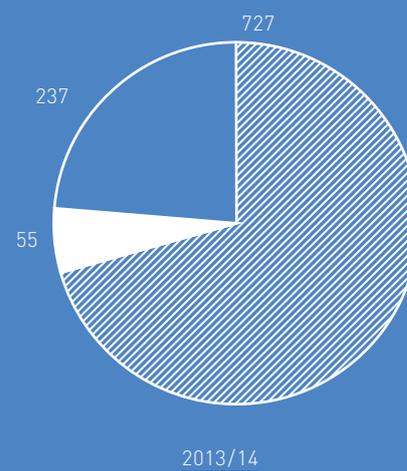
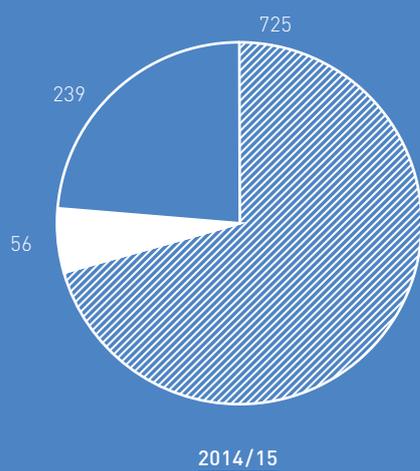
(CHF million)	2014/15	2013/14	%
Bookings	136.6	141.3	-3.3
Operating revenue	137.2	140.5	-2.3
EBITDA	18.1	19.0	-4.7
EBIT	14.8	15.7	-5.7
Net income	12.3	11.2	9.8
Cash flow	15.6	14.5	7.6
Shareholders' equity	88.5	93.2	-5.0
ROE	13.9%	12.0%	-
ROCE	34.1%	33.2%	-

Revenue distribution by geographical region



- ◌ EMEA
- NORTH AMERICA
- ASIA-PACIFIC

Distribution of employees by geographical region



Annual Report 2014/15

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Carlo Gavazzi is an international group active in designing, manufacturing and marketing electronic equipment targeted at the global markets of industrial and building automation.

Corporate

Letter to the Shareholders

Dear Shareholders,

Carlo Gavazzi recorded revenues increased by 1.9% and bookings by 0.9% in local currency in 2014/15, on the back of solid sales in key markets and the successful launch of new products. The decision of the Swiss National Bank of January 15, 2015, to remove the EUR/CHF floor of 1.20 resulted in some declines in the Carlo Gavazzi Income Statement.

Operating revenue in Swiss Francs decreased by 2.3% to CHF 137.2 million (CHF 140.5 million in 2013/14). The Group recorded bookings of CHF 136.6 million (CHF 141.3 million in 2013/14), resulting in a book-to-bill ratio of almost one. Gross profit decreased by CHF 2.2 million to CHF 75.9 million, resulting in a gross margin of 55.3% (55.6% in 2013/14). Operating expenses decreased by CHF 0.7 million from CHF 61.9 million in the previous year to CHF 61.2 million. This resulted in operating profit (EBIT) of CHF 14.8 million, compared to CHF 15.7 million (-5.7%) in the previous year.

Group net income reached CHF 12.3 million (+9.8%) against CHF 11.2 million in the previous year mainly because of an exchange gain of CHF 1.0 million due to the weakening of the Euro against the US Dollar.

At March 31, 2015, shareholders' equity stood at CHF 88.5 million, giving an equity ratio of 73.2% with a net cash position of CHF 45.0 million. Having assessed the results, the Board of Directors will propose to the Annual Shareholders' Meeting that the Company pays a dividend of CHF 12.00 per bearer share and CHF 2.40 per registered share for the reporting period, corresponding to a pay-out ratio of 69.5 %.

Geographical markets

Sales developed at different rates in the automation market across the three geographical regions.

Thanks to a slight recovery in overall market conditions, the result in Europe was 1.9% above the previous year in local currency.

Sales in Asia-Pacific were stable in local currency compared to the previous year thanks to solid business developments with distributors and OEMs.

In North America, sales were slightly down compared to the previous year even though sales and marketing activities were strengthened towards distributors and dedicated initiatives were taken in the industrial and building automation markets.

The geographical distribution of revenue remained stable, with sales outside Europe reaching 32.0%, with North America and Asia-Pacific accounting for 17.7% and 14.3%, respectively.

Products and market segments

The Group continued to implement its strategy of investing in its product portfolio.

Controls, the Group's largest product line, increased sales by 6.5% above the previous year. In particular, energy management products grew by more than 8% versus the previous year driven by the continuous development in energy monitoring in photovoltaic applications and also thanks to the EM270 series featured for energy monitoring in data centers.

The sensors product line performed almost in line with the previous year, with a positive contribution from photoelectric sensors which increased by more than 6% versus the previous year. On the other hand, the crisis in Ukraine has negatively affected the performance of capacitive and inductive sensors in agriculture machinery.

The switches product line grew by more than 2% versus last year, driven by the solid-state relays RG platform development across all markets and by the development of RSGD and RSBS soft starters for compressors and high power applications particularly in North America.

Sales of our products in priority markets performed in line with the overall sales development. The acquisition of new customers had a positive effect in particular on the Food & Beverage market, which grew by 11% versus last year.

Strategy

Introduction of new and enhanced products is a key element in the business development towards new and existing markets and geographies.

The evolution of the new PD30 photo sensors platform in stainless steel with IP69k ratings will further increase penetration in the Food & Beverage market.

The introduction of a new generation of the energy meter EM100-300 series will boost the development in energy measurement.

The enlargement of the solid-state relays range with the RGC1 series for power control will address key applications for Plastic, Packaging as well as Heating, Ventilation and Air Conditioning whereas the enlargement of the soft starter range with the new RSGD series will address high power applications.

The new generation of Dupline will allow for convergence of Dupline for industrial applications into the new Dupline platform, therefore addressing both new and existing customers.

Outlook

Overall, both the global economy and the relevant markets are expected to grow unevenly across the major geographical regions. Advanced economies are expected to perform better than emerging and developing countries while European machinery manufacturers should benefit from the positive EUR/USD outlook.

Carlo Gavazzi will continue to focus on geographical coverage by improving the effectiveness of the direct sales organization and by further developing the network of distributors and agents.

As the Company consolidates in Swiss Francs, the decision of the Swiss National Bank on January 15, 2015, to remove the EUR/CHF floor will have an impact on the Income Statement in the coming year. However, as Carlo Gavazzi does not have any research or production facilities in Switzerland, the majority of revenues and expenses arise outside. Nonetheless, the effect on this year's figures was only for two and a half months, while the 2015/16 result will be impacted during the whole year.

Acknowledgements

We mark the very sad passing last October of our Honorary Chairman, Giovanni Bertola, a dear colleague and friend who was highly committed to his tasks and made very valuable contributions to the success of Carlo Gavazzi. He will be missed by the entire organization.

Carlo Gavazzi is well positioned in terms of financial stability, focused strategy, innovative technology and customer alliances. We are proud to have a committed team that is willing and able to keep strengthening both our financial and global market position. Many thanks and much appreciation go to our employees for their dedication and hard work, to our customers and business partners for their confidence in us and their loyalty to the Company, as well as to our shareholders for their continued trust in the management and the Board of Directors.



Valeria Gavazzi

Valeria Gavazzi
Chairman



Anthony M. Goldstein

Anthony M. Goldstein
Chief Financial Officer

Review of Operations

Structure

The Group consists of our traditional core business, Automation Components.

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. During the financial year, the Euro was relatively stable against the Swiss Franc until the decision of the Swiss National Bank of January 15, 2015 to remove the EUR/CHF floor of 1.20 which resulted in some declines in the Carlo Gavazzi Income Statement. The negative currency effect for the whole year amounted to 4.2% on bookings and operating revenue.

Bookings and backlog

Consolidated bookings decreased by CHF 4.7 million or 3.3% from CHF 141.3 million to CHF 136.6 million. Bookings almost equalled operating revenue for a book-to-bill ratio of almost one. Group order backlog at year-end amounted to CHF 22.0 million or 16% of operating revenue, corresponding to revenue of two months.

Operating revenue and gross profit margin

Consolidated revenue decreased by CHF 3.3 million or 2.3% from CHF 140.5 million to CHF 137.2 million. The gross profit margin reduced slightly from 55.6% to 55.3%.

Operating expenses

Operating expenses as a percentage of operating revenue increased to 44.6%, compared with 44.1% in the previous year. Operating expenses consist of R&D and selling, general and administrative expenses (SG&A). R&D expenses increased by 5.7% to CHF 6.5 million, whereas SG&A expenses decreased by 2.1% to CHF 54.7 million. Net other operating income (expense) amounted to an income of CHF 0.1 million, compared with an expense of CHF 0.5 million in the previous year.

EBIT

EBIT decreased by CHF 0.9 million or 5.7% from CHF 15.7 million to CHF 14.8 million. As a percentage of operating revenue, it amounted to 10.8%, compared with 11.1% in the previous year.

Net financial income (expense) amounted to an income of CHF 1.0 million, compared with an expense of CHF 0.9 million in the previous year. This amount included an exchange gain of CHF 1.0 million, resulting from the weakening of the Euro against the US Dollar, compared with an exchange loss of CHF 1.0 million in the previous year. The nominal tax rate decreased to 22.4%, compared with 24.2% in the previous year.

Net income

Net income increased by CHF 1.1 million or 9.8% from CHF 11.2 million to CHF 12.3 million. Earnings per bearer share were CHF 17.26, compared with CHF 15.69 in the previous year. Return on equity amounted to 13.9% while return on capital employed was 34.1%.

Balance sheet and cash flow

Trade receivables decreased by CHF 2.5 million from CHF 29.6 million to CHF 26.7 million, corresponding to a collection period of 75 days, compared with 76 days in the previous year. Inventories decreased by CHF 3.2 million from CHF 23.6 million to CHF 20.4 million, corresponding to a turnover rate of 2.7. Net working capital decreased by CHF 3.1 million from CHF 32.4 million to CHF 29.3 million. The net cash position during the year decreased by CHF 1.1 million to reach CHF 45.0 million, compared with CHF 46.1 million in the previous year.

Shareholders' equity decreased from CHF 93.2 million to CHF 88.5 million or 73.2% of total assets, after net income of CHF 12.3 million, a translation loss of CHF 7.5 million, dividend payments of CHF 8.5 million and actuarial losses on employee benefit obligations of CHF 1.0 million.

Cash flow increased by CHF 1.1 million from CHF 14.5 million to CHF 15.6 million. Capital expenditure amounted to CHF 4.4 million, compared with CHF 3.4 million in the previous year. Free cash flow increased by CHF 1.0 million from CHF 13.5 million to CHF 14.5 million.

Group Profile

Our mission

Carlo Gavazzi is an international group active in designing, manufacturing and marketing state-of-the-art components for the building and industrial automation sectors.

Our structure

Under the umbrella of a publicly quoted holding company, headquartered in Steinhausen, Switzerland, Carlo Gavazzi operates its core business Automation Components. 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, tax planning, management information systems, communication and investor relations. Automation Components operates within the framework of defined strategies and objectives; it is responsible for research and development, manufacturing, quality, marketing and sales, human resources, logistics, finance and control. The CEO of Automation Components leads his unit in line with the Carlo Gavazzi Holding's objectives.

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.

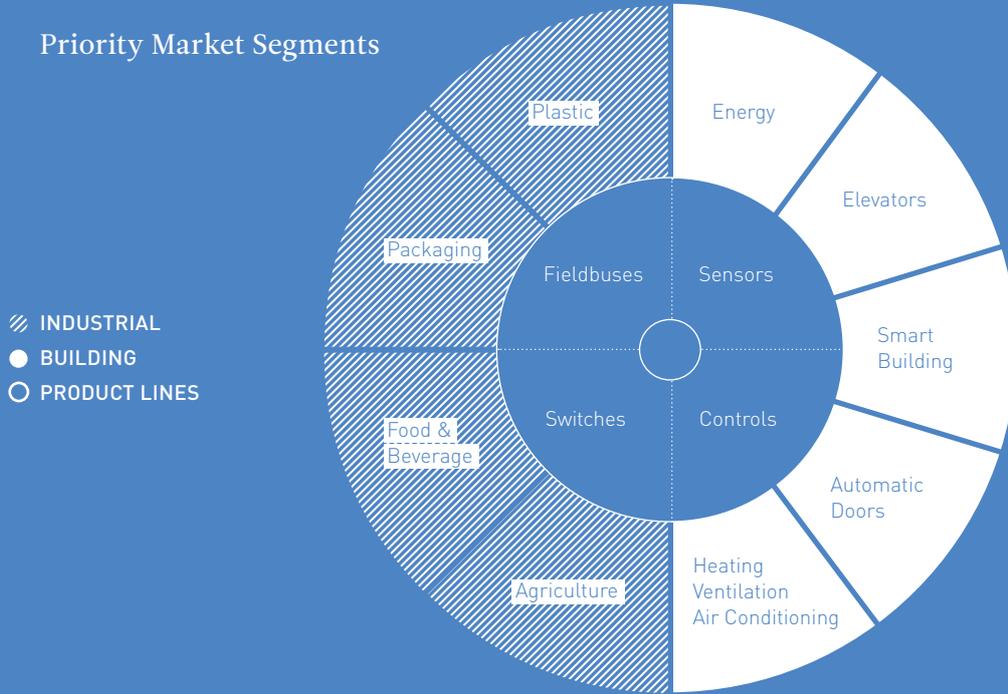
Our core activities

Automation Components designs and manufactures electronic control components for the global building and industrial automation markets in its ISO 9001 certified factories in Italy, Lithuania, Malta and 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 industrial and building automation markets. Typical customers are original equipment manufacturers of packaging machines, plastic-injection moulding machines, agriculture machines, food and beverage production, conveying and material handling equipment, door and entrance control systems, lifts and escalators as well as heating, ventilation and air conditioning devices. System integrators and distributors are other effective channels to the market. The products are marketed across Europe, North America and Asia-Pacific through a network of 22 own sales companies and around 60 independent national distributors. In addition, Automation Components designs and manufactures signalling equipment and safety relays for the railways market.

