Carraro Group

Interim Report
on Operations
to 31 March 2011

DISCLAIMER

This document contains forward-looking statements, in particular in the section "Business outlook for the current year", in relation to future events and the operating, economic and financial results of the Carraro Group. These forecasts have by their very nature a component of risk and uncertainty, as they depend on the occurrence of future events and developments. The actual results may differ, even significantly, from those announced in relation to a multiplicity of factors.

CARRARO S.p.A.

Head Office in 35011 Campodarsego (PD) at Via Olmo no. 37

Share Capital Euro 23,914,696, fully paid-up

Tax Code, VAT and Registration Number

In the Padua Companies Register 00202040283 – R.E.A. No. 84033

GENERAL INFORMATION

THE BOARD OF DIRECTORS	**MARIO CARRARO**	*Chairman*
In office until approval of the 2011 Financial Statements (Appointed, General Meeting 23.04.2009 - Powers conferred, Board resolutions 07.05.2009 and 04.08.2009)	**ENRICO CARRARO (**2) (3)	*Deputy Chairman*
	ALEXANDER JOSEF BOSSARD (3)	*Chief Executive Officer*
	ANNA MARIA ARTONI (1)	*Director **
	ARNALDO CAMUFFO (1) (2)	*Director **
	FRANCESCO CARRARO	*Director*
	TOMASO CARRARO (3)	*Director*
	ANTONIO CORTELLAZZO (1) (2)	*Director **
	PIETRO GUINDANI (2) (3)	*Director **
	MARCO MILANI (2) (3)	*Director **
	(1) Members of the Internal Auditing Committee	
	(2) Members of the Human Resources and Remuneration Committee (3) Members of the Strategic Operational Committee * Independent directors	

BOARD OF STATUTORY AUDITORS	**LUIGI BASSO**	Chairman
In office until approval of the 2011 Financial Statements (Appointed, General Meeting 23.04.2009)	**SAVERIO BOZZOLAN**	Regular Auditor
	ROBERTO SACCOMANI	Regular Auditor
	SILVANO CORBELLA	Alternate Auditor
	MARINA MANNA	Alternate Auditor

AUDITING COMPANY — **PricewaterhouseCoopers S.p.A.**
from 2007 to 2015

PARENT COMPANY — **Finaid S.p.A.**

Under the terms and for the purposes of Consob Communication no. 97001574 of 20 February 1997, we state that:

The Chairman Mr Mario Carraro, the Deputy Chairman Mr Enrico Carraro and the Chief Executive Officer Mr Alexander Bossard have been given severally powers of legal representation and use of the corporate signature in relations with third parties and in legal actions; they carry on their work within the limits of the powers conferred on them by the Board of Directors at the meetings on 7 May 2009 and 4 August 2009, in accordance with the applicable legal constraints, in terms of matters which cannot be delegated by the Board of Directors and of responsibilities reserved for the Board itself, as well as of the principles and limits provided for in the Company's Code of Conduct.

CONSOLIDATED INCOME STATEMENT AT 31.03.2011

	31/03/2011 €/000	%	31/03/2010 €/000	%	Changes 31.03. 2011 31.03. 2010	
REVENUES FROM SALES	**220,792**	**100.00%**	**127,189**	**100.00%**	**93,603**	**73.59%**
Purchases of goods and materials (net of change in changes)	- 127,739	-57.85%	- 69,026	-54.27%	- 58,713	-85.06%
Services and Use of third-party goods and services	- 40,079	-18.15%	- 26,526	-20.86%	- 13,553	-51.09%
Personnel costs	- 32,889	-14.90%	- 28,339	-22.28%	- 4,550	-16.06%
Amortisation, depreciation and impairment of assets	- 8,400	-3.80%	- 8,009	-6.30%	- 391	-4.88%
Provisions for risks	- 2,365	-1.07%	- 857	-0.67%	- 1,508	-175.96%
Other income and expenses	425	0.19%	284	0.22%	141	49.65%
Internal construction	330	0.15%	595	0.47%	- 265	-44.54%
OPERATING COSTS	**- 210,717**	**-95.44%**	**- 131,878**	**-103.69%**	**- 78,839**	**-59.78%**
OPERATING PROFIT/(LOSS) (EBIT)	**10,075**	**4.56%**	**- 4,689**	**-3.69%**	**14,764**	**314.86%**
Income from equity investments	-		-		-	
Other financial income	171	0.08%	114	0.09%	57	
Financial costs and expenses	- 3,455	-1.56%	- 2,541	-2.00%	- 914	
Net gains/(losses) on foreign exchange	- 721	-0.33%	1,085	0.85%	- 1,806	
Value adjustments of financial assets	-		-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**- 4,005**	**-1.81%**	**- 1,342**	**-1.06%**	**- 2,663**	**-198.44%**
PROFIT/(LOSS) BEFORE TAXES	**6,070**	**2.75%**	**- 6,031**	**-4.74%**	**12,101**	**200.65%**
Current and deferred income taxes	- 3,561	-1.61%	- 2,088	-1.64%	- 1,473	
NET PROFIT/(LOSS)	**2,509**	**1.14%**	**- 8,119**	**-6.38%**	**10,628**	**130.90%**
Profit/(loss) pertaining to minorities	657	0.30%	691	0.54%	- 34	
GROUP CONSOLIDATED PROFIT/(LOSS)	**3,166**	**1.43%**	**- 7,428**	**-5.84%**	**10,594**	**142.62%**
EBITDA	**18,109**	**8.20%**	**3,264**	**2.57%**	**14,845**	**454.81%**

