



Carraro Group

Interim Report on Operations as at 30 September 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

BOARD OF DIRECTORS

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)

MARIO CARRARO

Chairman

ENRICO CARRARO (2) (3)

Deputy Chairman

ALEXANDER JOSEF

Chief Executive Officer

BOSSARD (3)

Director *

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

In office until approval of the 2011 Financial Statements (Appointed, General Meeting 23.04.2009)

LUIGI BASSO

Chairman

SAVERIO BOZZOLAN

Regular Auditor

ROBERTO SACCOMANI

Regular Auditor

SILVANO CORBELLA

Alternate Auditor

MARINA MANNA

Alternate Auditor

AUDITING COMPANY

from 2007 to 2015

PricewaterhouseCoopers S.p.A.

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 AS AT 30.09.2011 - QUARTER ANALYSIS

	3rd quarter 2011	%	3rd quarter 2010	%	Changes 3Q 2011 3Q 2010
	€/000		€/000		
REVENUES FROM SALES	230,479	100.00%	191,608	100.00%	20.29%
Purchases of goods and materials(net of changes in inventories)	- 138,687	-60.17%	- 109,394	-57.09%	-26.78%
Services and Use of third-party goods and services	- 45,788	-19.87%	- 38,855	-20.28%	-17.84%
Personnel costs	- 32,407	-14.06%	- 27,883	-14.55%	-16.22%
Amortisation, depreciation and impairment of assets	- 8,192	-3.55%	- 8,256	-4.31%	0.78%
Provisions for risks	- 2,145	-0.93%	- 1,683	-0.88%	-27.45%
Other income and expenses	1,117	0.48%	557	0.29%	100.54%
Internal construction	1,073	0.47%	1,326	0.69%	-19.08%
OPERATING COSTS	- 225,029	-97.64%	- 184,188	-96.13%	-22.17%
OPERATING PROFIT/(LOSS) (EBIT)	5,450	2.36%	7,420	3.87%	-26.55%
Income from equity investments	-		1,199		
Other financial income	155	0.07%	302	0.16%	
Financial costs and expenses	- 3,913	-1.70%	- 3,759	-1.96%	
Net gains/(losses) on foreign exchange	- 1,168	-0.51%	- 541	-0.28%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 4,926	-2.14%	- 2,799	-1.46%	-75.99%
PROFIT/(LOSS) BEFORE TAXES	524	0.23%	4,621	2.41%	-88.66%
Current and deferred income taxes	- 2,065	-0.90%	- 2,348	-1.23%	
NET PROFIT/(LOSS)	- 1,541	-0.67%	2,273	1.19%	-167.80%
Profit/(loss) pertaining to minorities	398	0.17%	778	0.41%	
GROUP CONSOLIDATED PROFIT/(LOSS)	- 1,143	-0.50%	3,051	1.59%	-137.46%
EBITDA	13,624	5.91%	15,348	8.01%	-11.23%

CONSOLIDATED INCOME STATEMENT AS AT 30.09.2011

	30.09.2011	%	31.12.2010	%	30.09.2010	%	Changes	
	€/000		€/000		€/000		30.09.2011	30.09.2010
REVENUES FROM SALES	680,870	100.00%	717,748	100.00%	496,256	100.00%	184,614	37.20%
Purchases of goods and materials (net of changes in inventories)	- 401,446	-58.96%	- 407,377	-56.76%	- 278,091	-56.04%	- 123,355	-44.36%
Services and Use of third-party goods and services	- 128,184	-18.83%	- 139,883	-19.49%	- 101,313	-20.42%	- 26,871	-26.52%
Personnel costs	- 101,744	-14.94%	- 119,103	-16.59%	- 87,266	-17.58%	- 14,478	-16.59%
Amortisation, depreciation and impairment of assets	- 24,832	-3.65%	- 36,431	-5.08%	- 24,488	-4.93%	- 344	-1.40%
Provisions for risks	- 6,826	-1.00%	- 8,988	-1.25%	- 4,115	-0.83%	- 2,711	-65.88%
Other income and expenses	2,194	0.32%	4,427	0.62%	1,638	0.33%	556	33.94%
Internal construction	1,868	0.27%	4,261	0.59%	2,893	0.58%	- 1,025	-35.43%
OPERATING COSTS	- 658,970	-96.78%	- 703,094	-97.96%	- 490,742	-98.89%	- 168,228	-34.28%
OPERATING PROFIT/(LOSS) (EBIT)	21,900	3.22%	14,654	2.04%	5,514	1.11%	16,386	297.17%
Income from equity investments	-		1,199		1,199		- 1,199	
Other financial income	420	0.06%	488	0.07%	496	0.10%	- 76	
Financial costs and expenses	- 10,921	-1.60%	- 11,524	-1.61%	- 8,864	-1.79%	- 2,057	
Net gains/(losses) on foreign exchange	- 1,853	-0.27%	756	0.11%	1,037	0.21%	- 2,890	
Value adjustments of financial assets	-		-		-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 12,354	-1.81%	- 9,081	-1.27%	- 6,132	-1.24%	- 6,222	-101.47%
PROFIT/(LOSS) BEFORE TAXES	9,546	1.40%	5,573	0.78%	- 618	-0.12%	10,164	1644.66%
Current and deferred income taxes	- 6,484	-0.95%	- 16,490	-2.30%	- 8,638	-1.74%	2,154	
NET PROFIT/(LOSS)	3,062	0.45%	- 10,917	-1.52%	- 9,256	-1.87%	12,318	133.08%
Profit/(loss) pertaining to minorities	671	0.10%	3,689	0.51%	2,035	0.41%	- 1,364	
GROUP CONSOLIDATED PROFIT/(LOSS)	3,733	0.55%	- 7,228	-1.01%	- 7,221	-1.46%	10,954	151.70%
EBITDA	46,202	6.79%	49,444	6.89%	29,524	5.95%	16,678	56.49%