Our Strategy

Solution-packages for the vertical market segments

Priority Market Segments



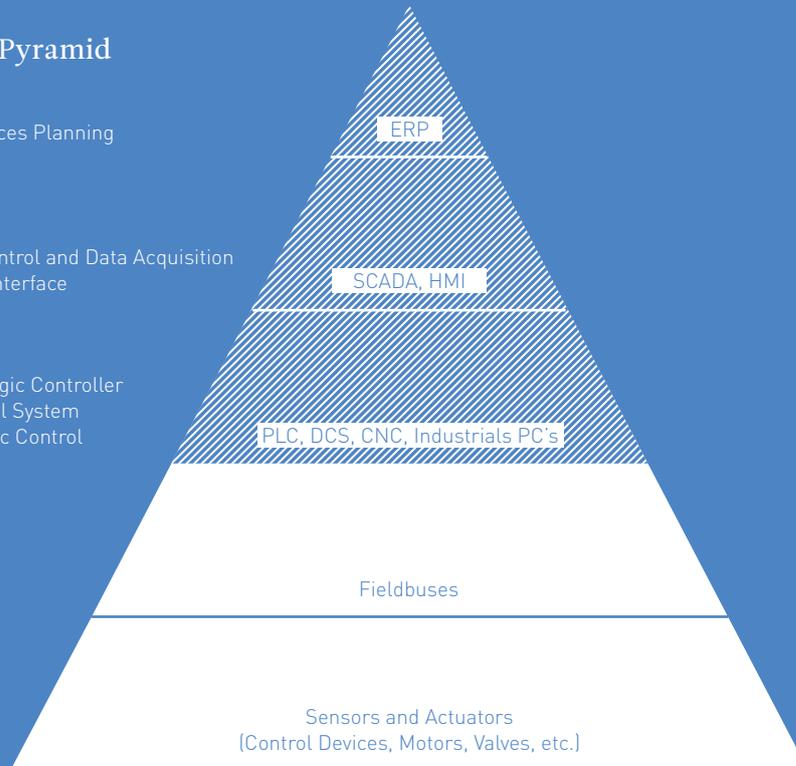
The Automation Pyramid

ERP: Enterprise Resources Planning

SCADA: Supervisory, Control and Data Acquisition
HMI: Human-Machine Interface

PLC : Programmable Logic Controller
DCS: Distributed Control System
CNC: Computer Numeric Control

● CORE BUSINESS



Management Level

Process Management

System Level

Data Highway

Field Level

Global Presence



- ★ R&D AND MANUFACTURING CENTERS
- LOGISTIC CENTERS
- ▼ SALES AND MARKETING
- * INDEPENDENT DISTRIBUTORS

- 1 — Americas
 - 1 Logistic center
 - 4 Sales companies
 - 4 Area managers



2 — EMEA

- 3 R&D competence centers
- 3 Manufacturing facilities
- 1 Logistic center
- 14 Sales companies
- 5 Regional offices

3 — Asia-Pacific

- 1 R&D competence center
 - 1 Manufacturing facility
 - 1 Logistic center
 - 4 Sales companies
 - 7 Regional offices
-

Corporate Governance

Carlo Gavazzi Group

Carlo Gavazzi is committed to the principles of good corporate governance. The Carlo Gavazzi Group shows responsibility in dealing with the interests of its various stakeholders, which include shareholders, employees, customers and the public. Sound corporate governance principles help to consolidate and strengthen trust in the Group.

The following representations made by Carlo Gavazzi Holding AG (the "Company", together with its subsidiaries "Carlo Gavazzi Group" or the "Group"), are in accordance with the Directive on Information relating to Corporate Governance (DCG) of SIX Exchange Regulation dated September 1, 2014. To the extent not applicable or not material, information required by the directive is not mentioned. The representations also take into account the Commentary on the Corporate Governance Directive, last updated on September 20, 2007. The information is set out in the order required by the DCG, with subsections being summarized to the extent possible. Carlo Gavazzi Group's financial statements comply with IFRS reporting standards, and in certain sections readers are referred to the financial statements and notes in this annual report.

Ordinance against Excessive Compensation in listed companies (OaEC)

On January 1, 2014, the Ordinance against Excessive Compensation in listed companies (OaEC) entered into effect, subject to certain transitional provisions. The ordinance implements the provisions of the Swiss Federal Constitution resulting from the approval of the so-called "Minder" initiative by the Swiss people on March 3, 2013.

The OaEC extends the powers of the shareholders in relation to elections. Under the Ordinance, the members of the Board of Directors, the Chairman of the Board of Directors as well as the members of the Compensation Committee must be elected individually by the shareholders meeting for one-year terms (i.e., until the next Annual General Meeting). In addition, shareholders elect the independent proxy. The Ordinance also brings significant changes relating to the compensation of the members of the Board of Directors and the Executive Management. In particular, it requires that the compensation of the Board of Directors and the Executive Management be approved

by the shareholders' meeting as of the Annual General Meeting 2015. In addition, the OaEC requires, among other things, that the Articles of Incorporation contain provisions regarding: (i) the number of permitted activities of members of the Board of Directors and the Executive Management outside Carlo Gavazzi Group, (ii) the basic principles concerning the powers and duties of the Compensation Committee, (iii) the basic principles concerning performance-related compensation of the Board of Directors and the Executive Management, (iv) the basic principles concerning the allocation of equity securities, conversion and option rights to members of the Board of Directors and the Executive Management, (v) the maximum duration and termination notice periods of their employment or similar agreements, and (vi) the maximum amount of loans, credits and certain extraordinary pension benefits for members of the Board of Directors and the Executive Management.

The amendments to the Company's Articles of Incorporation required by the OaEC will be adopted by the Annual General Meeting 2015.

1. Group structure and shareholders

The operational Group structure is as follows:

Carlo Gavazzi Holding AG Board of Directors, Steinhausen CH
Automation Components
R&D, Sourcing Companies and National Sales Companies

There are no listed companies apart from the Company being listed on SIX Swiss Exchange, Security No. 1100359, ISIN No. CH0011003594. For details regarding non-listed companies, please refer to the Notes to the Consolidated Financial Statements of the Company, note 25 "Subsidiaries".

Major shareholders	% of voting rights March 31, 2015
Valeria Gavazzi, Zug (directly or indirectly)	73.85%
Uberta Gavazzi, Zug	4.95%

Reports concerning the disclosure of significant shareholdings made to the Company and to the Disclosure Office of the SIX Swiss Exchange during the financial year can be viewed via the link to the search facility on the Disclosure Office's publication platform at http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

No disclosure notifications were published during the Company's business year 2014/15.

Apart from the shareholders mentioned above, there are no other major shareholders known to the Group holding more than 3% of the Company's voting rights.

No cross-shareholdings exist.

2. Capital structure

The share capital of the Company amounts to CHF 10 660 650, divided into 1 600 000 registered shares with a par value of CHF 3 each and 390 710 bearer shares with a par value of CHF 15 each. Each share carries one vote. For details regarding paid-in, authorized, and conditional capital, refer to the Notes to the Financial Statements of the Company, note 3 as well as to article 6 of the Articles of Incorporation, governing the exclusion of shareholders' subscription rights. There were no changes in the share capital during the yearly reporting period that ended on March 31, 2015 and the preceding two financial years. The Company has not issued any profit-sharing certificates (Genussscheine). There are no restrictions on transferability or registrations of shares. There are no convertible bonds or options issued by the Company or any of its subsidiaries with respect to the shares of the Company.

Board of Directors

3. Board of Directors

The Board of Directors currently comprises four members.



CHAIRMAN

VALERIA GAVAZZI

Swiss and Italian national, Zug

First elected 2009,
elected until 2015

- Graduated in economics and business administration, IGS, Paris
- Managing Director of Barguzin Consultancy GmbH from 2004 until 2009
- Chairman of Carlo Gavazzi Holding AG since July 2009



VICE CHAIRMAN

STEFANO PREMOLI TROVATI

Italian national, Milan

First elected 2008,
elected until 2015

- Graduated in economics and corporate law, Cattolica University, Milan
- Postgraduate degree in tax law
- Managing Director Barguzin Participation SA, Luxembourg, since 2009
- Partner of the tax and law firm TFP & Partners since 2009
- Various other board memberships and positions as statutory auditor



DIRECTOR

FEDERICO FOGLIA

Swiss national, London

First elected 2004,
elected until 2015

- Graduated in economics and political sciences, Bocconi University, Milan
- Held positions with Merrill Lynch, London, from 1996 until 2000
- Managing Director of Banca del Ceresio, Lugano, 2000-2014
- Executive Director of Belgrave Capital Management, London, since 2014
- Member of the Board of Belgrave Capital Management, London, since 2003
- Member of the Board of Ceresio SIM, Milan, Italy, since 2006
- Member of the Board of Centro Stampa Ticino SA, Muzzano, Switzerland, since 2010
- Member of the Board of Società Editrice Corriere del Ticino SA, Muzzano, Switzerland, since 2011
- Member of the Board of TImedia Holding SA, Melide, Switzerland, since 2012
- Member of the Board of Global Selection SGR, Milan, since 2014



DIRECTOR
DANIEL HIRSCHI
Swiss national, Biel
First elected 2010,
elected until 2015

- Graduated as an engineer in Biel, Switzerland
- Attended AMP/SMP Advanced Management Program at Harvard Business School
- Developed his professional career during 23 years in Saia Burgess, a Swiss industrial company in the electro mechanical and electronics field
- CEO of Saia Burgess from 2001 until 2006
- Member of the Board of Komax Holding AG since 2005
- Member of the Board of Benninger AG since 2006
- Chairman of Schaffner Holding AG since 2010
- Bearer shareholders' representative of Carlo Gavazzi Holding AG since July 2010



SECRETARY TO THE BOARD
RAOUL BUSSMANN
Swiss national, Zug

- University of Zurich, Doctorate in jurisprudence
- Legal Counsel and member of the Corporate Legal Staff of Sulzer Brothers Limited, Winterthur, Switzerland, from 1981 until 1986
- General Counsel and head of the Corporate Legal Staff of Landis & Gyr AG, Zug, from 1986 until 1991
- Attorney at Law and Notary in Zug since 1991 and partner at the law firm Stadlin Advokatur Notariat in Zug since 1998
- Secretary to the Board of Directors of Carlo Gavazzi Holding AG since July 2009



FORMER HONORARY CHAIRMAN
GIOVANNI BERTOLA
Swiss national, Milan
(† October 23, 2014)

Giovanni Bertola, the Group's Vice-Chairman from 2009 until 2013, was appointed Honorary Chairman in July 2013 after reaching the retirement age for members of the Board of Directors as provided for in the Company's Articles of Incorporation. He had carried out this role until he passed away on October 23, 2014. The main function of the Honorary Chairman was to support the Chairman in representing the Carlo Gavazzi Group towards the public, authorities and material shareholders. In addition, he provided advice and support in M&A, personnel, organizational and strategic matters. As Honorary Chairman, Mr. Bertola did not have any operating responsibility.

Executive Management and independence of the Board of Directors

None of the members of the Board of Directors have served in the Executive Management of the Company or of any of its direct or indirect subsidiaries in the three financial years preceding the period under review. Valeria Gavazzi and Stefano Premoli Trovati have served on the Boards of Directors of direct or indirect subsidiaries of the Company. Valeria Gavazzi is a significant shareholder of the Company, and Stefano Premoli Trovati is Managing Director of Barguzin Participation SA, Luxembourg, a holding company holding shares in the Company. For additional information on members of the Board of Directors and “Related Party Transactions” refer to note 23 to the Consolidated Financial Statements of Carlo Gavazzi Holding AG, note 4 to the Financial Statements of Carlo Gavazzi Holding AG and to section 1 of this report concerning the disclosure of significant shareholdings.