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 31/03/2011

	31/03/2011 €/000	31/12/2010 €/000	31/03/2010 €/000
Property, plant & equipment	218,504	224,149	243,506
Intangible fixed assets	77,954	81,018	77,297
Real estate investments	707	708	708
Equity investments in Group companies	158	167	165
Financial assets	3,888	3,952	1,006
Deferred tax assets	30,460	30,483	29,353
Trade receivables and other receivables	1,523	1,630	1,543
NON CURRENT ASSETS	***333,194***	***342,107***	***353,578***
Closing inventory	186,831	179,780	146,856
Trade receivables and other receivables	175,565	183,198	118,361
Financial assets	3,850	4,541	1,839
Cash and cash equivalent	52,001	44,940	48,037
CURRENT ASSETS	***418,247***	***412,459***	***315,093***
TOTAL ASSETS	**751,441**	**754,566**	**668,671**
Share Capital	23,915	23,915	23,915
Reserves	53,229	62,608	69,513
Foreign currency translation reserve	- 6,101	- 1,853	- 7,178
Profit (loss) for the period	3,166	- 7,228	- 7,428
Minority interests	10,982	12,002	15,095
SHAREHOLDERS' EQUITY	***85,191***	***89,444***	***93,917***
Financial liabilities	176,780	173,821	132,419
Trade payables and other payables	324	333	325
Deferred tax liabilities	8,228	8,667	7,462
Provisions for severance indemnity and retirement benefits	17,899	19,364	20,824
Provisions for risks and liabilities	2,425	2,442	6,427
NON CURRENT LIABILITIES	***205,656***	***204,627***	***167,457***
Financial liabilities	151,254	149,819	196,773
Trade payables and other payables	275,584	280,739	187,940
Current tax liabilities	19,054	15,571	7,343
Provisions for risks and liabilities	14,702	14,366	15,241
CURRENT LIABILITIES	***460,594***	***460,495***	***407,297***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**751,441**	**754,566**	**668,671**

CASH FLOW AT 31.03.2011

	31/03/2011 €/000	31/12/2010 €/000	31/03/2010 €/000
Opening Net Financial Position	**- 271,535**	**- 241,057**	**- 241,057**
Group profit/(loss)	*3,166*	*- 7,228*	*- 7,428*
Profit/(loss) pertaining to minorities	*- 657*	*- 3,689*	*- 691*
Amortization, depreciation and impairment of fixed assets	*8,034*	*34,790*	*7,953*
Cash flow before Net Working Capital	10,543	23,873	- 166
Change in Net Working Capital	- 8,187	- 11,396	- 13,061
Investments in fixed assets	- 4,313	- 19,555	- 3,695
Disinvestments in fixed assets	308	973	568
Operating Free Cash Flow	***- 1,649***	***- 6,105***	***- 16,354***
Other operating flows	7,921	- 25,202	- 19,378
Other investing flows	4,690	- 2,913	- 7,218
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 6,762	3,742	5,417
Free Cash Flow	***4,200***	***- 30,478***	***- 37,533***
Closing Net Financial Position	**- 267,335**	**- 271,535**	**- 278,590**

ANALYSIS OF NET WORKING CAPITAL AT 31.03.2011

	31/03/2011 €/000	31/12/2010 €/000	31/03/2010 €/000
Trade Receivables	131,423	133,397	79,934
Inventory	186,831	179,780	146,856
Trade Payables	- 245,908	- 249,018	- 160,966
Net Working Capital (NWC)	***72,346***	***64,159***	***65,824***

The end of first quarter 2011 confirms the improving trend already seen in the second six months of the previous year, characterized by a significant growth in the main core markets such as agriculture and earth works, and by the excellent performance in the Electronics Business Unit renewable energies sector. On a geographical area level, Europe and the United States, which in the previous years had suffered more from the effects of the crisis, also return to a positive trend.

Sales at March 31st, 2011 reached 220.792 million Euro, up by 73.6% over the 127.189 million Euro of the same quarter in 2010 when the first signs of picking up were recorded. All of the Business Units benefited, even if in different amounts, from the significant sales increase compared to first quarter 2010.

The growth in volume, careful management focused on containing the fixed costs and implementation of policies which transfer the increases of the raw materials to the customer's final sale price, determined the improvement in earnings which, however, is still partially influenced in this first part of the year by the procurement problems which were already present in last quarter 2010, currently being resolved.
In this case also, all of the Business Units contributed to this improvement, particularly the Electronics BU.

The consolidated Group EBITDA came to 18.109 million Euro (8.2% of turnover), compared to 3.264 million Euro of the same period in 2010 (2.6% of turnover). EBIT at 31 March 2011 came to 10.075 million Euro (4.6% of turnover), an improvement on the negative figure of 4.689 million Euro (-3.7% of turnover) at 31 March 2010.

First quarter 2011 marks a return to the profit at 3.166 million Euro (1.4% of turnover) in strong growth compared to the loss of 7.428 (-5.8% of turnover) realised in first quarter of the previous year as further confirmation of the positive trend which started in the last few months of 2010 and the Three-Year Plan forecasts.

The net financial position, showing debts of 267.335 million Euro, is an improvement with respect to December 31st, 2010, when net debts were 271.535 million Euro, due mainly to the cash flows generated by current operational management of the period. The progressive resizing of the same appears even more clear if compared to the information at March 31st, 2010, with debt at 278.590 million Euro.

ECONOMIC AND FINANCIAL DATA

Turnover

In the first quarter of 2011, the Group's consolidated turnover came to 220.792 million Euro, up by 73.6% from the turnover recorded in the first quarter of 2010, when it was 127.189 million Euro.

The following table breaks turnover down by market segment:

amounts in €/000	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31.03.2011	**31.03.2010**	**Diff.%**	**31.03.2011**	**31.03.2010**	**Diff.%**	**31.03.2011**	**31.03.2010**	**Diff.%**
DRIVELINES	131,424	82,326	59.64	127,969	79,358	61.26	3,455	2,968	16.41
COMPONENTS	44,468	33,813	31.51	30,595	23,727	28.95	13,873	10,086	37.55
VEHICLES	20,789	10,204	103.73	19,796	9,732	103.41	993	472	110.38
ELECTRONICS	43,287	14,368	201.27	42,519	14,328	196.75	768	40	n.r.
NON-ALLOCATED BUSINESS	6,774	5,225	29.65	- 87	44	n.r.	6,861	5,181	32.43
TOTAL SEGMENTS	**246,742**	**145,936**	**69.08**	**220,792**	**127,189**	**73.59**	**25,950**	**18,747**	**38.42**
INTRA-GROUP ELIMINATIONS	- 25,950	- 18,747	38.42	-	-		-	-	
CONSOLIDATED TOTAL	**220,792**	**127,189**	**73.59**	**220,792**	**127,189**	**73.59**	**25,950**	**18,747**	**38.42**