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2011

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Property, plant and equipment	213,118	224,149	228,351
Intangible fixed assets	77,128	81,018	78,449
Real estate investments	709	708	708
Holdings in subsidiaries and associates	151	167	186
Financial assets	7,076	3,952	5,732
Deferred tax assets	28,635	30,483	29,981
Trade receivables and other receivables	2,924	1,630	1,201
NON-CURRENT ASSETS	329,741	342,107	344,608
Closing inventory	203,512	179,780	178,853
Trade receivables and other receivables	186,846	183,198	176,657
Financial assets	4,193	4,541	3,106
Cash and cash equivalents	63,657	44,940	36,971
CURRENT ASSETS	458,208	412,459	395,587
<i>Assets held for sale</i>	-	-	-
TOTAL ASSETS	787,949	754,566	740,195
Share Capital	23,915	23,915	23,915
Reserves	52,706	62,608	68,389
Foreign currency translation reserve	- 5,245	- 1,853	- 8,977
Profit/(Loss) for the period	3,733	- 7,228	- 7,221
Minority interests	11,127	12,002	13,442
SHAREHOLDERS' EQUITY	86,236	89,444	89,548
Financial liabilities	163,504	173,821	174,896
Trade payables and other payables	1,148	333	315
Deferred tax liabilities	7,736	8,667	7,685
Provision for severance indemnity and retirement benefits	17,117	19,364	19,671
Provisions for risks and liabilities	2,094	2,442	4,477
NON-CURRENT LIABILITIES	191,599	204,627	207,044
Financial liabilities	171,277	149,819	144,127
Trade payables and other payables	317,732	280,739	278,317
Current taxes payables	7,531	15,571	10,785
Provisions for risks and liabilities	13,574	14,366	10,374
CURRENT LIABILITIES	510,114	460,495	443,603
<i>Liabilities held for sale</i>	-	-	-
TOTAL EQUITY AND LIABILITIES	787,949	754,566	740,195

CASH FLOW AS AT 30.09.2011

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Opening Net Financial Position	- 271,535	- 241,057	- 241,057
<i>Group profit/(loss)</i>	<i>3,733</i>	<i>- 7,228</i>	<i>- 7,221</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>- 671</i>	<i>- 3,689</i>	<i>- 2,035</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>24,302</i>	<i>34,790</i>	<i>24,010</i>
Cash flow before Net Working Capital	27,364	23,873	14,754
Change in Net Working Capital	7,450	- 11,396	- 13,037
Investments in fixed assets	- 18,543	- 19,555	- 13,124
Disinvestments in fixed assets	5,081	973	654
Operating Free Cash Flow	21,352	- 6,105	- 10,753
Other operating flows	- 6,187	- 25,202	- 24,612
Other investing flows	4,097	- 2,913	52
Change in Share Capital	-	-	-
Other equity flows	- 6,270	3,742	2,185
Assets available for sale	-	-	-
Free Cash Flow	12,992	- 30,478	- 33,128
Closing Net Financial Position	- 258,543	- 271,535	- 274,185

ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2011

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Trade Receivables	130,765	133,397	131,704
Inventory	203,512	179,780	178,853
Trade Payables	- 277,568	- 249,018	- 244,757
Net Working Capital (NWC)	56,709	64,159	65,800

The third quarter 2011 was characterised by a good stability of the main reference markets – agriculture and construction equipment – and by a significant slow-down in the renewable energies sector which influenced the economic results.