Election, terms of office and internal organization

The Board of Directors of the Company comprises at least three members. They are elected by the Annual General Meeting of the Shareholders (the “AGM”) for a term of one year. Re-election is permitted. There is no limit to the terms of office. The statutory age limit is 70 years. The Chairman is elected by the AGM. The Articles of Incorporation are available in German on the Group’s website at www.carlogavazzi.com/corporategovernance.

Areas of responsibility – Board of Directors

The Board of Directors establishes the strategic, accounting, organizational and financing policies to be followed by the Group. It supervises, controls and advises the Group’s management. The Board of Directors has put in place reporting and controlling processes to ensure it has sufficient information to make appropriate decisions. The Board of Directors regularly reviews the operational and financial results and approves budgets as well as consolidated financial statements. The Board of Directors appoints the Group’s executive officers. On a regular basis, the CFO reports the financial results and forecasts to the Board of Directors, whereas the CEO of Automation Components regularly reports to the Board of Directors regarding the industrial and commercial business activity. The Board of Directors has established an audit committee (the “Audit Committee”) and a compensation committee (the “Compensation Committee”) to carry out certain duties as set out below. Further, as a means to exercise supervision over the Business Unit, the Board of Directors has established the Strategic Management Board (the “SMB”).

The SMB regularly reports to the Board of Directors with respect to its supervision activities of the Business Unit and submits for approval to the Board of Directors the strategies of the Group. Other members of management report to the Board of Directors as necessary. The Board of Directors has a quorum when the majority of its members are present. Its decisions are taken by 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 strategy meeting and a budget meeting in November and March, respectively. The meetings of the Board of Directors usually last for a whole day. The CEO of Automation Components attends these meetings as required. The CFO regularly assists the Chairman in the presentation and discussion of the financial results. In the reporting period, the Board of Directors held four full-day meetings and one half-day meeting.

Audit Committee (AC)

The prime function of the Audit Committee is to assist the Board of Directors in fulfilling its supervisory responsibilities. It evaluates the independence and effectiveness of external auditors, approves auditing services to be performed by the external auditors and their related fees, 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 may ask any questions at all times when deemed necessary through the Chief Financial Officer and may have direct contact with the Group's auditor and other professional organizations. The Audit Committee is acting in an advisory capacity and its proposals are subject to the approval of the entire Board of Directors. During the financial year 2014/15, the Audit Committee consisted of Stefano Premoli Trovati (Chairman) and Daniel Hirschi. The Audit Committee meets as often as business requires. In the reporting period, the Audit Committee held two meetings, each with the participation of the auditors.

Compensation Committee (CC)

The prime function of the Compensation Committee is to assist the Board of Directors in preparing and proposing to the Board of Directors compensation guidelines in line with the overall strategy. It prepares and proposes to the Board of Directors the compensation levels for the Board of Directors and its Committees. In addition, it prepares and proposes to the Board of Directors the terms of employment of the Chairman, the Vice-Chairman of the Board of Directors and of the Executive Management. It also prepares and proposes to the Board of Directors a compensation policy for the Group (including Automation Components) that fairly rewards performance and effectively attracts and retains the human resources necessary to successfully lead and manage the unit. The Compensation Committee prepares, monitors and proposes to the Board of Directors compensation plans including any modifications to such plans for executives reporting to the Board of Directors or to the Chairman of the Board of Directors, including Automation Components' first-line managers. Upon request of the Board of Directors, it prepares and proposes to the Board of Directors long-term incentive plans. Upon these proposals, the Board of Directors ultimately decides on all related remuneration issues.

In the financial year 2014/15, the Compensation Committee consisted of Daniel Hirschi (Chairman), Federico Foglia and Stefano Premoli Trovati. The Compensation Committee meets as often as business requires. In the reporting period, the Compensation Committee met twice. As a result of the entering into effect of the OaEC, at the

Annual General Meeting 2014, the shareholders of the Company elected the members of the Compensation Committee for the first time. The OaEC requires that the compensation of the Board of Directors and the Executive Management be approved by the shareholders' meeting as of the Annual General Meeting 2015.

Strategic Management Board (SMB)

The SMB develops and submits for approval to the Board of Directors the strategies of the Group. Further, the SMB supervises the business. In these functions, the SMB, inter alia, reviews the accounts of Automation Components and the consolidated accounts of the Group, manages budget deviations and takes the necessary corrective actions.

The SMB develops and discusses strategic opportunities, coordination requirements and common services. The SMB further develops and discusses policies, procedures and regulations and drives special projects. It develops and discusses sales and procurement synergies and develops marketing, finance, personnel and IT policies.

In the financial year 2014/15, the SMB consisted of Valeria Gavazzi (Chairman), Daniel Hirschi, Stefano Premoli Trovati, the CEO of Automation Components (Vittorio Rossi) and the CFO (Anthony M. Goldstein). The CFO of Automation Components attended the meetings. The SMB meets as often as business requires. In the reporting period, the SMB met nine times.

Members of the Committees of the Board of Directors and members of the Board of Directors being members of the SMB

Name	Audit Committee	Compensation Committee	SMB
Valeria Gavazzi			*
Stefano Premoli Trovati	*	▼	▼
Federico Foglia		▼	
Daniel Hirschi	▼	*	▼

* Chairman ▼ Member

Reporting to the Board of Directors

The Board of Directors is regularly informed about the Group's performance according to the latest Management Information System (MIS) reporting for which the CFO is responsible. Furthermore, the annual budget and the strategic plan are subject to approval by the Board of Directors. Ad hoc information is reported to the Board of Directors when deemed necessary.

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

4. Executive Management

Areas of responsibility – CEO of Automation Components

The CEO of Automation Components leads the Business Unit Automation Components. Automation Components is currently the only Business Unit. In his function he reports to the Chairman of the SMB. Operationally responsible for Automation Components, he ensures the integration and coordination of the subsidiaries' activities towards the overall achievement of the Group's goals. Within the limits of the law and with the exception of those competencies that are reserved to the Board of Directors or delegated otherwise, the Board of Directors delegates to the CEO of Automation Components the overall management of the industrial and commercial activities of Automation Components and the conduct of the day-to-day business of the various companies belonging to it. His main responsibilities are: management of Automation Components, preparation of alternatives and proposals for the SMB in all matters relating to the activities of Automation Components, execution of decisions of the Board of Directors and the SMB, regular reporting to the Board of Directors and the SMB on business activities and important events, support to the Chairman on matters of M&A.

The CEO of Automation Components can delegate part of his functions to other persons. In particular, it is his task to define responsibilities and competencies within the Business Unit. However, such delegation does not release the CEO of Automation Components from the responsibility of the overall management and results of Automation Components.

Areas of Responsibility – Chief Financial Officer of the Group (CFO)

The CFO is responsible for organizing and supervising all financial aspects of the Group. In the performance of his tasks he provides guidance to and is assisted by the CFO of Automation Components. He implements all decisions of the Board of Directors and of the SMB with regard to financial matters and is responsible for the flow of information to the Board of Directors in regard to those matters.

In particular, the CFO's responsibilities include: ensuring a timely and adequate reporting system to the Board of Directors and the SMB, including budgets and 3-year plans, organizing and implementing the financial planning, tax planning, organizing and supervising the Group banking relations, assisting the Chairman as required in investor relations, representing the Group towards financial institutions, providing for a timely completion of the financial portion of the interim and the annual report, both on a consolidated basis for the Group and on a stand-alone basis for the Company.

The executive management responsibility lies with the CEO of Automation Components and the CFO. They have the executive management responsibility in their respective roles.



CEO AUTOMATION COMPONENTS

VITTORIO ROSSI

Italian national

- Graduated in electrical engineering, Politecnico of Milan
- Held various management positions with the Siemens Group in Germany, Italy and USA from 1985 until 2002
- CEO of Siemens SpA, Milan, from 2002 until 2005
- CEO of Gewiss SpA, Bergamo, Italy, from 2005 until 2007
- CEO of Automation Components since June 2009



CHIEF FINANCIAL OFFICER (CFO)

ANTHONY M. GOLDSTEIN

Swiss and British national

- Chartered Accountant FCA
- Audit and training manager at Deloitte, Haskins & Sells, Zurich, (now Deloitte) from 1975 until 1982
- Joined Group in 1982
- Head of Group Reporting
- Group Controller
- Secretary to the Board from 1983 until 2009
- Chief Financial Officer since 2007
- Member of Board of Swisscanto Collective Foundation of the Cantonal Banks since 2014
- Member of the Zurich Rental Conciliation Authority since 2014

EXTERNAL CORPORATE COMMUNICATIONS

ROLF SCHLÄPFER

Swiss national

- Hirzel.Neef.Schmid.Konsulenten AG, Zurich
- External corporate communications since January 1, 2011

Rolf Schläpfer is not a member of the Executive Management and is not an employee of the Group.

External Corporate Communications

The function of Corporate Communications is executed by Rolf Schläpfer.

In his function he reports to the Chairman. He is responsible for the elaboration of the Group's communications strategy, for its final definition in close coordination with the Chairman of the Board of Directors and for its implementation.

In particular, this includes: continuous review of the Group's communications activities with the purpose of enhancing or redefining the Group's positioning towards all stakeholders, preparation of the Group's press releases, participation in press conferences, shareholders' meetings and investor meetings, coordination of all main events such as press conferences and AGMs, organization of any other events such as interviews and meetings with the media and the financial community, assistance to the Chairman and other members of the management in the preparation of public statements.

Management contracts

There are no management contracts in existence pertaining to management tasks that have been delegated to third parties except for a consultancy agreement with Hirzel.Neef.Schmid. Konsulenten AG, Zurich, for the Group's corporate communications. The agreement provides for a monthly flat fee of CHF 9 000 as compensation for the services rendered and may be terminated at any time with a notice period of one month.

5. Compensation

For details relating to the compensation of present and former members of the Board of Directors and of the Executive Management, please refer to the 2014/15 compensation report.

6. Shareholders' participation rights

There are no restrictions on the use of voting rights by any group of shareholders. Statutory rules for participating at meetings of shareholders do not differ from the applicable legal provisions. The General Meeting of Shareholders passes its resolutions by absolute majority of the votes cast, to the extent the law or the Articles of Incorporation do not provide otherwise. Convocation of the meetings of shareholders and rules for adding items to the agenda of the meetings of shareholders, especially rules on deadlines, are in accordance with the applicable legal provisions. Shareholders representing shares of a par value of CHF 1 000 000 may request items to be included in the agenda. The putting on the agenda has to be requested in written form listing the items and the motions.

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

7. Changes of control and defense 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 AGM for a period of one year. The lead auditor, Bruno Häfliger, assumed his mandate in July 2010. A new lead auditor is appointed every seven years. The next change will be in 2017/18.

The audit fees charged by PricewaterhouseCoopers in 2014/15 amounted to CHF 529 381.

For additional services the Group paid PricewaterhouseCoopers in 2014/15 the sum of CHF 96 821, representing CHF 76 599 for tax consulting services and CHF 20 222 for other additional services relating mainly to coaching and supporting group subsidiaries.

Fees charged in 2014/15 by other audit companies for auditing certain subsidiaries amounted to CHF 77 851.

The Audit Committee regularly evaluates the independence and the effectiveness of the external auditors. The auditors are also present at meetings of the Audit Committee as required. For the reporting period, the Audit Committee held meetings with PricewaterhouseCoopers AG as set out in section 3 of this report.

9. Information policy

The Group has an open information policy and sets as its goal to treat all target groups equally. When the annual results are released, the Group organizes a physical conference for the media and the investor community to discuss details related to its performance and its business. In addition to the annual report and the interim report, the Group provides the media with 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 SIX Swiss Exchange and in line with article 53 et seq. of the Listing Rules dated April 4, 2013 (ad hoc publicity), the Group publishes all information relevant to its share price. In compliance with the Directive on Ad hoc Publicity dated October 29, 2008, the Group 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/registration). In addition, any ad hoc notice will be made available on the Group's website simultaneously. All press releases can be viewed under www.carlogavazzi.com/media.

The financial calendar for the financial year 2015/16 is available inside the back cover of this annual report and can also be viewed on the Group's website under www.carlogavazzi.com/financialcalendar.

Contact for investor relations:
Rolf Schläpfer, rolf.schlaepfer@konsulenten.ch

Compensation Report

Carlo Gavazzi Group

1. Remuneration philosophy and basic principles

General

Following issuance of the “Ordinance against Excessive Compensation in Stock Exchange listed Companies” the Company is issuing its first Compensation Report separate from the Corporate Governance Report.

The Compensation Report provides information on the remuneration system and the compensation paid to the members of the Board of Directors and of the Executive Management of Carlo Gavazzi for the year 2014/15. The content and amount of information provided is in line with the provisions of the “Ordinance against Excessive Compensation in Stock Exchange Listed Companies” (Ordinance), the SIX Swiss Exchange Directive on Corporate Governance and article 663b^{bis} of the Swiss Code of Obligations.

Remuneration objective

The compensation system at Carlo Gavazzi accords with the company’s corporate strategy and aligns the interests of the leadership team and employees with those of our shareholders. It is considered to be an important factor in attracting, motivating and retaining people with the talent essential to strengthen the company’s position in the global market of designing, manufacturing and marketing electronic equipment.