The following table breaks down turnover by geographical area:

amounts in €/000

Geographical Area	**31.03.2011**	**%**	**31.03.2010**	**%**	**difference % '11-'10**
Germany	29,938	13.56	22,041	17.33	35.83
North America	21,277	9.64	12,354	9.71	72.23
United Kingdom	16,137	7.31	7,721	6.07	109.00
South America	14,918	6.76	9,951	7.82	49.91
China	13,039	5.91	10,537	8.28	23.74
France	11,934	5.41	5,354	4.21	122.90
India	10,259	4.65	6,340	4.98	61.81
Switzerland	9,118	4.13	6,243	4.91	46.05
Turkey	8,478	3.84	1,466	1.15	478.31
Poland	3,261	1.48	2,166	1.70	50.55
Other non-E.U. areas	3,279	1.49	1,976	1.55	65.94
Other E.U. areas	12,092	5.48	11,845	9.31	2.09
Total Abroad	**153,730**	**69.63**	**97,994**	**77.05**	**56.88**
Italy	67,062	30.37	29,195	22.95	129.70
Total	**220,792**	**100.00**	**127,189**	**100.00**	**73.59**
of which:					
Total E.U. area	**140,424**	**63.60**	**78,322**	**61.58**	**79.29**
Total non-E.U. area	**80,368**	**36.40**	**48,867**	**38.42**	**64.46**

The different distribution of the turnover with respect to the same quarter in the previous year highlights a pick up of sales also in the western markets (Europe and North America).

Specifically a significant increase can be seen in turnover in:

- Great Britain (+109%), due to the transfer by the customer Caterpillar of a few production lines coming from the USA;
- France (+123%), chiefly due to the supply of epicycloidal reduction gears (*drives*) and tractors to the customer Claas;
- Italy, where growth (+130%) is led by the sales of Elettronica Santerno.

The positive trend of demand remains in Middle Eastern and Asian countries which was seen progressively already during 2010, particularly in Turkey (+478%), India (+62%) and China (+24%), core markets for the Group.

EBITDA and EBIT

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	% of turnover	31.03.2010	% of turnover	Diff. %
EBITDA (1)	18,109	8.2	3,264	2.6	n.s.
EBIT (2)	10,075	4.6	- 4,689	-3.7	n.s.

(1) understood as the sum of operating profit/loss, amortization, depreciation and impairment of fixed assets

(2) understood as operating profit/loss in the income statement

In this quarter the EBIT shows how the progressive increase in turnover and the fixed cost containment activities had a positive influence in spite of a few permanent difficulties in terms of material procurement, nonetheless in a phase of progressive re-absorption.

The EBITDA came to 18.109 million Euro (8.2% of turnover) compared to 3.264 million Euro (2.6% of turnover) of the same period in the previous year.

First quarter 2011 EBIT is once more positive and comes to 10.075 million Euro (4.6% of turnover), compared to the negative figure of 4.689 million Euro (-3.7% of turnover) at 31 March 2010.

Financial Charges

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	% of turnover	31.03.2010	% of turnover	Diff. %
Financial Charges	3,284	1.5	2,427	1.9	35.3

Financial expenses in the first quarter of 2011 amounted to 3.284 million Euro, (1.5% of turnover) compared to 2.427 million Euro (1.9% of turnover) in the first quarter of 2010. Despite the increase in definite terms caused by greater cost of money compared to the same period last year, a lower incidence of the same are shown on turnover. The variation of financial charges compared to first quarter 2010 stems from the *spreads* applied to mid-long term financing renegotiation with the framework agreement, effective from 16 April 2010.

Finally, thanks to the achievement of results at 31 December 2010 better than the Plan, the *covenants* agreed upon with the credit institutions were more than observed and based on this the Group will obtain a reduction of the *spreads* for 2011.

Exchange Differences

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	% of turnover	31.03.2010	% of turnover	Diff. %
Exchange differences	- 721	-0.3	1,085	0.9	-166.5

The exchange differences of first quarter 2011 were a negative 721 thousand Euro, compared to a negative 1.085 million Euro of first quarter 2010. The balance at 31 March 2011 includes the *mark-to-market* effects of the measurement at *fair value* of derivative instruments used to hedge exchange rate risks.

Net Profit / (Loss)

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	% of turnover	31.03.2010	% of turnover	Diff. %
Net Profit /(Loss)	3,166	1.4	- 7,428	-5.8	+142.6

First quarter 2011 ended with a net profit of 3.166 million Euro (1.4% of turnover), a strong improvement compared to the loss of -7.428 million Euro (-5.8% of turnover) posted in the first quarter of 2010.
This result which was contributed to significantly by the supply of the Electronics BU, follows profits recorded in the last months of 2010 and confirms the improvement trend and the Three-Year Plan forecasts for all of the Business Units.

Amortization, depreciation and impairment of assets

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	% of turnover	31.03.2010	% of turnover	Diff. %
Amortization, depreciation and impairment	8,034	3.6	7,953	6.3	1.0

Investments

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	31.03.2010
Investments	4,313	3,695

Investments at 31 March 2011 of 4.313 million Euro, compared to 3.695 million Euro at 31 March 2010, were destined for activities of ensuring efficiency of the systems and the launching of new products.

Net financial position

Figures at 31.03.2011 (amounts in €/000)

	31.03.2011	31.12.2010	31.03.2010
Net financial position*	267,335	271,535	278,590
Gearing	3.14	3.04	2.97

* understood as the sum of amounts payable to banks, short and medium/long-term bonds and financing, net of liquid assets, negotiable securities and financial receivables.

The net financial position shows net debts of 267.335 million Euro, progressively improving with respect to December 31st, 2010, when net debts were 271.535 million Euro, and with respect to March 31st, 2010, when they were 278.590 million Euro. The reduction of the net financial position compared to December 31st, 2010 is chiefly due to the cash flows deriving from the current operational of the quarter in question.
Gearing (defined as the ratio of net financial position to owners' equity) came out at 3.14 at 31 March 2011, compared to 3.04 at 31 December 2010 and 2.97 at 31 March 2010.

PERSONNEL

Workforce trend

Figures at 31.03.2011

	31.03.2011	31.12.2010	31.03.2010
Executives	61	58	57
Clerical staff	1,002	983	941
Labourers	2,630	2,671	2,550
Temporary workers	320	302	152
Total	**4,013**	**4,014**	**3,700**

The group personnel at March 31st 2011 is comprised of 4,013 employees. Even though the overall number did not change significantly compared to December 31st, 2010, it is pointed out that during the month of January 2011 110 units left the staff definitively due to agreements and restructuring plans agreed on in the previous year. This had to do mainly with the labourer category (-103 employees). During the next months the staff was reconstituted, particularly through new hires of labourers in the India and China plants where the increase in production volumes was more significant.
At March 31st, 2011, 1,934 employees are present (48% of the overall workforce) in the Group's Italian plants while 2,079 people are employed abroad (52% of the overall workforce).