The consolidated turnover reached 230.5 million euro, growing by 20.3% compared to 191.6 million euro of the same period of the previous year, while the cumulative turnover as at 30 September reached 680.9 million euro, thus growing by 37.2% compared to 496.3 million euro.

Some distinguishing elements between the various BUs must be kept in consideration when analysing the profitability.

The Electronics BU registered a result in significant drop compared to the same period of 2010. The uncertainties generated by the discontinue application of the New Energy Bill and subsequent reduction of the contributions to the photovoltaic sector, led to a reduction of volumes and profitability in the third quarter (turnover equal to 33.069 million euro compared to 43.056 million euro of the third quarter of 2010, EBITDA equal to 3.547 million euro compared to 11.110 million euro of the third quarter of 2010). The change is particularly significant compared to the fact that the market of renewable energies was booming at the same date the previous year. Thanks to a first part of the year still characterised by a strong demand, the cumulative turnover still registered a growth (104.6 million euro compared to 89.3 million euro as at 30 September 2010) while the cumulative EBITDA as at 30 September 2011, equal to 16.2 million euro (15.5% of turnover) appeared to have dropped compared to 18.4 million euro (20.7% of turnover) as at 30 September 2010.

Drivetech grew compared to the same quarter the previous year, in terms of turnover (153.8 million euro compared to 112.3 million euro in the third quarter 2010) and in terms of profitability (EBITDA equal to 7.3 million euro, 4.8% of turnover; in the third quarter 2010 it was equal to 3.3 million euro, 2.9% of turnover). Despite having substantially reached the objectives of the review of the industrial footprint and supply chain envisaged by the Strategic Plan, there were still difficulties in procurement and logistics that partially cancelled out the growth of the profitability, linked to the increase of volumes and adaptation of sales prices. This is a phenomenon that shall be considered of structural type, which solution will imply the need of investments in production capacity for a further use of internal production.

With regards to the Components and Vehicles BUs, the third quarter confirmed the growth compared to the previous year, in terms of turnover and profitability.

The consolidated EBITDA of the third quarter came in at 13.6 million euro (5.9% of turnover) down 11.2% as compared to 15.4 million euro (8% of turnover) of the third quarter of 2010. The cumulative figure as at 30 September 2011 registered 46.2 million euro (6.8% of turnover) up 56.5% as compared to 29.5 million euro (5.9% of turnover) of the previous year.

EBIT of the quarter was equal to 5.5 million euro (2.4% of turnover), down 26.5% as compared to the same period of 2010, 7.4 million euro (3.9% of turnover). Cumulative EBIT as at 30 September 2011 amounted to 21.9 million euro (3.2% of turnover), thus growing by 297.2% compared to the cumulative figure as at 30 September 2010 of 5.5 million euro (1.1% of turnover).

Interim Report on Operations as at 30 September 2011

The net financial position showed debts of 258.543 million euro, in line with the figure as at 30 June 2011 amounting to 257.721 million euro; this figure included the benefit gained from transferring the Polish subsidiary for approximately 4 million euro. As at 31 December 2010, the net financial position showed debts of 271.535 million euro.

ECONOMIC AND EQUITY DATA**Turnover**

The Group's consolidated turnover of the third quarter of 2011 amounted to 230.479 million euro, up 20.3% compared to the turnover of the third quarter of 2010, equal to 191.608 million euro. In cumulative terms as at 30 September 2011, the turnover reached 680.870 million euro, up 37.2% compared to 496.256 as at 30 September 2010.

The following table breaks turnover down by market segment:

Figures for the third quarter of 2011 (amounts in €/000)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	3rd quarter 2011	3rd quarter 2010	Diff. %	3rd quarter 2011	3rd quarter 2010	Diff. %	3rd quarter 2011	3rd quarter 2010	Diff. %
DRIVELINES	153,881	112,366	36.95	149,841	109,941	36.29	4,040	2,425	66.60
GEARS & COMPONENTS	47,977	37,463	28.07	31,705	26,124	21.36	16,272	11,339	43.50
VEHICLES	18,054	14,229	26.88	17,177	13,539	26.87	877	690	27.10
ELECTRONICS	33,069	43,056	-23.20	32,002	41,949	-23.71	1,067	1,107	-3.61
NON-ALLOCATED BUSINESS	7,899	5,892	34.06	-246	55	-547.3	8,145	5,837	39.54
TOTAL SEGMENTS	260,880	213,006	22.48	230,479	191,608	20.29	30,401	21,398	42.07
INTRA-GROUP ELIMINATIONS	-30,401	-21,398	42.07	-	-	-	-	-	-
CONSOLIDATED TOTAL	230,479	191,608	20.29	230,479	191,608	20.29	30,401	21,398	42.07