Governance

The Board of Directors has the overall responsibility for defining the compensation principles at Carlo Gavazzi. On an annual basis, based on the proposal of the Compensation Committee and subject to its own review, the Board of Directors ultimately

decides on the total compensation for the members of the Executive Management, including the variable compensation.

Compensation Committee

The members of the Compensation Committee are individually elected by the shareholders at the Annual General Meeting.

The prime function of the Compensation Committee is to assist the Board of Directors in setting the compensation policies for the Board of Directors and the Executive Management of the company as well as in determining the overall compensation policies of Carlo Gavazzi. It also prepares and proposes to the Board of Directors compensation guidelines in line with the overall corporate strategy, compensation levels, compensation structure and aggregate compensation amounts for the Board of Directors and the Executive Management.

For details regarding the members and the responsibilities of the Compensation Committee please refer to the report on Corporate Governance on pages 23 and 24 of the Annual Report.

Benefits, contractual terms on leaving the company

Members of the Board of Directors are individually elected at the Annual General Meeting for terms of one year and accordingly have no fixed employment agreements.

Employment contracts with members of the Executive Management do not contain unusually long notice periods or contract durations. There are neither mandate agreements nor contractual severance agreements.

Compensation – Board of Directors

For their service in the Board of Directors, the members receive a fixed annual fee for the duration of their one-year term plus a fixed daily fee, including expenses, for attending meetings of the Board of Directors and for their duties in the respective Committees. Ad hoc meetings and SMB meetings are remunerated with a daily fee prorated on an eight hours' working day, plus expenses. The compensation of the members of the Board of Directors is not bound to specific targets of the Group. There are no share option plans in existence. In determining the annual fee, the Compensation Committee proposes to the Board of Directors the level of compensation. To determine appropriate compensation levels, the Compensation Committee takes into account publicly available information on remuneration at internationally active Swiss peer companies of similar size being active in a similar industry sector listed on the SIX Swiss Exchange and included in the SPI EXTRA® Index in the same Industry Classification Benchmark (ICB). Based on the proposal by the Compensation Committee and subject to its own review, the Board of Directors ultimately decides on the fees on an annual basis.

The members of the Board of Directors about whose compensation a decision is being taken are excluded from attending the relevant part of the meeting of the Board of Directors and have no right to a say in decisions relating to their own compensation.

The Chairman of the Board of Directors has renounced receipt of all Board Compensation.

Compensation – Executive Management

The compensation of the members of the Executive Management consists of a fixed portion and a variable cash component related to individual and corporate performance. There are no share option plans in existence.

The fixed base salary takes into account the responsibility assumed by the respective member of the Executive Management, individual qualifications and market levels of remuneration relevant for the respective country and position. From time to time, the Compensation Committee seeks professional advice from external experts.

For the CEO of Automation Components, the variable portion of the compensation relates to specific, individual, measurable targets set out by the Board of Directors (in the fiscal years 2014/15 and 2013/14 the targets were based on EBITDA and Operating Revenue, each weighted 50%) and is evaluated based on target attainment at the end of the financial year. The variable compensation ranges between 0% and 41% of the base salary.

For the CFO, the variable portion of the compensation relates to individual performance and is determined by the Board of Directors at its qualitative discretion. The variable portion of the compensation is not expressed as a percentage of the base salary.

Long-Term Incentive Plan

A Long-Term Incentive Plan (LTI) was approved by the Board of Directors on July 23, 2010 for the benefit of the CEO of Automation Components as well as 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 was to strengthen the alignment between variable compensation and the long-term success of the Group. In order to foster commitment and teamwork, the entitled employees were granted cash awards, dependent on various criteria linked to the long-term development of the Group as a whole.

The LTI had a duration of four financial years commencing 2010/11 and was based on certain fundamental Automation Components parameters weighted in relation to their deemed importance to the Group's development. These parameters and their respective weight were the following: EBITDA 70%, Operating Revenue 20% and Cash Flow 10%. Targets for the first two financial years were fixed at the beginning of the plan period, whereas targets for the financial years 2012/13 and 2013/14 were fixed during the financial year 2012/13 by the Board of Directors.

The first instalment of the LTI compensation was paid in cash following the General Meeting held on July 26, 2012. The second instalment of the LTI compensation was due following the General Meeting held on July 29, 2014. However, no payment was made as the targets were not reached.

The LTI described above was not renewed beyond its initial duration term which ended with the financial year 2013/14.

2. Remuneration expense

Compensation to members of the Board of Directors

2014/15 (in CHF 1 000)	Valeria Gavazzi Chairman*	Stefano Premoli Trovati Vice-Chairman	Federico Foglia Member	Daniel Hirschi Member	Total
Board fee, gross	-	123	70	126	319
Employer's contribution to social security	-	10	6	10	26
Total	-	133	76	136	345

2013/14 (in CHF 1 000)	Valeria Gavazzi Chairman*	Stefano Premoli Trovati Vice-Chairman	Federico Foglia Member	Daniel Hirschi Member	Total
Board fee, gross	-	131	68	126	325
Employer's contribution to social security	-	11	5	10	26
Total	-	142	73	136	351

(*) The Chairman of the Board of Directors has renounced receipt of all Board compensation.

Stefano Premoli Trovati is also partner of the tax and law firm of TFP & Partners. During the year, the Group received advisory services from TFP & Partners for a total of CHF 110 (2013/14 CHF 104). In addition, he received board fees from subsidiary companies of CHF 29 (2013/14 CHF 30).

Compensation to members of Executive Management

2014/15 (in CHF 1 000)	Vittorio Rossi CEO ACBU	Anthony M. Goldstein CFO	Total
Base salaries (fixed), gross	436	190	626
Bonus (variable), gross	18	-	18
LTI (variable), gross	-	-	-
Employer's contribution to social security	130	30	160
Other compensation	5	12	17
Total	589	232	821

2013/14 (in CHF 1 000)	Vittorio Rossi CEO ACBU	Anthony M. Goldstein CFO	Total
Base salaries (fixed), gross	455	190	645
Bonus (variable), gross	28	-	28
LTI (variable), gross	-	-	-
Employer's contribution to social security	127	33	160
Other compensation	5	13	18
Total	615	236	851

The base salary (fixed), gross, of Vittorio Rossi, CEO ACBU, is calculated using the EUR/CHF exchange rates at March 31, 2015 and 2014.

Loans and credits to the members of the Board of Directors or Executive Management

There were no company loans nor credits outstanding to current or former members of the Board of Directors, Executive Management or any related party as of March 31, 2015 and 2014, respectively.

Compensation to former members of the Board of Directors or Executive Management

No compensation was paid to former members of the Board of Directors during the financial years 2014/15 and 2013/14, respectively.

No compensation was paid to former members of Executive Management during the financial years 2014/15 and 2013/14, respectively.

Compensation to related parties

Compensation to any related parties during the financial years 2014/15 and 2013/14, respectively, were market compliant.

Details on related party transactions can be viewed in note 23 to the Consolidated Financial Statements of the Company.

Report of the Statutory Auditor

To the General Meeting of Shareholders of Carlo Gavazzi Holding AG, Steinhausen

We have audited the accompanying Compensation Report of Carlo Gavazzi Holding AG (note 2, pages 34 to 35) for the year ended March 31, 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Compensation Report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Compensation Report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Compensation Report for the year ended March 31, 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Bruno Häfliger
Audit expert
Auditor in charge



Daniel Wyss
Audit expert

Zug, June 26, 2015

Consolidated Financial Statements

for the years ended March 31, 2015 and 2014

Statements of Comprehensive Income

for the years ended March 31

(in CHF 1 000)	Notes	2015	2014
Continuing operations			
Revenue from sale of goods		137 175	140 545
Cost of goods sold		(61 258)	(62 449)
Gross profit		75 917	78 096
Research & development expense		(6 519)	(6 169)
Selling, general and administrative expense		(54 652)	(55 799)
Other operating income (expense), net	7	75	(464)
Operating profit (EBIT)		14 821	15 664
Financial income	8	1 064	90
Financial expense	8	(72)	(1 039)
Profit before income tax		15 813	14 715
Income tax expense	20	(3 547)	(3 560)
Net profit for the year		12 266	11 155
Other comprehensive income			
Actuarial gains (losses) on employee benefit obligations	18	(1 375)	(509)
Tax impact on actuarial gains (losses) on employee benefit obligations		351	125
Total items that will not be reclassified to profit or loss		(1 024)	(384)
Exchange difference on translation of foreign operations		(7 470)	(1 020)
Total items that may be reclassified subsequently to profit or loss		(7 470)	(1 020)
Total other comprehensive income for the year, net of tax		(8 494)	(1 404)
Total comprehensive income for the year		3 772	9 751
Net profit attributable to owners of Carlo Gavazzi Holding AG		12 266	11 155
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		3 772	9 751
Earnings per share from net profit of continuing operations for the year attributable to owners of Carlo Gavazzi Holding AG			
(in CHF per share)			
Basic and diluted earnings per share of continuing operations:			
- registered shares	9	3.45	3.14
- bearer shares	9	17.26	15.69

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

Balance Sheets

(in CHF 1 000)	Notes	as of	
		March 31 2015	March 31 2014
Assets			
Current assets			
Cash and cash equivalents		45 819	47 112
Trade receivables	11	26 657	29 644
Other receivables	12	4 335	5 061
Inventories	13	20 405	23 586
Total current assets		97 216	105 403
Non-current assets			
Property, plant and equipment	14	10 438	10 411
Intangible assets	15	6 504	7 067
Other receivables	12	1 713	1 296
Deferred income tax assets	20	4 978	4 429
Total non-current assets		23 633	23 203
Total assets		120 849	128 606
Liabilities and equity			
Current liabilities			
Trade payables		8 138	10 423
Other payables	16	12 933	14 295
Borrowings	17	607	766
Current income tax liabilities	20	1 031	1 181
Total current liabilities		22 709	26 665
Non-current liabilities			
Other payables	16	1 325	871
Borrowings	17	165	284
Employee benefit obligations	18	7 403	6 742
Other provisions	19	589	692
Deferred income tax liabilities	20	169	106
Total non-current liabilities		9 651	8 695
Total liabilities		32 360	35 360
Equity			
Share capital	21	10 661	10 661
Capital reserves		600	600
Other reserves		(26 648)	(18 154)
Retained earnings		103 876	100 139
Total equity attributable to owners of Carlo Gavazzi Holding AG		88 489	93 246
Total liabilities and equity		120 849	128 606

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

Statements of Changes in Equity

(in CHF 1 000)	Notes	Attributable to owners of Carlo Gavazzi Holding AG				
		Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
Equity at April 1, 2013		10 661	600	(16 750)	106 752	101 263
Net profit for the year		-	-	-	11 155	11 155
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(384)	-	(384)
Exchange difference on translation of foreign operations		-	-	(1 020)	-	(1 020)
Other comprehensive income for the year		-	-	(1 404)	-	(1 404)
Total comprehensive income for the year		-	-	(1 404)	11 155	9 751
Dividends	10	-	-	-	(17 768)	(17 768)
Total transactions with owners		-	-	-	(17 768)	(17 768)
Equity at March 31, 2014		10 661	600	(18 154)	100 139	93 246
Net profit for the year		-	-	-	12 266	12 266
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(1 024)	-	(1 024)
Exchange difference on translation of foreign operations		-	-	(7 470)	-	(7 470)
Other comprehensive income for the year		-	-	(8 494)	-	(8 494)
Total comprehensive income for the year		-	-	(8 494)	12 266	3 772
Dividends	10	-	-	-	(8 529)	(8 529)
Total transactions with owners		-	-	-	(8 529)	(8 529)
Equity at March 31, 2015		10 661	600	(26 648)	103 876	88 489

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

Statements of Cash Flows

for the years ended March 31

(in CHF 1000)	Notes	2015	2014
Cash flow from operating activities			
Profit for the year		12 266	11 155
Income taxes	20	3 547	3 560
Depreciation and amortization		3 285	3 345
Loss (gain) on disposal of property, plant and equipment	7	(59)	(17)
Change in other non-cash items		(633)	167
Changes in working capital:			
- Change in trade receivables and other receivables		944	1 433
- Change in inventories		1 331	1 154
- Change in trade payables and other payables		(1 633)	(527)
Cash generated from operations		19 048	20 270
Interest received		64	83
Interest paid		(59)	(52)
Taxes paid		(4 036)	(4 722)
Cash flow from operating activities		15 017	15 579
Cash flow from investing activities			
Purchases of property, plant and equipment	14	(4 167)	(3 152)
Purchases of intangible assets	15	(246)	(239)
Proceeds from disposal of property, plant and equipment		201	112
Cash flow from investing activities		(4 212)	(3 279)
Cash flow from financing activities			
Dividends paid	10	(8 529)	(17 768)
Proceeds from borrowings		-	391
Repayment of borrowings		(278)	(246)
Cash flow from financing activities		(8 807)	(17 623)
Change in cash and cash equivalents		1 998	(5 323)
Cash and cash equivalents at the beginning of the year		47 112	52 924
Effects of exchange rate changes on cash and cash equivalents		(3 291)	(489)
Cash and cash equivalents at the end of the year		45 819	47 112

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

Notes to the Consolidated 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 Zurich. The address of its registered office is Sumpfstrasse 3, 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 audited consolidated financial statements were approved for publication by the Board of Directors on June 23, 2015, and will be recommended for approval at the Annual General Meeting to be held on July 28, 2015.