Performance and results of the Carraro Group Business Units

Drivelines – Drivetech Business Unit

The Business Unit in first quarter 2011 showed significant growth compared to the same period of the previous year and in line with the trend demonstrated in the last six months of 2010 thanks to a consolidation of the demand in the eastern markets and a progressive improvement in the western markets.
At March 31st, 2011 sales were 131.373 million Euro, an increase by 59.6% compared to 82.326 million Euro in first quarter 2010 when the first signs of improvement were recorded; this growth is due in particular to the positive trend of demand in the Indian, Turkish and Brazilian markets as regards the agriculture sector.
Demand pick up seems to be more moderate in the *Construction Equipment* department due to the weakness of the investments in the residential and commercial construction sector in the advanced countries and due to the effect of a slow-down in the Chinese market.
Spare parts sales also shows a significant increase compared to the corresponding period of the previous year, particularly thanks to improved penetration in the independent distribution channel.
The current order portfolio confirms the positive demand trend also for the months to come.

The marginality realised benefited volume growth but is also partially penalised by the procurement difficulties in BCC countries (*Best Cost Countries*) which require supply from European suppliers and have consequently generated greater logistics costs.
Unlike what occurred during 2010, thanks to a careful policy of sharing with the customers it was possible to limit the negative effect stemming from the increase of raw material costs.
Therefore a significant improvement of the results follows compared to the same period of the previous year, both in terms of EBITDA and EBIT, even if the same still remain at values less than the Three-Year Plan forecasts because of the aforementioned inefficiencies, for which action is in progress in order to resolve these the purpose of which is to bring the marginality back to the expected levels.
EBITDA at March 31st, 2011 amounted to 5.433 million Euro, (4.1% of turnover) compared to 1.839 million Euro (2.2% of turnover) in the first quarter of 2010. EBIT amounted to 2.416 million Euro, (1.8% of turnover) compared to 1.074 million Euro (-1.3% of turnover) at 31 March 2010.

The net result at March 31st, 2011 amounted to a loss of 372 thousand Euro, (0.3% of turnover) significantly different compared to 3.221 million Euro (-3.9% of turnover) in the first quarter of 2010.

The net financial position at march 31st, 2011 amounts to debt of 118.161 million Euro, an improvement compared to the -124.883 million Euro at December 31st, 2010 due to the implementation of warehouse containment and control policies on collection of receivables which allowed resources to be generated through the variation of the *Net Working Capital.*

SUBCONSOLIDATED INCOME STATEMENT AT 31.03.2011
BU DRIVELINES - CARRARO DRIVE TECH

	31/03/2011 €/ooo	%	31/03/2010 €/ooo	%	Changes 31.03. 2011 - 31.03. 2010	
REVENUES FROM SALES	**131,373**	**100,00%**	**82,326**	**100,00%**	**49,047**	**59.58%**
Purchases of goods and materials (net of change in inventories)	- 90,284	-68.72%	- 53,596	-65.10%	- 36,688	-68.45%
Services and Use of third-party goods and services	- 20,289	-15.44%	- 14,579	-17.71%	- 5,710	-39.17%
Personnel costs	- 14,802	-11.27%	- 12,069	-14.66%	- 2,733	-22.64%
Amortisation, depreciation and impairment of assets	- 3,131	-2.38%	- 2,947	-3.58%	- 184	-6.24%
Provisions for risks	- 1,182	-0.90%	- 518	-0.63%	- 664	-128.19%
Other income and expenses	517	0.39%	292	0.35%	225	77.05%
Internal construction	214	0.16%	17	0.02%	197	1158.82%
OPERATING COSTS	**- 128,957**	**-98.16%**	**- 83,400**	**-101.30%**	**- 45,557**	**-54.62%**
OPERATING PROFIT/(LOSS) (EBIT)	**2,416**	**1.84%**	**- 1,074**	**-1.30%**	**3,490**	**324.95%**
Income from equity investments	-		-		-	
Other financial income	14	0.01%	32	0.04%	- 18	
Financial costs and expenses	- 2,144	-1.63%	- 1,390	-1.69%	- 754	
Net gains/(losses) on foreign exchange	- 429	-0.33%	183	0.22%	- 612	
Value adjustments of financial assets	-		-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**- 2,559**	**-1.95%**	**- 1,175**	**-1.43%**	**- 1,384**	**-117.79%**
PROFIT/(LOSS) BEFORE TAXES	**- 143**	**-0.11%**	**- 2,249**	**-2.73%**	**2,106**	**93.64%**
Current and deferred income taxes	- 235	-0.18%	- 981	-1.19%	746	
NET PROFIT/(LOSS)	**- 378**	**-0.29%**	**- 3,230**	**-3.92%**	**2,852**	**88.30%**
Profit/(loss) pertaining to minorities	6	0.00%	9	0.01%	- 3	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	**- 372**	**-0.28%**	**- 3,221**	**-3.91%**	**2,849**	**88.45%**
EBITDA	**5,433**	**4.14%**	**1,839**	**2.23%**	**3,594**	**70.26%**

SUBCONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31/03/2011
BU DRIVELINES - CARRARO DRIVE TECH

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Property, plant & equipment	82,676	84,008	86,264
Intangible fixed assets	22,063	24,193	23,382
Real estate investments	12	13	13
Equity investments in Group companies	158	167	165
Financial assets	28	35	269
Deferred tax assets	17,731	17,614	17,039
Trade receivables and other receivables	910	859	768
NON CURRENT ASSETS	***123,578***	***126,889***	***127,900***
Closing inventory	107,684	106,821	89,759
Trade receivables and other receivables	105,099	99,931	64,119
Financial assets	1,370	590	1,296
Cash and cash equivalent	14,552	12,664	16,030
CURRENT ASSETS	***228,705***	***220,006***	***171,204***
TOTAL ASSETS	**352,283**	**346,895**	**299,104**
Share Capital	23,817	23,817	50,758
Reserves	12,285	25,387	5,367
Foreign currency translation reserve	- 6,189	- 2,773	- 6,281
Profit (loss) for the period	- 372	- 13,091	- 3,221
Minority interests	- 15	- 8	45
SHAREHOLDERS' EQUITY	***29,526***	***33,332***	***46,668***
Financial liabilities	14,036	12,557	4,618
Trade payables and other payables	320	329	321
Deferred tax liabilities	2,324	2,395	1,397
Provisions for severance indemnity and retirement benefits	10,308	11,316	11,843
Provisions for risks and liabilities	922	843	2,003
NON CURRENT LIABILITIES	***27,910***	***27,440***	***20,182***
Financial liabilities	120,094	125,264	105,233
Trade payables and other payables	164,335	150,989	114,530
Current tax liabilities	2,227	1,827	2,784
Provisions for risks and liabilities	8,191	8,043	9,707
CURRENT LIABILITIES	***294,847***	***286,123***	***232,254***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**352,283**	**346,895**	**299,104**