Cumulative figures as at 30 September 2011 (amounts in €/000)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	30.09.2011	30.09.2010	Diff. %	30.09.2011	30.09.2010	Diff. %	30.09.2011	30.09.2010	Diff. %
DRIVELINES	433,762	304,290	42.55	421,977	295,762	42.67	11,785	8,528	38.19
GEARS & COMPONENTS	142,960	109,681	30.34	96,005	77,109	24.51	46,955	32,572	44.16
VEHICLES	64,433	37,394	72.31	61,537	35,461	73.53	2,896	1,933	49.82
ELECTRONICS	104,554	89,261	17.13	101,723	87,628	16.09	2,831	1,633	73.36
NON-ALLOCATED BUSINESS	21,953	18,674	17.56	-372	296	-225.7	22,325	18,378	21.48
TOTAL SEGMENTS	767,662	559,300	37.25	680,870	496,256	37.20	86,792	63,044	37.67
INTRA-GROUP ELIMINATIONS	-86,792	-63,044	37.67	-	-	-	-	-	-
CONSOLIDATED TOTAL	680,870	496,256	37.20	680,870	496,256	37.20	86,792	63,044	37.67

Interim Report on Operations as at 30 September 2011

The following table breaks down turnover by geographical area:

Figures for the third quarter of 2011 (amounts in €/000)

<i>Geographical Area</i>	<i>3rd quarter 2011</i>	<i>%</i>	<i>3rd quarter 2010</i>	<i>%</i>	<i>Difference %</i>
Germany	30,101	13.06	24,246	12.65	24.15
North America	22,689	9.84	18,012	9.40	25.97
South America	21,678	9.41	19,869	10.37	9.10
United Kingdom	21,215	9.20	12,668	6.61	67.47
China	16,052	6.96	11,832	6.18	35.67
India	14,184	6.15	8,971	4.68	58.11
Switzerland	11,224	4.87	8,584	4.48	30.75
France	9,719	4.22	7,166	3.74	35.63
Turkey	9,563	4.15	4,808	2.51	98.90
Poland	4,991	2.17	3,458	1.80	44.33
Other E.U. areas	15,431	6.70	9,921	5.18	55.54
Other non-E.U. areas	4,975	2.16	3,098	1.62	60.59
Total Abroad	181,822	78.89	132,633	69.22	37.09
Italy	48,657	21.11	58,975	30.78	-17.50
Total	230,479	100	191,608	100	20.29
of which:					
Total E.U. area	130,114	56.45	116,434	60.77	11.75
Total non-E.U. area	100,365	43.55	75,174	39.23	33.51

Cumulative figures as at 30 September 2011 (amounts in €/000)

<i>Geographical Area</i>	<i>30.09.2011</i>	<i>%</i>	<i>30.09.2010</i>	<i>%</i>	<i>Difference %</i>
Germany	90,753	13.33	73,964	14.90	22.70
North America	68,064	10.00	46,700	9.41	45.74
United Kingdom	55,743	8.19	32,901	6.63	69.43
South America	55,637	8.17	44,188	8.90	25.91
China	44,047	6.47	34,214	6.89	28.74
France	37,160	5.46	19,356	3.90	91.98
India	35,039	5.15	22,161	4.47	58.11
Switzerland	33,625	4.94	23,307	4.70	44.27
Turkey	26,937	3.96	9,524	1.92	182.83
Poland	12,331	1.81	8,920	1.80	38.24
Belgium	9,273	1.36	10,247	2.06	-9.51
Other E.U. areas	32,146	4.72	27,060	5.45	18.80
Other non-E.U. areas	10,855	1.59	9,779	1.97	11.04
Total Abroad	511,610	75.14	362,321	73.01	41.20
Italy	169,260	24.86	133,935	26.99	26.37
Total	680,870	100	496,256	100	37.20

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of which:

Total E.U. area	406,666	59.73	306,383	61.74	32.73
Total non-E.U. area	274,204	40.27	189,873	38.26	44.41

EBITDA and EBIT

Figures for the third quarter of 2011 (amounts in €/000)

	3rd quarter 2011	% of turnover	3rd quarter 2010	% of turnover	Diff. %
EBITDA (1)	13,624	5.9	15,348	8.0	-11.2
EBIT (2)	5,450	2.4	7,420	3.9	-26.5

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	% of turnover	30.09.2010	% of turnover	Diff. %
EBITDA (1)	46,202	6.8	29,524	5.9	+56.5
EBIT (2)	21,900	3.2	5,514	1.1	+297.2

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

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

EBITDA in the quarter amounted to 13.624 million euro, thus decreasing compared to 15.348 million euro of the third quarter of 2010. In cumulative terms, EBITDA as at 30 September 2011 amounted to 46.202 million euro, thus increasing compared to the figure as at 30 September 2010, equal to 29.524 million euro.