2. Significant accounting and valuation policies

The significant accounting and valuation policies employed in the preparation of these consolidated financial statements are described below. These policies have been applied consistently in all of the reporting periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Carlo Gavazzi Group have been prepared in accordance with IFRS (International Financial Reporting Standards). All standards issued by the IASB (International Accounting Standards Board) being

in force on the balance sheet date as well as all valid interpretations of IFRIC (International Financial Reporting Standards Interpretation Committee) have been taken into account.

The Group's consolidated financial statements have been prepared under the historical cost convention.

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.

Certain minor reclassifications were made to prior year figures and related note disclosures to conform to the current year's presentation.

2.2 Changes to accounting policies

The following new and revised standards and interpretations are mandatory for the first time for financial years beginning on or after April 1, 2014, but have no material impact or are not currently relevant for the Group:

- The amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" apply to investments in subsidiaries, joint ventures and associates held by investment companies.
- IAS 32 "Financial Instruments: Presentation" (amended) clarifies some requirements for offsetting financial assets and financial liabilities.

- IAS 36 "Impairment of Assets" (amended) corrects an amendment to IAS 36 when IFRS 13 "Fair Value Measurement" was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment.
- IAS 39 "Financial Instruments: Recognition and Measurement" (amended) clarifies the requirements in respect of hedge accounting if a hedging derivative is novated.

Selected standards and revisions to standards effective for years commencing on or after April 1, 2015, which have not been early adopted by the Group:

- The new IFRS 9 "Financial Instruments" deals with the classification and measurement of financial assets and will ultimately replace IAS 39 "Financial Instruments: Recognition and Measurement" in its entirety. IFRS 9 introduces new requirements for classifying and measuring financial assets, thereby reducing the number of asset categories from four to two. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted.
- The new IFRS 15 "Revenue from Contracts with Customers" specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 was issued in 2014 and applies to annual reporting periods beginning on or after January 1, 2017. It has now been proposed to delay implementation by one year until January 1, 2018.

- IAS 19 "Employee Benefits" (amended) clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits.

New standards and interpretations as well as amendments and improvements thereto are usually applied as of the effective date, however, the Group considers early adoption on an individual basis. If the above standards and interpretations had been applied already in the current financial year, they would have had no significant effect on the consolidated financial statements of the Group.

2.3 Principles of consolidation

Group companies

Group companies are all entities (including structured entities) over which the Group has control. Carlo Gavazzi Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

Non-controlling interests

The share of net assets and net profit attributable to non-controlling interests is indicated separately in the consolidated balance sheets, the consolidated statement of comprehensive income, and the consolidated statement of changes in equity. For the years presented, there were no non-controlling interests.

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 comprehensive income statements and cash flow statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transactions). The resulting translation differences are recognized in other comprehensive income. 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:

Year end rates – balance sheets

Currency	Unit	31.3.2015	31.3.2014
BRL	100	30.39	39.18
CAD	1	0.77	0.80
CNY	100	15.67	14.22
DKK	100	13.96	16.33
EUR	1	1.04	1.22
GBP	1	1.44	1.47
HKD	100	12.53	11.60
LTL	100	30.21	35.28
MYR	100	26.23	27.14
NOK	100	12.05	14.76
SEK	100	11.26	13.63
SGD	1	0.71	0.71
USD	1	0.97	0.88

Average rates – comprehensive income statement

Currency	Unit	1.4.2014 – 31.3.2015	1.4.2013 – 31.3.2014
BRL	100	37.95	41.09
CAD	1	0.82	0.87
CNY	100	15.12	14.93
DKK	100	15.81	16.49
EUR	1	1.18	1.23
GBP	1	1.50	1.46
HKD	100	12.00	11.84
LTL	100	34.22	35.76
MYR	100	27.74	28.79
NOK	100	13.97	15.34
SEK	100	12.77	14.08
SGD	1	0.72	0.73
USD	1	0.93	0.92

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 with original 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The amount of the provision for impairment 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 provision for impairment of receivables. The Group generally does not require collateral from its customers.

Changes to the provision for impairment of 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 financial 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 is 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 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 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 income statement. Impairment losses recognized in the income statement on equity instruments are not reversed

through the 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 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 progress 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 equipment 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 improvements (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 five 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 lives, generally three 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 at fair value, 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. 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.

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

The long-term incentive plan (LTI) was approved by the Board of Directors on July 23, 2010; it includes the CEO and 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 success of the Group and to foster commitment and teamwork in that the entitled employees are granted cash awards, dependent on various criteria allied to the long-term development of the Group as a whole. The Group recognizes a provision where contractually obliged. The LTI is accounted for under IAS 19. The LTI expired on March 31, 2014, and was not renewed.

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 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 held in previous years.

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 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.

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 year 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 substantively 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 acquisition method. 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 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. Financial risk management

The Group classifies its financial assets and liabilities into the following categories as per IFRS 7:

Financial assets (in CHF 1 000)	2015	2014
Loans and receivables		
Cash and cash equivalents	45 819	47 112
Trade receivables	26 657	29 644
Other receivables	3 593	3 934
Total	76 069	80 690
Financial liabilities (in CHF 1 000)	2015	2014
Other financial liabilities at amortized cost		
Trade payables	8 138	10 423
Other payables	14 258	15 166
Borrowings	772	1 050
Total	23 168	26 639

No additional disclosures of fair value are presented because carrying value is a reasonable approximation of fair value.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Generally, financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial

performance, however, the Group does not use derivative financial instruments to hedge risk exposures.

Risk management and its effectiveness are regularly monitored by the Board of Directors.

a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to EUR (incl. pegged currencies) against USD. The Group does not actively hedge foreign exchange risks, however, where possible it seeks to reduce these risks by natural hedging (cash inflows and outflows in a specific currency should be in balance as much as possible).

Foreign exchange risks arise when commercial transactions of operations are not denominated in the functional currency of the respective legal entity, but instead in another currency. Foreign exchange risks also arise from translation differences when preparing the consolidated financial statements in Swiss Francs, however, they are excluded for the purpose of the sensitivity analysis for currency risk. As stated above there are currency exposures with respect to USD in the amount of CHF 5 207 (2014 CHF 5 921). A change in foreign currency exchange rates of 10%, with all other variables held constant, would have caused the pre-tax result of the Group to be higher/lower by around CHF 521 (2014 CHF 592).

Price risk

The Group is not exposed to either equity securities price risk or commodity price risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank overdrafts and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As a result of the Group's positive net cash

position, the interest rate risk is considered to be immaterial. A sensitivity analysis has therefore not been provided.

b) Credit risk

Credit risk is managed on a local basis for accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Local management may also define credit limits for each customer. As there is no independent rating for most customers, local credit control departments assess the credit quality of the customers, taking into account their financial position, past experience and other factors. There is no concentration of credit risk in respect of trade receivables as the Group has a large number of geographically diverse customers.

Other credit risk arises from cash and cash equivalents and deposits with banks. Counterparty

risk is minimized by ensuring that current account deposits are maintained with financial institutions whose credit ratings by one of the major independent rating agencies are usually at least "A-" or else the highest available in the country where the relevant group company is domiciled.

c) Liquidity risk

Liquidity risk is the risk that the Group would not be able to meet its financial obligations on time. The monitoring of liquidity and allocation of resources by the Group allows for maintenance of adequate liquidity levels at all times. In addition, the Group maintains credit lines with a number of financial institutions.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date; the amounts disclosed are the contractual undiscounted cash flows.

The remaining contractual maturities are as follows:

as at March 31, 2015 (in CHF 1 000)	less than 1 year	between 1-5 years	more than 5 years	Total
Trade payables	8 138	-	-	8 138
Other payables	12 933	1 325	-	14 258
Bank overdrafts	121	-	-	121
Bank loans	408	-	-	408
Other loans	78	165	-	243
Leasing obligations	-	-	-	-
Total	21 678	1 490	-	23 168

as at March 31, 2014 (in CHF 1 000)	less than 1 year	between 1-5 years	more than 5 years	Total
Trade payables	10 423	-	-	10 423
Other payables	14 295	871	-	15 166
Bank overdrafts	286	-	-	286
Bank loans	391	-	-	391
Other loans	89	284	-	373
Leasing obligations	-	-	-	-
Total	25 484	1 155	-	26 639

3.2 Capital risk management

The Group's primary objective is to maintain a strong equity base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. As of March 31, 2015, equity represented 73.2% of total assets (2014 72.5%).

The Group reviews the capital structure and the equity of the subsidiaries as required to cover the associated risks.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares and issue or reduce debt.

4. Critical accounting estimates and judgements

Estimates and judgements 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 income taxes, employee benefit obligations, allowance for doubtful accounts and warranties.

Income taxes

The Group is subject to taxation in numerous jurisdictions. In this respect the Group and its subsidiary companies are regularly exposed to audits by the various governmental bodies and authorities, where the outcome of findings particularly in the area of transfer pricing depends very often on individual judgements. Considerable

judgement is required in determining tax provisions. Liabilities for anticipated tax audit issues are recognized based on estimates of whether additional taxes will be due. These estimates could prove to be too pessimistic, or, in a negative scenario, additional tax liabilities would have to be recorded in the future.

Furthermore, the capitalization of deferred tax assets is based on assumptions about the future profitability of certain group companies. There is an inherent risk that these estimates made by management may turn out to be too optimistic or too pessimistic.

Employee benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group companies determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group companies consider the 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 the terms of the related pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 18.

Provision for impairment of receivables

To cover shortfalls from current trade receivables, the Group records a provision for impairment of

receivables based on historical information and on estimates in regard to the solvency of customers. Unexpected financial problems of major customers could lead to the situation where the recorded provision is insufficient.

Warranties

During regular course of business the group companies are faced with risks for warranties granted on the sale of products. Warranty provisions are built for products with extended useful lives, up to ten years, namely in the renewable energy market. The amount of warranty provision is determined based on experience and on the currently known warranty risk. The amount of the provision is assessed initially and subsequently reviewed annually by Group Management.

5. Segment reporting

The Group is an internationally active electronics company active in designing, manufacturing and marketing electronic control components for the global markets of industrial and building automation. The Group has only one operating and reportable segment, the information for the segment therefore mainly 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, focusing 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.

The reconciliation of EBIT to profit before income tax is as follows:

(in CHF 1 000)	2014/15	2013/14
EBIT		
- Automation Components	15 742	16 834
- Corporate	(921)	(1 170)
Total EBIT	14 821	15 664
Financial income (expense), net	992	(949)
Profit before income tax	15 813	14 715

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

(in CHF 1 000)	2015	2014
Assets		
- Automation Components	100 162	110 743
- Corporate	20 687	17 863
Total assets	120 849	128 606
Liabilities		
- Automation Components	29 663	33 560
- Corporate	2 697	1 800
Total liabilities	32 360	35 360

Geographical information

Revenue from sale of goods by customer location		
(in CHF 1 000)	2014/15	2013/14
Switzerland	2 476	2 446
Italy	16 403	18 428
Other EMEA	74 315	75 622
Total EMEA	93 194	96 496
USA	18 988	18 420
Other North America	5 325	6 276
Total North America	24 313	24 696
Asia	19 668	19 353
Total Group	137 175	140 545

Non-current assets by location of assets		
(in CHF 1 000)	2015	2014
Switzerland	313	401
Italy	1 653	2 237
Other EMEA	11 998	12 386
Total EMEA	13 964	15 024
USA	165	150
Other North America	36	34
Total North America	201	184
Asia	2 777	2 270
Total Group	16 942	17 478

Revenues from external customers

The Group's revenues are derived from the sale of a wide range of products to external customers from a large variety of markets. As a single product can be used in many different applications, sales revenue may not be reasonably split into groups of products or markets. Consequently, detailed information about products sold is not available and the cost to develop it would be excessive.

As stated above, the Group has a large number of customers and, during the periods, no single customer accounted for more than 10% of the Group's revenue from sale of goods.

6. Employee benefit expense

(in CHF 1 000)	2014/15	2013/14
Wages and salaries	37 337	37 843
Post-employment benefit cost	1 056	1 391
Other social security cost	7 383	7 450
Other expenses	722	596
Total	46 498	47 280

Employee benefit expense is included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense.