CASH FLOW AT 31.03.2011
BU DRIVELINES - CARRARO DRIVE TECH

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Opening Net Financial Position	**- 124,883**	**- 81,099**	**- 81,099**
Group profit/(loss)	*- 372*	*- 13,091*	*- 3,221*
Profit/(loss) pertaining to minorities	*- 6*	*- 80*	*- 9*
Amortization, depreciation and impairment of fixed assets	*3,017*	*14,353*	*2,913*
Cash flow before Net Working Capital	2,639	1,182	- 317
Change in Net Working Capital	2,275	- 14,167	- 8,928
Investments in fixed assets	- 2,329	- 8,117	- 1,057
Disinvestments in fixed assets	-	886	16
Operating Free Cash Flow	***2,585***	***- 20,216***	***- 10,286***
Other operating flows	4,781	- 15,769	- 942
Other investing flows	2,784	- 7,800	- 4,044
Change in Share Capital	-	- 26,941	-
Dividends paid	-	-	-
Other equity flows	- 3,428	26,942	3,396
Free Cash Flow	***6,722***	***- 43,784***	***- 11,876***
Closing Net Financial Position	**- 118,161**	**- 124,883**	**- 92,975**

ANALYSIS OF NET WORKING CAPITAL AT 31.03.2011
BU DRIVELINES - CARRARO DRIVE TECH

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Trade Receivables	76,842	64,828	43,074
Inventory	107,684	106,821	89,759
Trade Payables	- 152,083	- 136,931	- 103,354
Net Working Capital (NWC)	***32,443***	***34,718***	***29,479***

Components Business Unit – Gear World

First quarter 2011 confirms the positive trend of demand which was seen in the last six months of 2010. Sales for the quarter came to 44.468 million Euro, a significant improvement compared to turnover in the same period of the previous year which was 33.813 million Euro.
From the point of view of distribution of sales among third party customers and intra-group customers, it is pointed out that turnover toward third parties amounts to 68.8% (70.2% in first quarter 2010) while sales to companies belonging to the Group make up 31.2% of turnover achieved in the quarter (29.8% at March 31st, 2010).
The analysis of turnover in the various sectors in which Gear World operates shows a positive trend in the *Agricultural, Gardening* and *Automotive* sectors; the *Power Tools and Construction Equipment* sectors confirm consolidation of demand while the *Wind* sector remains slow.
The current order portfolio confirms the positive demand trend also for the months to come.

In terms of marginality significant improvement is seen compared to the same period of last year, even if the same is not yet up to the expected levels; in particular, EBITDA shows a positive balance in the amount of 3.158 million Euro (7.1% of turnover) compared to 1.910 million Euro (5.7% of turnover) in first quarter 2010. EBIT at 31 March 2011 is still negative in the amount of 385 thousand Euro (-0.9% of turnover); at March 31st, 2010 it was a negative figure of 2.006 million Euro (-5.9% of turnover).

The net result of first quarter 2011 in the red by 1.765 million Euro (-4.0% of turnover), compared to the loss of 2.755 million Euro (-8.2% of turnover) at 31 March 2010.

The net financial position at 31 March 2011 shows debts of 101.142 million Euro, a worsening with respect to 31 December 2010 (debts of 97.689 million Euro) due to the absorption of cash flows stemming from the variation of net current capital.

SUBCONSOLIDATED INCOME STATEMENT AT 31.03.2011
BU COMPONENTS - GEARWORLD

	31/03/2011 €/ooo	%	31/03/2010 €/ooo	%	Changes 31.03.2011 - 31.03. 2010	
REVENUES FROM SALES	**44,468**	**100.00%**	**33,813**	**100.00%**	**10,655**	**31.51%**
Purchases of goods and materials (net of change in inventories)	- 20,397	-45.87%	- 14,401	-42.59%	- 5,996	-41.64%
Services and Use of third-party goods and services	- 11,362	-25.55%	- 7,944	-23.49%	- 3,418	-43.03%
Personnel costs	- 9,616	-21.62%	- 9,761	-28.87%	145	1.49%
Amortisation, depreciation and impairment of assets	- 3,550	-7.98%	- 3,918	-11.59%	368	9.39%
Provisions for risks	- 103	-0.23%	- 72	-0.21%	- 31	-43.06%
Other income and expenses	72	0.16%	103	0.30%	- 31	-30.10%
Internal construction	103	0.23%	174	0.51%	- 71	-40.80%
OPERATING COSTS	**- 44,853**	**-100.87%**	**- 35,819**	**-105.93%**	**- 9,034**	**-25.22%**
OPERATING PROFIT/(LOSS) (EBIT)	**- 385**	**-0.87%**	**- 2,006**	**-5.93%**	**1,621**	**80.81%**
Income from equity investments	-		-		-	
Other financial income	83	0.19%	25	0.07%	58	
Financial costs and expenses	- 1,036	-2.33%	- 747	-2.21%	- 289	
Net gains/(losses) on foreign exchange	- 254	-0.57%	333	0.98%	- 587	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**- 1,207**	**-2.71%**	**- 389**	**-1.15%**	**- 818**	**-210.28%**
PROFIT/(LOSS) BEFORE TAXES	**- 1,592**	**-3.58%**	**- 2,395**	**-7.08%**	**803**	**33.53%**
Current and deferred income taxes	- 324	-0.73%	- 322	-0.95%	- 2	
NET PROFIT/(LOSS)	**- 1,916**	**-4.31%**	**- 2,717**	**-8.04%**	**801**	**29.48%**
Profit/(loss) pertaining to minorities	151	0.34%	- 38	-0.11%	189	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	**- 1,765**	**-3.97%**	**- 2,755**	**-8.15%**	**990**	**35.93%**
EBITDA	**3,158**	**7.10%**	**1,910**	**5.65%**	**1,248**	**65.34%**

SUBCONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31/03/2011
BU COMPONENTS - GEARWORLD