EBIT in the quarter amounted to 5.450 million euro, thus decreasing compared to 7.420 million euro of the third quarter of 2010. In cumulative terms, EBIT as at 30 September 2011 amounted to 21.900 million euro, thus significantly increasing compared to 5.514 million euro as at 30 September 2010.

As mentioned in the preamble, the quarter was affected by the effects of the drop of the turnover/profitability of the Electronics BU, compared to the same period the previous year.

Financial expenses

Figures for the third quarter of 2011 (amounts in €/000)

	3rd quarter 2011	% of turnover	3rd quarter 2010	% of turnover	Diff. %
Financial expenses	3,758	1.6	3,457	1.8	8.7

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	% of turnover	30.09.2010	% of turnover	Diff. %
Financial expenses	10,501	1.5	8,368	1.7	25.5

The financial expenses of the third quarter of 2011 amounted to 3.758 million euro (1.6% of turnover) compared to 3.457 million euro (1.8% of turnover) of the third quarter of 2010. The financial expenses as at 30 September 2011 amounted to 10.501 million euro (1.5% of turnover) compared to 8.368 million euro (1.7% of turnover) as at 30 September 2010.

The increase of the absolute value is due to the greater cost of money, derived from the growth of interest rates and also from the application of higher spreads on medium- and long-term loans, re-negotiated with the Framework Agreement, effective from 16 April 2010. The incidence in percentage terms on the turnover showed anyhow a decrease thanks to the increase of the turnover.

Exchange Differences

Figures for the third quarter of 2011 (amounts in €/000)

	3rd quarter 2011	% of turnover	3rd quarter 2010	% of turnover	Diff. %
Exchange differences	-1,168	-0.5	-541	-0.3	115.9

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	% of turnover	30.09.2010	% of turnover	Diff. %
Exchange differences	-1,853	-0.3	1,037	0.2	-278.7

The exchange differences of the third quarter of 2011 were negative 1.168 million euro and were negative 541 thousand euro in the third quarter of 2010.

In cumulative terms as at 30 September 2011, they were negative 1.853 million euro, while they were positive 1.037 million euro as at 30 September 2010, and included the Mark-to-Market effects of the measurement at fair value of derivatives to hedge the exchange and interest rate risks.

Net profit/(loss)

Figures for the third quarter of 2011 (amounts in €/000)

	3rd quarter 2011	% of turnover	3rd quarter 2010	% of turnover	Diff. %
Net profit/(loss)	-1,143	-0.5	3,051	1.6	-137.5

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	% of turnover	30.09.2010	% of turnover	Diff. %
Net profit/(loss)	3,733	0.6	-7,221	-1.5	+151.7

The lower contribution of the Electronics BU and the greater negative exchange differences of the period closed the third quarter of 2011 with a loss of 1.143 million euro (0.5% of turnover) compared to the profit of the third quarter of 2010 amounting to 3.051 million euro. In cumulative terms, the net profit as at 30 September 2011 amounted to 3.733 million euro (0.6% of turnover) compared to the loss of 7.221 million euro (-1.5% of turnover) as at 30 September 2010.

Amortisation, depreciation and impairment of assets

Figures for the third quarter of 2011 (amounts in €/000)

	3rd quarter 2011	% of turnover	3rd quarter 2010	% of turnover	Diff. %
Amortisation, depreciation and impairment	8,174	3.5	7,928	4.1	3.1

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	% of turnover	30.09.2010	% of turnover	Diff. %
Amortisation, depreciation and impairment	24,302	3.6	24,010	4.8	1.2

Investments

Figures for the third quarter of 2011 (amounts in €/000)

	3rd quarter 2011	3rd quarter 2010
Investments	8,232	3,728

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	30.09.2010
Investments	18,543	13,124

As at 30 September 2011, investments totalled 18.543 million euro, compared with 13.124 million euro as at 30 September 2010, and these were allocated to the maintenance of plant efficiency and the launch of new products.

Research and Development

The expenses for Research and Development grew by 18%, amounting to 13.087 million euro (1.9% of turnover) as at 30 September 2011, compared to 11.095 million euro as at 30 September 2010 (2.2% of turnover), thus proving the constant efforts in innovation, an essential element for the future of the Group.

Net financial position

Figures as at 30.09.2011 (amounts in €/000)

	30.09.2011	31.12.2010	30.09.2010
Net financial position*	258,543	271,535	274,185
Gearing	3.00	3.04	3.06

* understood as the sum of amounts payable to banks, short-, medium- and long-term bonds and loans, net of cash and cash equivalents, negotiable securities and financial receivables.

The net financial position showed debts of 258.543 million euro, while it amounted to 257.721 million euro as at 30 June 2011, 271.535 million euro as at 31 December 2010, and 274.185 million euro as at 30 September 2010.