7. Other operating income and expense

(in CHF 1 000)	2014/15	2013/14
Other operating income		
Gain on sale of property, plant and equipment	67	61
Release of accrual for LTI	-	502
Other	527	333
Total other operating income	594	896
Other operating expense		
Loss on sale of property, plant and equipment	(8)	(44)
Personnel indemnity cost	(364)	(1 066)
Other	(147)	(250)
Total other operating expense	(519)	(1 360)
Total other operating income (expense), net	75	(464)

8. Financial income and expense

(in CHF 1 000)	2014/15	2013/14
Financial income		
Interest income on short-term bank deposits	67	90
Net foreign exchange gain	997	-
Total financial income	1 064	90
Financial expense		
Interest expense on bank borrowings	(72)	(72)
Net foreign exchange loss	-	(967)
Total financial expense	(72)	(1 039)
Total financial income (expense), net	992	(949)

9. Earnings per share

Earnings per registered share are computed based on the weighted average number of registered shares of CHF 3.00 each outstanding during the years.

Earnings per bearer share are computed based on the weighted average number of bearer shares of CHF 15.00 each outstanding during the years.

Basic and diluted earnings per share are as follows:

(in CHF 1 000)	2014/15	2013/14
Net profit attributable to owners of Carlo Gavazzi Holding AG	12 266	11 155
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	5 523	5 023
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	3.45	3.14
Bearer shares		
Net profit attributable to bearer shareholders	6 743	6 132
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	17.26	15.69

10. Dividends paid and proposed

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 29, 2014, resolved to distribute a dividend for the financial year 2013/14, with value August 6, 2014, as follows (in CHF):

Ordinary dividend per registered share	CHF	2.40
Ordinary dividend per bearer share	CHF	12.00
Total ordinary dividend paid	CHF 1 000	8 529

At the Annual General Meeting to be held on July 28, 2015, payment of the following dividend for 2014/15 will be proposed:

Dividend per registered share	CHF	2.40
Dividend per bearer share	CHF	12.00
Proposed dividend	CHF 1 000	8 529

11. Trade receivables

(in CHF 1 000)	2015	2014
Trade receivables	27 416	30 934
Less provision for impairment of receivables	(759)	(1 290)
Total	26 657	29 644

Movements in the provision for impairment of receivables

	2014/15	2013/14
Balance at April 1	(1 290)	(1 685)
Utilization of provision	613	292
Reversal of unused provision	7	219
Increase in provision	(238)	(134)
Foreign exchange effect	149	18
Balance at March 31	(759)	(1 290)

Ageing analysis of trade receivables (in CHF 1 000)

as at March 31, 2015	Total	Not impaired
Not overdue	21 210	21 210
Less than 1 month overdue	3 099	3 069
Between 1-3 months overdue	1 385	972
Between 3-6 months overdue	790	592
Between 6-12 months overdue	366	162
More than 12 months overdue	566	3
Total	27 416	26 008

as at March 31, 2014	Total	Not impaired
Not overdue	24 138	24 138
Less than 1 month overdue	3 257	3 225
Between 1-3 months overdue	1 464	1 052
Between 3-6 months overdue	401	236
Between 6-12 months overdue	482	395
More than 12 months overdue	1 192	79
Total	30 934	29 125

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

(in CHF 1 000)	2015	2014
EUR	13 523	16 589
USD	4 806	4 149
CNY	2 998	2 976
SEK	1 087	1 255
DKK	999	1 067
NOK	689	782
CAD	986	899
GBP	837	982
Other	732	945
Total	26 657	29 644

12. Other receivables

(in CHF 1 000)	2015	2014
Current		
VAT and other tax receivables	2 993	3 396
Other receivables	600	538
Prepaid expense	742	1 127
Total current	4 335	5 061
Non-current		
Other receivables	1 713	1 296
Total non-current	1 713	1 296
Total other receivables	6 048	6 357

The carrying amounts of the Group's other receivables are denominated in the following currencies:

(in CHF 1 000)	2015	2014
EUR	4 001	4 455
Other	2 047	1 902
Total	6 048	6 357

All non-current receivables are due within five years from the end of the reporting period. No impairments were recognized on other receivables (none in 2013/14).

13. Inventories

(in CHF 1 000)	2015	2014
Raw materials and supplies	8 023	10 098
Work in progress	3 258	3 467
Finished goods	13 516	15 194
Inventories, gross	24 797	28 759
Less allowance for valuation	(4 392)	(5 173)
Total	20 405	23 586

The cost of inventories recognized as expense and included in cost of goods sold in 2014/15 amounted to CHF 60 931 (2013/14 CHF 62 116).

14. Property plant and equipment

(in CHF 1 000)	Land	Buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Vehicles	IT equipment	Total
Historical cost								
Balance at April 1, 2013	98	1 350	4 624	36 807	3 943	2 323	5 404	54 549
Additions	-	-	571	1 564	161	533	323	3 152
Disposals	-	-	(51)	(155)	(68)	(408)	(74)	(756)
Currency translation differences	-	2	(65)	(223)	(66)	(36)	(98)	(486)
Reclassifications	-	-	-	-	-	-	-	-
Balance at March 31, 2014	98	1 352	5 079	37 993	3 970	2 412	5 555	56 459
Additions	-	-	234	3 012	106	538	277	4 167
Disposals	-	-	(8)	(505)	(606)	(259)	(351)	(1 729)
Currency translation differences	(14)	(194)	(452)	(4 868)	(430)	(328)	(638)	(6 924)
Reclassifications	-	-	-	-	-	-	-	-
Balance at March 31, 2015	84	1 158	4 853	35 632	3 040	2 363	4 843	51 973
Accumulated depreciation								
Balance at April 1, 2013	-	(537)	(2 631)	(30 987)	(3 456)	(1 424)	(4 896)	(43 931)
Annual depreciation	-	(28)	(474)	(1 689)	(183)	(411)	(308)	(3 093)
Depreciation on disposals	-	-	30	124	95	345	67	661
Currency translation differences	-	(1)	39	133	47	14	83	315
Reclassifications	-	-	-	-	-	-	-	-
Balance at March 31, 2014	-	(566)	(3 036)	(32 419)	(3 497)	(1 476)	(5 054)	(46 048)
Annual depreciation	-	(34)	(421)	(1 738)	(146)	(420)	(281)	(3 040)
Depreciation on disposals	-	-	4	395	603	240	345	1 587
Currency translation differences	-	85	334	4 326	396	215	610	5 966
Reclassifications	-	-	-	-	-	-	-	-
Balance at March 31, 2015	-	(515)	(3 119)	(29 436)	(2 644)	(1 441)	(4 380)	(41 535)
Net book value								
at March 31, 2014	98	786	2 043	5 574	473	936	501	10 411
at March 31, 2015	84	643	1 734	6 196	396	922	463	10 438
thereof acquired under finance leases								
at March 31, 2014	-	-	-	-	-	-	-	-
at March 31, 2015	-	-	-	-	-	-	-	-

The fire insurance value of property, plant and equipment (excluding land) amounted to CHF 34 037 (2014 CHF 33 756).

Depreciation of property, plant and equipment is included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense.

15. Intangible assets

(in CHF 1 000)	Goodwill	Software	Total
Historical cost			
Balance at April 1, 2013	6 668	1 929	8 597
Additions	-	239	239
Disposals	-	(38)	(38)
Currency translation differences	-	(12)	(12)
Balance at March 31, 2014	6 668	2 118	8 786
Additions	-	246	246
Disposals	-	(126)	(126)
Currency translation differences	(533)	(270)	(803)
Balance at March 31, 2015	6 135	1 968	8 103
Accumulated amortization			
Balance at April 1, 2013	-	(1 503)	(1 503)
Annual amortization	-	(252)	(252)
Amortization on disposals	-	23	23
Currency translation differences	-	13	13
Balance at March 31, 2014	-	(1 719)	(1 719)
Annual amortization	-	(245)	(245)
Amortization on disposals	-	126	126
Currency translation differences	-	239	239
Balance at March 31, 2015	-	(1 599)	(1 599)
Net book value			
at March 31, 2014	6 668	399	7 067
at March 31, 2015	6 135	369	6 504

Within intangible assets only goodwill is assumed to have an indefinite life. Amortization of intangible assets is included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense.

All goodwill resulting from past business combinations is monitored for internal management purposes at the operating segment (ACBU) level, as reflected in these consolidated financial statements. Goodwill has been tested for impairment as at March 31, 2015 and at March 31, 2014 at this level. No impairment charge arose.

The recoverable amount of the group of cash-generating units is determined based on value in use calculations. These calculations use pre-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 of 1.5% at March 31, 2015 and March 31, 2014. A decrease in projected growth rate after the year 2017/18 to zero would not change the result of the impairment test. 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. Pre-tax discount rates of between 5.5% and 8.5% were applied at March 31, 2015, and 8.5% at March 31, 2014. Management is of the opinion that possible changes in the assumptions made, barring any exceptional events, would not lead to any impairment charge.

16. Other payables

(in CHF 1 000)	2015	2014
Current		
VAT payable	1 395	1 568
Payables to employees	662	564
Payables to social security institutions	784	889
Other payables	604	820
Advances	50	52
Accrued warranty costs	1 001	1 202
Accrued sundry claim costs	104	74
Accrued personnel expense	6 718	7 401
Other accrued expense	1 615	1 725
Total current	12 933	14 295
Non-current		
Other payables	153	150
Accrued personnel expense	1 172	721
Total non-current	1 325	871
Total other payables	14 258	15 166

17. Borrowings

(in CHF 1 000)	2015	2014
Current		
Bank overdrafts	121	286
Bank loans	408	391
Other loans	78	89
Leasing obligations	-	-
Total current	607	766
Non-current		
Bank loans	-	-
Other loans	165	284
Leasing obligations	-	-
Total non-current	165	284
Total borrowings	772	1 050

The Group's borrowings at the end of the reporting periods mature as follows:

(in CHF 1 000)	2015	2014
Less than 1 year	607	766
Between 1-3 years	165	186
Between 3-5 years	-	98
More than 5 years	-	-
Total	772	1 050

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in CHF 1 000)	2015	2014
EUR	364	659
CNY	408	391
Total	772	1 050

18. Employee benefit obligations

The amounts recognized in the balance sheet for pension benefits are determined as follows:

(in CHF 1 000)	2015	2014
Present value of funded obligations	7 549	6 497
Fair value of plan assets	(4 791)	(4 553)
Underfunding	2 758	1 944
Present value of unfunded obligations	4 645	4 798
Total	7 403	6 742

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

(in CHF 1 000)	2014/15	2013/14
Balance at April 1	11 295	8 986
Current service cost	533	525
Contributions from plan participants	95	94
Interest cost	254	244
Actuarial losses (gains)	1 358	555
Benefits paid	(220)	807
Past service cost	(103)	-
Settlements and curtailments	-	188
Exchange differences	(1 018)	(104)
Balance at March 31	12 194	11 295

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

(in CHF 1 000)	2014/15	2013/14
Balance at April 1	4 553	3 211
Contributions from employer	424	383
Contributions from plan participants	95	94
Interest income	86	73
Actuarial gains (losses)	(18)	43
Benefits paid	(220)	807
Administrative expense	(5)	(5)
Exchange differences	(124)	(53)
Balance at March 31	4 791	4 553

The employee benefit expense charged in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense is as follows:

(in CHF 1 000)	2014/15	2013/14
Defined benefit plans	604	891
Defined contribution plans	452	500
Total	1 056	1 391

The amounts recognized in the income statement are determined as follows:

(in CHF 1 000)	2014/15	2013/14
Defined benefit plans		
Current service cost	533	525
Interest cost, net	254	244
Return on plan assets (expected)	(86)	(73)
Administrative expense	5	5
Past service cost	(103)	-
Amortization of net gain (loss)	1	2
Curtailed loss (gain) recognized	-	188
Total defined benefit plans	604	891
Defined contribution plans		
Employer contributions	452	500
Total defined contribution plans	452	500
Total	1 056	1 391

The remeasurement recognized in the statement of other comprehensive income is comprised as follows:

(in CHF 1 000)	2014/15	2013/14
Actuarial gains (losses)		
- arising from changes in demographic assumptions	-	(60)
- arising from changes in financial assumptions	(1 391)	(257)
- arising from plan experience	34	(235)
- arising from revaluation of assets	62	1
- Return on plan assets (excl. amounts in net interest)	(80)	42
Total	(1 375)	(509)

During the next financial year the Group expects cash provisions to defined benefit plans to amount to CHF 255.

The weighted average duration of the defined benefit obligation is 14 years.

The principal weighted average actuarial assumptions are as follows:

	2014/15	2013/14
Discount rate	1.02%	2.35%
Inflation rate	1.25%	1.54%
Future salary increases	1.87%	2.28%
Future pension increases	1.33%	1.88%

The sensitivity of the defined benefit obligation to a change of +/- 0.25% in these assumptions is as follows:

(in CHF 1 000)	+0.25%	-0.25%
Discount rate	(189)	199
Inflation rate	34	(36)
Future salary increases	57	(57)
Future pension increases	92	(76)

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for Switzerland are based on post-retirement mortality table BVG 2010 GT.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Pension plan assets are allocated to the following categories:

	2015	2014
Cash and cash equivalents	2.73%	3.53%
Equity instruments	26.71%	24.80%
Debt instruments	50.01%	52.14%
Property	11.29%	10.63%
Other	9.26%	8.90%
Total	100.00%	100.00%

All equity and debt instruments are quoted or daily traded (mostly collective funds).