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Property, plant & equipment	97,326	101,426	117,173
Intangible fixed assets	24,414	24,670	25,391
Real estate investments	155	155	155
Equity investments in Group companies	-	-	-
Financial assets	3,185	3,214	72
Deferred tax assets	2,764	2,786	3,868
Trade receivables and other receivables	399	548	1,295
NON CURRENT ASSETS	***128,243***	***132,799***	***147,954***
Closing inventory	32,360	30,165	34,097
Trade receivables and other receivables	41,779	39,389	36,763
Financial assets	2,079	1,827	435
Cash and cash equivalent	2,882	2,111	3,134
CURRENT ASSETS	***79,100***	***73,492***	***74,429***
TOTAL ASSETS	**207,343**	**206,291**	**222,383**
Share Capital	35,084	35,084	35,084
Reserves	- 4,565	8,106	11,044
Foreign currency translation reserve	- 154	899	- 714
Profit (loss) for the period	- 1,765	- 12,605	- 2,755
Minority interests	3,548	3,766	3,904
SHAREHOLDERS' EQUITY	***32,148***	***35,250***	***46,563***
Financial liabilities	70,238	71,844	30,469
Trade payables and other payables	4	4	4
Deferred tax liabilities	5,758	5,864	5,882
Provisions for severance indemnity and retirement benefits	5,173	5,518	6,412
Provisions for risks and liabilities	130	140	1,970
NON CURRENT LIABILITIES	***81,303***	***83,370***	***44,737***
Financial liabilities	38,950	33,001	82,961
Trade payables and other payables	52,974	53,012	45,673
Current tax liabilities	593	293	732
Provisions for risks and liabilities	1,375	1,365	1,717
CURRENT LIABILITIES	***93,892***	***87,671***	***131,083***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**207,343**	**206,291**	**222,383**

CASH FLOW AT 31.03.2011
BU COMPONENTS - GEARWORLD

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Opening Net Financial Position	**- 97,689**	**- 104,262**	**- 104,262**
Group profit/(loss)	*- 1,765*	*- 12,605*	*- 2,755*
Profit/(loss) pertaining to minorities	*- 151*	*- 292*	*38*
Amortization, depreciation and impairment of fixed assets	*3,543*	*15,467*	*3,916*
Cash flow before Net Working Capital	1,627	2,570	1,199
Change in Net Working Capital	- 5,070	379	- 4,316
Investments in fixed assets	- 1,522	- 6,698	- 2,021
Disinvestments in fixed assets	308	623	546
Operating Free Cash Flow	***- 4,657***	***- 3,126***	***- 4,592***
Other operating flows	363	1,840	- 336
Other investing flows	2,027	6,563	- 2,956
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 1,186	1,296	2,429
Free Cash Flow	***- 3,453***	***6,573***	***- 5,455***
Closing Net Financial Position	**- 101,142**	**- 97,689**	**- 109,717**

ANALYSIS OF NET WORKING CAPITAL AT 31.03.2011
BU COMPONENTS - GEARWORLD

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Trade Receivables	35,028	31,778	25,262
Inventory	32,360	30,165	34,097
Trade payables	- 45,607	- 45,232	- 37,953
Net Working Capital (NWC)	***21,781***	***16,711***	***21,406***

Vehicles – Agritalia Business Unit

Agritalia ends first quarter 2010 with sales of 20.789 million Euro, in strong growth with respect to the previous year (+104%) thanks to the implementation of the complete range of products for all three of the core clients (John Deere, Claas and Massey Ferguson/AGCO) and the pick up of the European market demand (both in the Mediterranean area and in the Eastern European countries) and in Turkey, an area where there are good prospects of development based on the purchase order portfolio.

The increase in volumes, production efficiency, alignment with a reasonable average sale price and the pursuit of costs control activity allows the Business Unit to obtain an operational result at *break even* (EBIT at -49 thousand Euro).

The net result at March 31st, 2011 amounted to a loss of 196 thousand Euro, (-0.9% of turnover) compared to 1.436 million Euro (14.1% of turnover) in the first quarter of 2010. The improved result is in line with the expectations for this quarter.

The net financial position shows a debts balance in the amount of 839 thousand Euro, a significant difference in size compared to December 31st, 2010 (debts balance of 3.615 million Euro), due to the cash flows generated by the variation of the *Net Working Capital.*

After a period characterised by hardships connected with the renewal of the entire range, the Business Unit found the path back to positive development.

SUBCONSOLIDATED INCOME STATEMENT AT 31.03.2011
BU VEHICLES - CARRARO DIVISIONE AGRITALIA

	31/03/2011 €/ooo	%	31/03/2010 €/ooo	%	Changes 31.03. 2011 - 31.03. 2010	
REVENUES FROM SALES	**20,789**	**100.00%**	**10,201**	**100.00%**	**10,588**	**103.79%**
Purchases of goods and materials (net of change in inventories)	- 15,778	-75.90%	- 7,731	-75.79%	- 8,047	-104.09%
Services and Use of third-party goods and services	- 1,779	-8.56%	- 1,256	-12.31%	- 523	-41.64%
Personnel costs	- 2,737	-13.17%	- 2,329	-22.83%	- 408	-17.52%
Amortisation, depreciation and impairment of assets	- 299	-1.44%	- 277	-2.72%	- 22	-7.94%
Provisions for risks	- 244	-1.17%	- 134	-1.31%	- 110	-82.09%
Other income and expenses	- 1	0.00%	84	0.82%	- 85	-101.19%
Internal construction	-	0.00%	63	0.62%	- 63	n.s.
OPERATING COSTS	**- 20,838**	**-100.24%**	**- 11,580**	**-113.52%**	**- 9,258**	**-79.95%**
OPERATING PROFIT/(LOSS) (EBIT)	**- 49**	**-0.24%**	**- 1,379**	**-13.52%**	**1,330**	**96.45%**
Income from equity investments	-		-		-	
Other financial income	-		-		-	
Financial costs and expenses	- 8	-0.04%	- 18	-0.18%	10	
Net gains/(losses) on foreign exchange	15	0.07%	- 16	-0.16%	31	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**7**	**0.03%**	**- 34**	**-0.33%**	**41**	**120.59%**
PROFIT/(LOSS) BEFORE TAXES	**- 42**	**-0.20%**	**- 1,413**	**-13.85%**	**1,371**	**97.03%**
Current and deferred income taxes	- 154	-0.74%	- 23	-0.23%	- 131	
NET PROFIT/(LOSS)	**- 196**	**-0.94%**	**- 1,436**	**-14.08%**	**1,240**	**86.35%**
Profit/(loss) pertaining to minorities		0.00%		0.00%	-	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	**- 196**	**-0.94%**	**- 1,436**	**-14.08%**	**1,240**	**86.35%**
EBITDA	**244**	**1.17%**	**- 1,102**	**-10.80%**	**1,346**	**122.14%**

SUBCONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31/03/2011
BU VEHICLES - CARRARO DIVISIONE AGRITALIA

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Property, plant & equipment	12,407	12,619	13,212
Intangible fixed assets	520	570	318
Real estate investments	-	-	-
Equity investments in Group companies	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,524	2,508	2,755
Trade receivables and other receivables	6	8	8
NON CURRENT ASSETS	***15,457***	***15,705***	***16,293***
Closing inventory	11,593	10,188	11,640
Trade receivables and other receivables	7,391	8,773	3,953
Financial assets	6	22	4
Cash and cash equivalent	9	4	3
CURRENT ASSETS	***18,999***	***18,987***	***15,600***
TOTAL ASSETS	**34,456**	**34,692**	**31,893**
Share Capital	-	-	-
Reserves	7,054	10,330	10,316
Foreign currency translation reserve	-	-	-
Profit (loss) for the period	- 196	- 3,255	- 1,436
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	***6,858***	***7,075***	***8,880***
Financial liabilities	-	-	-
Trade payables and other payables	-	-	-
Deferred tax liabilities	69	74	69
Provisions for severance indemnity and retirement benefits	1,110	1,138	1,243
Provisions for risks and liabilities	399	399	594
NON CURRENT LIABILITIES	***1,578***	***1,611***	***1,906***
Financial liabilities	863	3,624	2,609
Trade payables and other payables	23,575	20,895	16,281
Current tax liabilities	11	-	128
Provisions for risks and liabilities	1,571	1,487	2,089
CURRENT LIABILITIES	***26,020***	***26,006***	***21,107***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**34,456**	**34,692**	**31,893**

CASH FLOW AT 31.03.2011
BU VEHICLES - CARRARO DIVISIONE AGRITALIA

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Opening Net Financial Position	**- 3,615**	**1,622**	**1,622**
Group profit/(loss)	*- 196*	*- 3,255*	*- 1,436*
Profit/(loss) pertaining to minorities	*-*	*-*	*-*
Amortization, depreciation and impairment of fixed assets	*293*	*1,163*	*277*
Cash flow before Net Working Capital	97	- 2,092	- 1,159
Change in Net Working Capital	2,598	- 1,400	- 2,012
Investments in fixed assets	- 32	- 683	- 156
Disinvestments in fixed assets	-	395	6
Operating Free Cash Flow	***2,663***	***- 3,780***	***- 3,321***
Other operating flows	133	- 1,076	- 915
Other investing flows	1	- 395	12
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 21	14	-
Free Cash Flow	***2,776***	***- 5,237***	***- 4,224***
Closing Net Financial Position	**- 839**	**- 3,615**	**- 2,602**

ANALYSIS OF NET WORKING CAPITAL AT 31.03.2011
BU VEHICLES - CARRARO DIVISIONE AGRITALIA

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Trade Receivables	7,168	8,380	3,416
Inventory	11,593	10,188	11,640
Trade Payables	- 21,664	- 18,873	- 14,749
Net Working Capital (NWC)	***- 2,903***	***- 305***	***307***

Electronics Business Unit – Elettronica Santerno

Despite the seasonal nature of the photovoltaic sector which general shows a slow-down in sales during the first months of the year, as well as the altered legislative contest in terms of subsidies in the Italian market, performance of the Electronics Business Unit in first quarter 2011 is a decidedly positive result.
The introduction of the "Romani Decree" induced on one side an acceleration in production during the quarter, aimed at delivery of the systems expected within terms to be able to access government subsidies, and on the other it caused a slow-down in orders for the subsequent months while awaiting future evolutions regarding issue of an inter-ministerial decree aimed at regulating the incentives applicable to the photovoltaic sector.

In any case, the Business Unit pursues the path of development and penetration into the core foreign markets with growth prospects in the photovoltaic sector such as Germany (notoriously the first core market in the sector), North America and China. In these last two areas, the necessary phases were completed to obtain certification of the main products made by Santerno for the purpose of meeting the requirements in progressive growth coming from these markets.

The sector for industrial applications confirms the reinforcement of the demand and shows significant growth in the South American area, particularly in Brazil, where the Business Unit has achieved a sales increase of about 44% compared to the same period of the previous year. This constitutes an important sign of the capability of winning market shares by the Business Unit in the areas with the greatest growth prospects in the mid-term.

First quarter 2011 ends on an extremely positive note, not only in terms of turnover, but also, and above all, on an EBITDA and net result level, showing improved growth rates compared to the same period in the previous year. EBITDA reached 10.238 million Euro, (23.7% of turnover) compared to 1.040 million Euro (7.2% of turnover) in the first quarter of 2010. EBIT at March 31st, 2011 amounts to 9,657 Euro, (22.3% of turnover), a significant improvement compared to 835 thousand Euro (5.8% of turnover) in the first quarter of 2010.

The net result at March 31st, 2011 is positive in the amount of 6.388 million Euro, (14.8% of turnover) with respect to a profit of 451 thousand Euro (3.1% of turnover) in the first quarter of 2010.

The net financial position is positive in the amount of 30.595 million Euro and in further improvement compared to 26.680 million Euro at December 31st, 2010 due to the cash flows generated by current operational management.