The improvement is due to the positive cash flows derived from the current operating management of the Drivelines, Vehicles and Components Business Units. The aforementioned benefit derived from the transfer of the Polish subsidiary is also included.

Gearing (defined as the ratio of net financial position to owners' equity) came out at 3.00 as at 30 September 2011 compared with 3.04 as at 31 December 2010 and 3.06 as at 30 September 2010.

PERSONNEL

Workforce trend

Figures as at 30.09.2011

	30.09.2011	31.12.2010	30.09.2010
Executives	64	58	58
Clerical staff	963	983	948
Factory workers	2,835	2,671	2,716
Temporary workers	418	302	292
Total	4,390	4,014 (*)	4,014 (*)

(*) the data does not take into account suspended staff using instruments such as CIGS and/or similar

Group personnel as at 30 September 2011 amounted to 4,390 resources (including temporary workers, trainees and interim workers, where present), as compared with the 4,014 for 31 December 2010.

Among these, 64 are classified as executives, 1,059 as middle managers and clerical staff, 2,710 as factory workers, and 557 as apprentices/temporary staff.

On this date, also in view of the estimates at the end of last year, the hiring activities of new staff (white collars) foreseen at budget were stopped/ slowed down), in particular with regards to the Italian activities of the Electronics BU where a plan for the temporary reduction of services was implemented, resorting to the instrument of the ordinary guarantee fund (CIGO).

Performance and results of the Carraro Group Business Units

Drivelines Business Unit – Carraro Drivotech

In the third quarter of 2011, this Business Unit recorded a 37.0% increase in turnover as compared with the same period of the previous fiscal year (this increase was equal to 45.8% as at 30.06), maintaining the positive growth trend of the sales volumes that began in the second part of 2010 and continued in the first part of 2011. Overall, the cumulative figure of sales at the end of the month of September 2011, showed a growth of 42.6% - significant performance in terms of absolute value. The increase in demand is led by a recovery of the final sell-out and filling up of the dealers' chain, occurring in a homogeneous manner amongst markets and sectors.

These brilliant performances were attained in the main reference markets of the BU, both in Europe, in particular in Italy, Germany, England and Turkey, and in the North-American market, mainly represented by the USA. Completing the positive picture are Brazil, China and India, which has proved to be the principal Asian market of the Business Unit.

Agricultural market:

Demand in the market for agricultural applications showed a positive trend in the third quarter of 2011, up 15.3% as compared to the same period of 2010, confirming the signs of recovery seen in the previous fiscal year. The growth at cumulative figure level showed a value of 19.7% at the end of September.

The 4 RM axles boosted the positive trend, while the transmissions for agricultural application registered a lower growth in the period in object.

In terms of home geographic area, the markets that have contributed most to the growth in sales volumes are the Chinese, Indian and South American markets. A fairly stable trend of the demand is seen in the areas at the ex-Soviet republics, in Europe and in North America.

Construction Equipment:

The increase of sales in the market of construction equipment amounted to 52.8% compared to the same period of 2010, and concerned all the main types of products – axles and transmissions – in particular for backhoe loader applications.

The progressive growth value of 2011 amounted to 62%, compared to the same period of 2010.

As a consequence of this remarkable growth in sales, the incidence on the total turnover of the Business Unit exceeded 53.1%, thus growing compared to the previous reference period.

Material Handling Market:

The generalised return to the economic activities has automatically entailed a greater quantity of goods sold and consequently moved: for this reason, the sector is performing much better compared to the third quarter of 2010 (+62.9%).

Planetary Drives Market:

The demand for drives remained high, both as a consequence of existing long-term business relationships and also due to the acquisition of significant market shares.

Also in the mine machinery market, characterised by contained, but high-value volumes, Drivotech maintains its consolidated position with the O&KA brand.

Spare parts:

The sale of spare parts shows a significant growth, confirming the trend of the previous periods, with the development of independent channels.

* * * *

The profitability for the third quarter of 2011 improved significantly compared to the same period of the previous fiscal year, thanks, in part, to the positive effects derived from the new production geography of the Business Unit. In this regard, there is also the decision to transfer the production activities of the Polish subsidiary FON S.A, deemed no longer strategic in the development plan of the BU, as already mentioned in the report accompanying the interim financial statements, and concluded in September.

Despite having substantially attained the objectives concerning the industrial review and that of the *supply chain* envisaged by the Strategic Plan, the results attained in terms of margin are also affected in the third quarter of 2011 by the problems involving procurement and logistics, which cancelled out part of the greater profits generated by the larger volumes. The Business Unit is currently implementing policies aimed at solving said problems, through the identification of new supply channels and strengthening of the productive structure to “make” part of the components which are currently “bought”.