Carlo Gavazzi operates two funded defined benefit plans in Switzerland and Norway. The pension plans grant old-age, disability, spouse and child-pensions. The benefits are granted in relation to a percentage of the salary (in Norway final salary plan). In Switzerland, when reaching retirement age, the savings capital will be converted at a fixed conversion rate into an old-age pension. In the event that an employee leaves his employment with Carlo Gavazzi prior to reaching pensionable age, the cumulative balance of the savings account is withdrawn from the pension plan and is transferred into the pension plan of the employee's new employer. In the event that a pension fund would enter into an underfunded status, the active members and Carlo Gavazzi would be required to make additional contributions until such time as the fund is in a fully funded position. Both the Swiss and the Norwegian plans are expected to outperform corporate bonds in the long-term.

Pension plan assets of the subsidiaries in Norway and Switzerland are invested with trustee-administered funds. Investment strategy and decisions are made at the sole discretion of the respective fund trustees. The governing body determines the level of benefits and the investment strategy for the plan assets based on asset/liability analyses performed periodically. The basis for these analyses are the statutory pension obligations as these largely determine the cash flows of the funds.

Subsidiaries in all other jurisdictions provide unfunded pension plans only.

19. Other provisions

(in CHF 1 000)	Restoration cost	Warranties	Total
Balance at April 1, 2013	425	240	665
Additions	36	-	36
Utilization	-	-	-
Reversal of unused provision	-	(6)	(6)
Currency translation differences	(2)	(1)	(3)
Balance at March 31, 2014	459	233	692
Additions	-	-	-
Utilization	-	-	-
Reversal of unused provision	-	(22)	(22)
Currency translation differences	(47)	(34)	(81)
Balance at March 31, 2015	412	177	589

20. Income taxes

Income tax expense is as follows:

(in CHF 1 000)	2014/15	2013/14
Current income taxes	4 018	4 775
Adjustments in respect of prior periods	368	(197)
Deferred taxes	(839)	(1 018)
Total	3 547	3 560

Carlo Gavazzi Holding AG is incorporated in Switzerland but the Group operates in numerous countries with differing tax laws and rates. Profits are generated primarily outside Switzerland. The Group calculates its expected tax rate as a weighted average of the tax rates in the relevant tax jurisdictions.

Reconciliation of profit before income tax to income tax expense is as follows:

(in CHF 1 000)	2014/15	2013/14
Profit before income tax	15 813	14 715
Average tax rate	30.83%	31.89%
Expected income tax expense	4 875	4 693
Effect of non-tax-deductible expense	77	168
Effect of non-taxable income	(1 456)	(1 596)
Increase in unrecognized tax losses	(603)	-
Utilization of previously unrecognized tax losses	(163)	(123)
Adjustments in respect of prior periods	368	(197)
Taxes not directly related to income	503	499
Other	(54)	116
Effective income tax expense	3 547	3 560

Variations in the average tax rate depend on the breakdown of results among the various entities and tax jurisdictions. The average tax rate remained stable in comparison with the previous year.

At the balance sheet date, the deferred tax assets and liabilities were attributable to items in the balance sheet as follows:

(in CHF 1 000)	2015	2014
Trade receivables	(64)	(106)
Inventories	2 141	1 896
Property, plant and equipment (non-current)	234	537
Intangible assets	(102)	-
Other assets	118	134
Other payables	1 561	1 037
Tax loss carry-forwards	921	825
Net deferred tax assets (liabilities)	4 809	4 323
of which reported in the balance sheet as:		
Deferred income tax assets	4 978	4 429
Deferred income tax liabilities	(169)	(106)

For tax return purposes, certain subsidiaries have tax loss carry-forwards of CHF 4 508 (2014 CHF 6 513). Of these, CHF 3 719 have no expiration date, CHF 91 expire in the year ending March 31, 2024 and CHF 698 expire in the years ending after March 31, 2025.

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets of CHF 289 (2014 CHF 810) in respect of losses amounting to CHF 1 076 (2014 CHF 3 227) which can be carried forward against future taxable income, of which CHF 91 expire in the year ending March 31, 2024, CHF 135 expire in the years ending after March 31, 2025, with the balance of CHF 850 having no expiration date.

21. Share capital

The share capital of Carlo Gavazzi Holding AG at March 31, 2015 amounts to CHF 10 661 (2014 CHF 10 661) and is divided into registered shares of CHF 3.00 each and bearer shares of CHF 15.00 each. Each share carries one vote and all shares are entitled to receive dividends. The registered share capital amounts to CHF 4 800 divided into 1 600 000 registered shares of CHF 3.00 each (2014: 1 600 000 of CHF 3.00 each). The bearer share capital amounts to CHF 5 861 divided into 390 710 bearer shares of CHF 15.00 each (2014: 390 710 of CHF 15.00 each). All issued shares are fully paid.

There are no restrictions in Carlo Gavazzi Holding AG's statutes concerning the registration of registered shares. Under Swiss law, a company can hold up to a maximum of 10% of its own shares. As at March 31, 2015 and 2014, the Group held no own shares.

22. Commitments and contingencies

Guarantees and sureties

The Group has guaranteed the debt to banks and other third parties on behalf of consolidated subsidiaries to cover banking facilities amounting to CHF 1 475 (2014 CHF 1 635). These guarantees have no expiry date and continue to be effective as long as the respective banking facilities continue to be extended.

There are no loans and overdraft facilities granted to group companies by outside lenders which have been collateralized by pledging assets.

Leasing, rental and other commitments

Non-cancellable operating lease commitments for the Group not recognized in the balance sheet are as follows:

(in CHF 1 000)	2015	2014
Less than 1 year	2 310	2 732
Between 1-5 years	5 278	7 636
More than 5 years	742	1 254
Total	8 330	11 622

The Group rents various offices, factories and warehouses under non-cancellable operating lease agreements for periods not exceeding ten years. Most of these contracts are renewable. Rental expense under operating leases amounted to CHF 2 716 (2013/14 CHF 2 828), whereas rental income under subleases amounted to CHF 35 (2013/14 CHF 35).

Pending legal cases

There are no legal cases pending against the Group where the outcome could have any material effect on the financial statements.

23. Related party transactions

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

Key management compensation

Key management consists of members of Board of Directors and members of Executive Management. The compensation paid or payable to key management (all for short-term benefits), including employer's social security contributions, amounted to CHF 1 166 (2013/14 CHF 1 202).

Other transactions with related parties

As disclosed in the 2013/14 Financial Statements, on April 11, 2014, the Group announced a sponsorship partnership with Sauber F1 affiliated racing driver Simona De Silvestro under which agreement, the Group sponsored her during the financial year 2014/15 at a cost of CHF 264. Simona De Silvestro is a niece of Board Director Daniel Hirschi.

There were no other transactions with related parties during the periods.

24. 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 except as follows:

On April 2, 2015, the Group was advised that an ad hoc Arbitration under the UNCITRAL Arbitration Rules had issued a Final Award in favour of the Group of principal, arbitration and legal costs of CHF 2 096 plus interest at Euribor 1 month +2% from October 6, 2010. Until issuance of this annual report, the amount of the Award has not been received from the respondent and the Group is unable to estimate when in the future it may be received. In the meantime, the Group has put in place an action to attempt enforcement of the Award. Subsequently, on May 13, 2015, the Group was advised that the respondent had lodged an appeal against the Final Award of the Arbitral Tribunal at the Swiss Federal Tribunal, Lausanne.

25. Subsidiaries

At March 31, 2015 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 in 1 000)
100%	CARLO GAVAZZI PARTICIPATION DANMARK A/S, Hadsten, Denmark	DKK	10 000
100%	CARLO GAVAZZI GmbH, Vienna, Austria	EUR	73
100%	CARLO GAVAZZI SA, Vilvoorde, Belgium	EUR	224
100%	CARLO GAVAZZI (CANADA) Inc, Mississauga, Canada	CAD	5
100%	CARLO GAVAZZI AUTOMATION (KUNSHAN) Co Ltd, Kunshan, China	CNY	7 484
100%	CARLO GAVAZZI HANDEL A/S, Hadsten, Denmark	DKK	5 000
100%	CARLO GAVAZZI INDUSTRI A/S, Hadsten, Denmark	DKK	10 000
100%	CARLO GAVAZZI INDUSTRI KAUNAS UAB, Kaunas, Lithuania	LTL	35
100%	CARLO GAVAZZI OY AB, Helsinki, Finland	EUR	50
100%	CARLO GAVAZZI Sàrl, Roissy, France	EUR	274
100%	CARLO GAVAZZI GmbH, Darmstadt, Germany	EUR	500
100%	CARLO GAVAZZI UK Ltd, Aldershot, Great Britain	GBP	100
100%	CARLO GAVAZZI SpA, Lainate, Italy	EUR	2 300
100%	CARLO GAVAZZI AUTOMATION SpA, Lainate, Italy	EUR	7 180
100%	CARLO GAVAZZI LOGISTICS SpA, Lainate, Italy	EUR	1 500
100%	CARLO GAVAZZI CONTROLS SpA, Belluno, Italy	EUR	916
100%	CARLO GAVAZZI AUTOMATION (M) Sdn Bhd, Petaling Jaya, Malaysia	MYR	730
100%	CARLO GAVAZZI Ltd, Zejtun, Malta	EUR	1 048
100%	CARLO GAVAZZI BV, Beverwijk, Netherlands	EUR	136
100%	CARLO GAVAZZI AS, Porsgrunn, Norway	NOK	1 000
100%	CARLO GAVAZZI UNIPESSOAL Lda, Lisbon, Portugal	EUR	25
100%	CARLO GAVAZZI AUTOMATION SINGAPORE Pte Ltd, Singapore	USD	358
100%	CARLO GAVAZZI AUTOMATION (CHINA) Co Ltd, Shenzhen, China	CNY	1 735
100%	CARLO GAVAZZI AUTOMATION HONG KONG Ltd, Hong Kong	HKD	50
100%	CARLO GAVAZZI SA, Leioa, Spain	EUR	451
100%	CARLO GAVAZZI AB, Karlstad, Sweden	SEK	800
100%	CARLO GAVAZZI AG, Steinhausen, Switzerland	CHF	200
100%	CARLO GAVAZZI Inc, Buffalo Grove, USA	USD	5
1%	CARLO GAVAZZI Mexico SA de CV, Mexico City, Mexico	MXN	1 328
99%	CARLO GAVAZZI Mexico SA de CV, Mexico City, Mexico	MXN	1 328
100%	CARLO GAVAZZI Automação Ltda, Sao Paulo, Brazil	BRL	1 944
100%	CARLO GAVAZZI INTERNATIONAL NV, Willemstad, Curaçao	CHF	24 000
100%	CARLO GAVAZZI SERVICES AG, Steinhausen, Switzerland	CHF	500

There were no major changes in principal subsidiaries held by the Group during the years ended March 31, 2015 and 2014.

26. Risk assessment according to Swiss Code of Obligations

Financial risk assessment and management is an integral part of the Group's risk management.

The Group has established a fully integrated risk process that captures and evaluates the most important operational, strategic and financial risks. The key risks are entered in a risk and controls matrix and are rated on the basis of the potential degree of impact and the likelihood of each individual risk. Based on the Group's risk tolerance, Management either initiates measures to reduce the degree of impact and/or the likelihood of the risk occurring, or deliberately takes on specific risks.

The Board of Directors evaluates the effectiveness of the risk management system on an annual basis.