SUBCONSOLIDATED INCOME STATEMENT AT 31.03.2011

BU ELECTRONICS - ELETTRONICA SANTERNO

	31/03/2011 €/ooo	%	31/03/2010 €/ooo	%	Changes 31.03.2011 - 31.03. 2010	
REVENUES FROM SALES	**43,287**	**100.00%**	**14,368**	**100.00%**	**28,919**	**201.27%**
Purchases of goods and materials (net of change in inventories)	- 20,615	-47.62%	- 7,145	-49.73%	- 13,470	-188.52%
Services and Use of third-party goods and services	- 7,483	-17.29%	- 3,865	-26.90%	- 3,618	-93.61%
Personnel costs	- 3,904	-9.02%	- 2,487	-17.31%	- 1,417	-56.98%
Amortisation, depreciation and impairment of assets	- 820	-1.89%	- 225	-1.57%	- 595	-264.44%
Provisions for risks	- 836	-1.93%	- 134	-0.93%	- 702	-523.88%
Other income and expenses	28	0.06%	- 13	-0.09%	41	315.38%
Internal construction	-	0.00%	336	2.34%	- 336	n.s.
OPERATING COSTS	**- 33,630**	**-77.69%**	**- 13,533**	**-94.19%**	**- 20,097**	**-148.50%**
OPERATING PROFIT/(LOSS) (EBIT)	**9,657**	**22.31%**	**835**	**5.81%**	**8,822**	**n.s.**
Income from equity investments	-		-		-	
Other financial income	71	0.16%	15	0.10%	56	
Financial costs and expenses	- 71	-0.16%	- 102	-0.71%	31	
Net gains/(losses) on foreign exchange	- 13	-0.03%	72	0.50%	- 85	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**- 13**	**-0.03%**	**- 15**	**-0.10%**	**2**	**13.33%**
PROFIT/(LOSS) BEFORE TAXES	**9,644**	**22.28%**	**820**	**5.71%**	**8,824**	**n.s.**
Current and deferred income taxes	- 3,256	-7.52%	- 369	-2.57%	- 2,887	
NET PROFIT/(LOSS)	**6,388**	**14.76%**	**451**	**3.14%**	**5,937**	**n.s.**
Profit/(loss) pertaining to minorities	-	0.00%	-	0.00%	-	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	**6,388**	**14.76%**	**451**	**3.14%**	**5,937**	**n.s.**
EBITDA	**10,238**	**23.65%**	**1,040**	**7.24%**	**9,198**	**n.s.**

SUBCONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31/03/2011
BU ELECTRONICS - ELETTRONICA SANTERNO

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Property, plant & equipment	4,939	4,744	1,959
Intangible fixed assets	10,182	10,367	7,663
Real estate investments	-	-	-
Equity investments in Group companies	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,207	2,204	1,181
Trade receivables and other receivables	225	211	111
NON CURRENT ASSETS	***17,553***	***17,526***	***10,914***
Closing inventory	38,513	35,680	14,505
Trade receivables and other receivables	36,799	50,106	24,594
Financial assets	199	18	70
Cash and cash equivalent	31,795	27,989	3,685
CURRENT ASSETS	***107,306***	***113,793***	***42,854***
TOTAL ASSETS	**124,859**	**131,319**	**53,768**
Share Capital	2,500	2,500	2,500
Reserves	29,981	7,939	8,939
Foreign currency translation reserve	82	125	64
Profit (loss) for the period	6,388	22,040	451
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	***38,951***	***32,604***	***11,954***
Financial liabilities	-	-	58
Trade payables and other payables	-	-	-
Deferred tax liabilities	-	-	-
Provisions for severance indemnity and retirement benefits	637	712	666
Provisions for risks and liabilities	78	71	748
NON CURRENT LIABILITIES	***715***	***783***	***1,472***
Financial liabilities	1,399	1,327	2,266
Trade payables and other payables	66,191	82,249	34,655
Current tax liabilities	14,038	10,885	1,693
Provisions for risks and liabilities	3,565	3,471	1,728
CURRENT LIABILITIES	***85,193***	***97,932***	***40,342***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**124,859**	**131,319**	**53,768**

CASH FLOW AT 31.03.2011
BU ELECTRONICS - ELETTRONICA SANTERNO

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Opening Net Financial Position	**26,680**	**- 4,373**	**- 4,373**
Group profit/(loss)	*6,388*	*22,040*	*451*
Profit/(loss) pertaining to minorities	-	-	-
Amortization, depreciation and impairment of fixed assets	*581*	*1,038*	*205*
Cash flow before Net Working Capital	6,969	23,078	656
Change in Net Working Capital	- 4,974	5,291	4,874
Investments in fixed assets	- 665	- 6,680	- 518
Disinvestments in fixed assets	47	4	-
Operating Free Cash Flow	***1,377***	***21,693***	***5,012***
Other operating flows	2,552	10,464	793
Other investing flows	27	- 174	- 10
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 41	- 930	9
Free Cash Flow	***3,915***	***31,053***	***5,804***
Closing Net Financial Position	**30,595**	**26,680**	**1,431**

ANALYSIS OF NET WORKING CAPITAL AT 31.03.2011
BU ELECTRONICS - ELETTRONICA SANTERNO

	31/03/2011 €/ooo	31/12/2010 €/ooo	31/03/2010 €/ooo
Trade Receivables	33,663	47,346	21,513
Inventory	38,513	35,680	14,505
Trade Payables	- 59,819	- 75,643	- 28,218
Net Working Capital (NWC)	***12,357***	***7,383***	***7,800***

Significant events in the quarter

Nothing to report in the quarter in question.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

The analysis of the core markets and the visibility of the orders portfolio lead to the expectation of positive results for the entire year in line with what was recorded in the first months of the year. The only exception is Elettronica Santerno, whose trend is conditioned by the evolution of the inter-ministerial decree on incentives for renewable energy sources, currently still in a phase of discussion. In any case, this situation will be mitigated by the commercial development activities put into place in the North America and China areas.

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With reference to the provisions of Articles 36 and 39 of the Consob Order 16191 dated 29.10.2007 (the so-called "Market Regulations") and of 2.6.2 Section 15 of the Stock Exchange Regulations we can confirm that the parent company Carraro S.p.A. meets the conditions required by points a), b) and c) of Section 1 of the aforementioned Art. 36 on the subject of accounting situations, bylaws, corporate bodies and administrative and accounting control of its subsidiaries incorporated and regulated in countries that do not belong to the European Union.

The span of the group includes 31 companies of which 18 are established and regulated in non-European Union countries, specifically in Argentina, Brazil, China, India, Russia and the United States; of these, six, in Argentina, China, India, and the United States, are significant under the terms of Title VI, Section II of the Issuer Regulations (Consob Order 11971/1999).

Carraro SpA
The Chairman

Mario Carraro

Statement pursuant to Art. 154 bis, section 2, Legislative Decree 58/1998

Subject: interim management report at 31.03.2011

The undersigned Enrico Gomiero, the Manager Responsible for Corporate Financial Reporting, declares, pursuant to Paragraph 2 of Article 154 bis of the Finance Consolidation Act, that the accounting information contained in the document in question corresponds to the documented results, accounting books and bookkeeping entries.

Campodarsego, 05 May 2011

Carraro SpA
Financial Reporting Officer

Enrico Gomiero