Activities are being performed, in agreement with the main customers, to adapt the final sales prices in view of the cost increases of raw materials and production.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011 - QUARTER ANALYSIS
DRIVELINES BU – DRIVETECH**

	3rd quarter 2011	%	3rd quarter 2010	%	Changes
	€/000		€/000		3Q 2011 3Q 2010
REVENUES FROM SALES	153,881	100.00%	112,366	100.00%	36.95%
Purchases of goods and materials(net of changes in inventories)	- 106,029	-68.90%	- 75,202	-66.93%	-40.99%
Services and Use of third-party goods and services	- 24,350	-15.82%	- 19,818	-17.64%	-22.87%
Personnel costs	- 16,111	-10.47%	- 13,375	-11.90%	-20.46%
Amortisation, depreciation and impairment of assets	- 2,988	-1.94%	- 3,218	-2.86%	7.15%
Provisions for risks	- 1,312	-0.85%	- 1,015	-0.90%	-29.26%
Other income and expenses	1,086	0.71%	340	0.30%	219.41%
Internal construction	155	0.10%	62	0.06%	150.00%
OPERATING COSTS	- 149,549	-97.18%	- 112,226	-99.88%	-33.26%
OPERATING PROFIT/(LOSS) (EBIT)	4,332	2.82%	140	0.12%	2994.29%
Income from equity investments	-		-		
Other financial income	38	0.02%	20	0.02%	
Financial costs and expenses	- 2,776	-1.80%	- 1,924	-1.71%	
Net gains/(losses) on foreign exchange	- 502	-0.33%	-	0.00%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 3,240	-2.11%	- 1,904	-1.69%	-70.17%
PROFIT/(LOSS) BEFORE TAXES	1,092	0.71%	- 1,764	-1.57%	161.90%
Current and deferred income taxes	- 817	-0.53%	- 242	-0.22%	
NET PROFIT/(LOSS)	275	0.18%	- 2,006	-1.79%	113.71%
Profit/(loss) pertaining to minorities	- 1	0.00%	10	0.01%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	274	0.18%	- 1,996	-1.78%	113.73%
EBITDA	7,305	4.75%	3,304	2.94%	121.10%

SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011
DRIVELINES BU – DRIVETECH

	30.09.2011	%	31.12.2010	%	30.09.2010	%	Changes	
	€/000		€/000		€/000		30.09.2011	30.09.2010
REVENUES FROM SALES	433,762	100.00%	427,476	100.00%	304,290	100.00%	129,472	42.55%
Purchases of goods and materials (net of changes in inventories)	- 297,034	-68.48%	- 286,366	-66.99%	- 202,071	-66.41%	- 94,963	-46.99%
Services and Use of third-party goods and services	- 66,753	-15.39%	- 73,670	-17.23%	- 53,331	-17.53%	- 13,422	-25.17%
Personnel costs	- 48,392	-11.16%	- 53,698	-12.56%	- 39,459	-12.97%	- 8,933	-22.64%
Amortisation, depreciation and impairment of assets	- 9,195	-2.12%	- 14,580	-3.41%	- 9,333	-3.07%	138	1.48%
Provisions for risks	- 3,853	-0.89%	- 5,440	-1.27%	- 2,576	-0.85%	- 1,277	-49.57%
Other income and expenses	1,889	0.44%	2,346	0.55%	1,395	0.46%	494	35.41%
Internal construction	549	0.13%	414	0.10%	267	0.09%	282	105.62%
OPERATING COSTS	- 422,789	-97.47%	- 430,994	-100.82%	- 305,108	-100.27%	- 117,681	-38.57%
OPERATING PROFIT/(LOSS) (EBIT)	10,973	2.53%	- 3,518	-0.82%	- 818	-0.27%	11,791	1441.44%
Income from equity investments	-		-		-		-	
Other financial income	82	0.02%	72	0.02%	68	0.02%	14	
Financial costs and expenses	- 7,542	-1.74%	- 7,016	-1.64%	- 5,044	-1.66%	- 2,498	
Net gains/(losses) on foreign exchange	- 719	-0.17%	301	0.07%	195	0.06%	- 914	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 8,179	-1.89%	- 6,643	-1.55%	- 4,781	-1.57%	- 3,398	-71.07%
PROFIT/(LOSS) BEFORE TAXES	2,794	0.64%	- 10,161	-2.38%	- 5,599	-1.84%	8,393	149.90%
Current and deferred income taxes	- 1,750	-0.40%	- 3,010	-0.70%	- 1,754	-0.58%	4	
NET PROFIT/(LOSS)	1,044	0.24%	- 13,171	-3.08%	- 7,353	-2.42%	8,397	114.20%
Profit/(loss) pertaining to minorities	18	0.00%	80	0.02%	22	0.01%	- 4	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	1,062	0.24%	- 13,091	-3.06%	- 7,331	-2.41%	8,393	114.49%
EBITDA	19,945	4.60%	10,835	2.53%	8,403	2.76%	11,542	226.36%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30.09.2011 DRIVELINES BU – DRIVETECH**