Report of the Statutory Auditor

To the General Meeting of Shareholders of Carlo Gavazzi Holding AG, Steinhausen

As statutory auditor, we have audited the consolidated financial statements of Carlo Gavazzi Holding AG, which comprise the statements of comprehensive income, balance sheets, statements of changes in equity, statements of cash flows and notes (pages 39 to 72), for the year ended March 31, 2015.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended March 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG



Bruno Häfliger
Audit expert
Auditor in charge



Daniel Wyss
Audit expert

Zug, June 26, 2015

Financial Statements

for the years ended March 31, 2015 and 2014

Statements of Income

for the years ended March 31

(in CHF 1 000)	Notes	2015	2014
Investment result			
Dividend income		12 188	13 730
Net investment result		12 188	13 730
Financial result			
Financial income - interest		6	4
Financial expense - exchange loss		0	(9)
Net financial result		6	(5)
Miscellaneous result			
Miscellaneous income		18	55
Administrative and other expense		(417)	(509)
Increase in provision for investments		(200)	(300)
Net miscellaneous result		(599)	(754)
Income before taxes		11 595	12 971
Taxes		(1)	(2)
Net income		11 594	12 969

See notes to financial statements

Balance Sheets

at March 31

(in CHF 1 000)	Notes	2015	2014
Assets			
Current assets			
Liquid funds		19 518	16 984
Other accounts receivable - third parties		1	1
Other accounts receivable - Group Companies		706	52
Total current assets		20 225	17 037
Non-current assets			
Financial assets - investments, gross	2	79 536	79 536
Financial assets - provision for investments		(15 000)	(14 800)
Financial assets - investments, net		64 536	64 736
Total non-current assets		64 536	64 736
Total assets		84 761	81 773
Liabilities and shareholders' equity			
Current liabilities			
Other short-term liabilities - third parties		38	36
Other short-term liabilities - Group Companies		0	5
Provisions - taxes		2	3
Accrued expenses		366	439
Total short-term liabilities		406	483
Total liabilities		406	483
Shareholders' equity			
Share capital	3,4	10 661	10 661
Legal reserves - general		2 150	2 150
Reserve for capital contribution		38	38
Free reserves		54 837	54 837
Retained earnings		16 669	13 604
Total shareholders' equity		84 355	81 290
Total liabilities and shareholders' equity		84 761	81 773

See notes to financial statements

Statements of Changes in Retained Earnings and Reserves

(in CHF 1 000)

Retained earnings

Balance March 31, 2013	18 403
Dividend paid	(17 768)
Net income 2013/14	12 969
Balance March 31, 2014	13 604
Dividend paid	(8 529)
Net income 2014/15	11 594
Balance March 31, 2015	16 669

Proposal of the Board of Directors for 2014/15 regarding appropriation of retained earnings

Distribution of dividend

- 1 600 000 registered shares at CHF 2.40 per share	3 840
- 390 710 bearer shares at CHF 12.00 per share	4 689
To be carried forward	8 140
Retained earnings per balance sheet	16 669

Notes to the Financial Statements

at March 31

All amounts are in CHF 1 000 unless otherwise stated.

1. Securities, guarantees and pledges

Guarantees issued in favour of subsidiary companies and affiliates amounted to CHF 1 475 (2014 CHF 1 635).

The Company is a member of a VAT group and is therefore jointly and severably liable for the payment of the VAT liabilities of the other members of the Swiss VAT group.

2. Significant investments

Details of the principal subsidiaries held by Carlo Gavazzi Holding AG and major changes during the year are included in note 25 to the Consolidated Financial Statements.

3. Capital structure

The Company's share capital is divided into registered shares of CHF 3.00 each and bearer shares of CHF 15.00 each. Each share carries one vote. The registered share capital amounts to CHF 4 800 divided into 1 600 000 registered shares of CHF 3.00 each (2014: 1 600 000 of CHF 3.00 each). The paid-in bearer share capital amounts to CHF 5 861 divided into 390 710 bearer shares of CHF 15.00 each (2014: 390 710 of CHF 15.00 each). 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% of its own shares. All shares are entitled to receive dividends.

4. Major shareholders and their shareholdings

This note has been prepared in accordance with the requirements of article 663c of the Swiss Code of Obligations (SCO).

Shareholdings of members of the Board of Directors

at March 31, 2015	Valeria Gavazzi Chairman	Stefano Premoli Trovati Vice-Chairman	Federico Foglia Member	Daniel Hirschi Member	Total
Number of bearer shares	*	-	911	-	911
In percentage of share capital	*	-	0.13	-	0.13
In percentage of voting rights	*	-	0.04	-	0.04
Value of shares (in CHF 1 000)	*	-	194	-	194

at March 31, 2014	Valeria Gavazzi Chairman	Stefano Premoli Trovati Vice-Chairman	Federico Foglia Member	Daniel Hirschi Member	Total
Number of bearer shares	*	-	911	-	911
In percentage of share capital	*	-	0.13	-	0.13
In percentage of voting rights	*	-	0.04	-	0.04
Value of shares (in CHF 1 000)	*	-	209	-	209

(*) At March 31, 2015 and 2014, Valeria Gavazzi, Chairman, personally owns nil bearer shares and 29 350 registered shares with 0.83% of the share capital and 1.47% of the voting rights. In addition,

Notes to the Financial Statements

Valeria Gavazzi indirectly controls 1 440 000 registered shares and 834 bearer shares with 40.64% of the share capital and 72.38% of the voting rights (total direct and indirect control of 41.47% of the share capital and 73.85% of the voting rights). In addition, the mother, Uberta Gavazzi, Zug, owns 94 000 registered shares and 4 495 bearer shares (corresponding to 3.28% of the share capital and 4.95% of the voting rights).

Apart from these shareholders, there are no other major shareholders known to the Company holding more than 3% of the voting rights.

Shareholdings of members of Group Management

At March 31, 2015 and 2014, the members of Group Management held no shares in the Company.

5. Risk assessment according to Swiss Code of Obligations

The Company is fully integrated into the group-wide risk assessment process of the Carlo Gavazzi Group. This group risk assessment process addresses the nature and scope of business activities and its specific risks. Detailed information on the Group's risk assessment is disclosed in note 26 to the Consolidated Financial Statements.

Report of the Statutory Auditor

To the General Meeting of Shareholders of Carlo Gavazzi Holding AG, Steinhausen

As statutory auditor, we have audited the financial statements of Carlo Gavazzi Holding AG, which comprise the income statements, balance sheets, statements of changes in retained earnings and reserves and notes (pages 75 to 80), for the year ended March 31, 2015.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control

system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended March 31, 2015 comply with Swiss law and the Company's Articles of Incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG



Bruno Häfliger
Audit expert
Auditor in charge



Daniel Wyss
Audit expert

Zug, June 26, 2015

Group Companies

Group

Headquarters

Switzerland	CARLO GAVAZZI HOLDING AG	+41 41 747 45 25	gavazzi@carlogavazzi.ch
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Automation Components

Headquarters

Italy	CARLO GAVAZZI AUTOMATION SPA	+39 02 931 761	info@gavazziautomation.com
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Sourcing Companies

China	CARLO GAVAZZI AUTOMATION (KUNSHAN) CO LTD	+86 512 5763 9300	cgak@carlogavazzi.cn
Italy	CARLO GAVAZZI CONTROLS SPA	+39 0437 35 58 11	controls@gavazziacbu.it
Lithuania	CARLO GAVAZZI INDUSTRI KAUNAS UAB	+370 37 32 82 27	info@gavazzi.lt
Malta	CARLO GAVAZZI LTD	+356 2 360 1100	gavazzi@carlogavazzi.com.mt

National Sales Companies

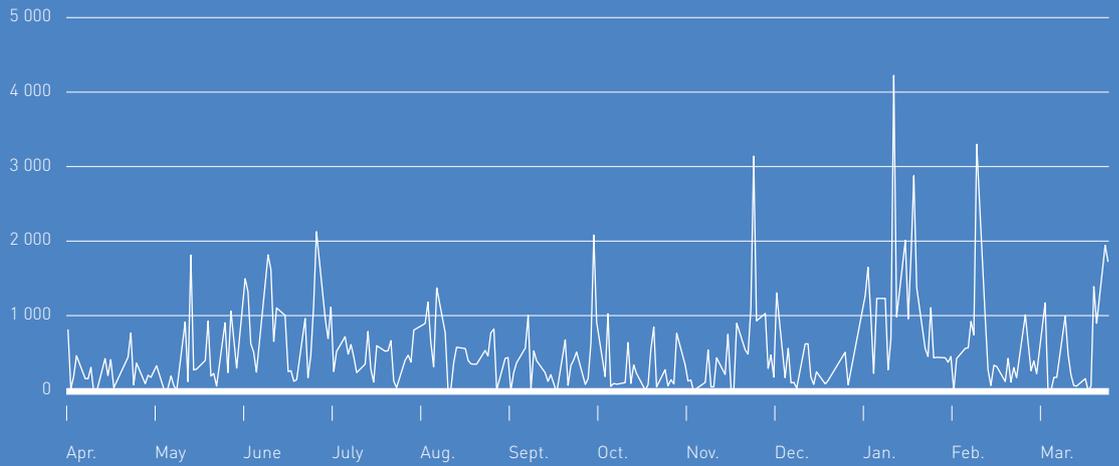
Austria	CARLO GAVAZZI GMBH	+43 1 888 4112	office@carlogavazzi.at
Belgium	CARLO GAVAZZI NV/SA	+32 2 257 41 20	sales@carlogavazzi.be
Brazil	CARLO GAVAZZI AUTOMAÇÃO LTDA	+55 11 3052 0832	info@carlogavazzi.com.br
Canada	CARLO GAVAZZI (CANADA) INC	+1 905 542 0979	gavazzi@carlogavazzi.com
China	CARLO GAVAZZI AUTOMATION (CHINA) CO LTD	+86 755 8369 9500	sales@carlogavazzi.cn
Denmark	CARLO GAVAZZI HANDEL A/S	+45 89 60 61 00	handel@gavazzi.dk
Finland	CARLO GAVAZZI OY AB	+358 9 756 2000	myynti@gavazzi.fi
France	CARLO GAVAZZI SARL	+33 1 49 38 98 60	french.team@carlogavazzi.fr
Germany	CARLO GAVAZZI GMBH	+49 6151 81000	info@gavazzi.de
Great Britain	CARLO GAVAZZI UK LTD	+44 1276 854110	sales@carlogavazzi.co.uk
Hong Kong	CARLO GAVAZZI AUTOMATION HONG KONG LTD	+852 2304 1228	info@carlogavazzi.com.sg
Italy	CARLO GAVAZZI SPA	+39 02 9317 61	info@gavazziacbu.it
Malaysia	CARLO GAVAZZI AUTOMATION (M) SDN BHD	+60 3 7842 7299	sales@gavazzi-asia.com
Mexico	CARLO GAVAZZI MEXICO SA de CV	+52 55 5373 7042	mexicosales@carlogavazzi.com
Netherlands	CARLO GAVAZZI BV	+31 251 22 93 45	info@carlogavazzi.nl
Norway	CARLO GAVAZZI AS	+47 35 93 08 00	post@gavazzi.no
Portugal	CARLO GAVAZZI UNIPESSOAL LDA	+351 21 361 7060	carlogavazzi@carlogavazzi.pt
Singapore	CARLO GAVAZZI AUTOMATION SINGAPORE PTE LTD	+65 6746 6990	info@carlogavazzi.com.sg
Spain	CARLO GAVAZZI SA	+34 94 480 40 37	gavazzi@gavazzi.es
Sweden	CARLO GAVAZZI AB	+46 54 85 11 25	info@carlogavazzi.se
Switzerland	CARLO GAVAZZI AG	+41 41 747 45 35	info@carlogavazzi.ch
USA	CARLO GAVAZZI INC	+1 847 465 6100	sales@carlogavazzi.com

Information for Investors

Share price
1.4.2014-
31.3.2015
 (CHF)



Share volume
1.4.2014-
31.3.2015
 (Number)



Share price
1.4.2010-
31.3.2015
 (CHF)



———— CARLO GAVAZZI BEARER SHARE (NOT ADJUSTED FOR DIVIDENDS)
 SPI EXTRA™ (REBASED, NOT ADJUSTED FOR DIVIDENDS)

Information for Investors

		2014/15	2013/14	2012/13**	2011/12	2010/11
Registered shares						
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 SIX Swiss 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	214	229	214	209	211
Share price - high	CHF	261	230	222	253	219
Share price - low	CHF	187	193	184	174	148
Average daily volume	Number	564	611	486	623	444
P/E Ratio	Factor	12.4	14.6	12.2	8.9	6.6
Basic earnings per share	CHF	17.3	15.7	17.6	23.6	32.0
Book value per share	CHF	125	131	142	136	147
Stock market capitalization	CHF 1 000	152 092	162 753	152 092	148 538	149 960
- in percentage of revenue	%	110.9	115.8	109.9	104.0	82.5
- in percentage of equity	%	171.9	174.5	150.2	154.2	144.0
Dividend per share (ordinary)***	CHF	12.0*	12.0	10.0	12.0	10.0
- dividend yield	%	5.6*	5.2	4.7	5.7	4.7
- total pay-out	CHF 1 000	8 529*	8 529	7 107	8 529	7 107
- pay-out ratio	%	69.5*	76.5	56.5	50.9	31.3
Dividend per share (extraordinary)	CHF	-	-	15.0	-	15.0
- dividend yield	%	-	-	7.0	-	7.1
- total pay-out	CHF 1 000	-	-	10 661	-	10 661
- pay-out ratio	%	-	-	84.9	-	46.9

*Proposal of the Board of Directors

**Certain numbers are restated due to adoption of new accounting standards

***of this amount for 2010/11, CHF 2.00 was paid from the reserve for capital contribution

Restriction of voting rights

There are no limits on registration of voting rights

Financial calendar

Shareholders' meeting 2014/15:	July 28, 2015
Interim report 2015/16:	November 26, 2015
Press and financial analysts' meeting 2015/16:	June 23, 2016
Shareholders' meeting 2015/16:	July 26, 2016

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www.carlogavazzi.com

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www.peterhofstetter.ch





CARLO GAVAZZI

CARLO GAVAZZI HOLDING AG
P.O. Box 152
CH-6312 Steinhausen, Switzerland
Phone: +41 41 747 45 25
Telefax: +41 41 740 45 60
Internet: www.carlogavazzi.com
E-Mail: gavazzi@carlogavazzi.ch