	30.09.2011 €/000	31.12.2010 €/000	30.09.2010 €/000
Property, plant and equipment	78,439	84,008	86,997
Intangible fixed assets	22,134	24,193	23,092
Real estate investments	14	13	13
Holdings in subsidiaries and associates	151	167	188
Financial assets	3,466	35	471
Deferred tax assets	16,930	17,614	17,456
Trade receivables and other receivables	2,265	859	589
NON-CURRENT ASSETS	123,399	126,889	128,806
Closing inventory	129,159	106,821	105,552
Trade receivables and other receivables	112,435	99,931	91,088
Financial assets	1,298	590	659
Cash and cash equivalents	25,689	12,664	14,529
CURRENT ASSETS	268,581	220,006	211,828
TOTAL ASSETS	391,980	346,895	340,634
Share Capital	23,817	23,817	50,758
Reserves	11,837	25,387	6,894
Foreign currency translation reserve	- 5,503	- 2,773	- 9,465
Profit/(Loss) for the period	1,062	- 13,091	- 7,331
Minority interests	2	- 8	31
SHAREHOLDERS' EQUITY	31,215	33,332	40,887
Financial liabilities	10,923	12,557	10,226
Trade payables and other payables	492	329	311
Deferred tax liabilities	2,514	2,395	1,869
Provision for severance indemnity and retirement benefits	9,597	11,316	11,630
Provisions for risks and liabilities	1,266	843	1,306
NON-CURRENT LIABILITIES	24,792	27,440	25,342
Financial liabilities	118,118	125,264	115,868
Trade payables and other payables	207,388	150,989	149,637
Current taxes payables	3,154	1,827	2,685
Provisions for risks and liabilities	7,313	8,043	6,215
CURRENT LIABILITIES	335,973	286,123	274,405
TOTAL EQUITY AND LIABILITIES	391,980	346,895	340,634

CASH FLOW AS AT 30.09.2011 DRIVELINES BU – DRIVETECH

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Opening Net Financial Position	- 124,883	- 81,099	- 81,099
<i>Group profit/(loss)</i>	<i>1,062</i>	<i>- 13,091</i>	<i>- 7,331</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>- 18</i>	<i>- 80</i>	<i>- 22</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>8,972</i>	<i>14,353</i>	<i>9,221</i>
Cash flow before Net Working Capital	10,016	1,182	1,868
Change in Net Working Capital	19,846	- 14,167	- 12,088
Investments in fixed assets	- 8,200	- 8,117	- 6,376
Disinvestments in fixed assets	4,309	886	706
Operating Free Cash Flow	25,971	- 20,216	- 15,890
Other operating flows	1,448	- 15,769	- 9,124
Other investing flows	2,564	- 7,800	- 6,189
Change in Share Capital	-	- 26,941	-
Other equity flows	- 3,161	26,942	1,738
Free Cash Flow	26,822	- 43,784	- 29,465
Closing Net Financial Position	- 98,061	- 124,883	- 110,564

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2011
DRIVELINES BU – DRIVETECH**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Trade Receivables	76,977	64,828	61,451
Inventory	129,159	106,821	105,552
Trade Payables	- 191,264	- 136,931	- 134,364
Net Working Capital (NWC)	14,872	34,718	32,639

Components Business Unit – Gear World

The third quarter of 2011 saw the significantly better results confirmed, compared to the same period the previous year – also compared to the budget forecasts – thanks to the recovery of the market demand and consequently to the sales volumes and more effective management.

Total consolidated revenues amounted to 47.977 million euro in the quarter, compared to 37.464 million euro in the same period of 2010, up 28.1%. The cumulative turnover as at 30 September, amounting to 142.960 million euro, is up 30.4% compared to the same period the previous year (109.682 million euro).

The greater demand by Carraro Group continues to contribute to the growth of Gear World's turnover, as in the previous quarters, amounting to 16.272 million euro in this quarter (33.9% of the total turnover), up 43.5% compared to 11.339 million euro (30.3% of the turnover) of the same period of the previous year.

The sales towards Carraro Group grew by 44.2%, amounting to 46.955 million euro as at 30 September.

The analysis of the turnover according to geographic area showed a market demand in recovery, even if with diversified geographic dynamics; in particular, a strong growth of volumes is registered in China and India. A positive trend of the demand continues in the North American market (Automotive) while a drop is registered in the South American market.

In terms of application markets, the growth of the demand is more significant in the Construction Equipment, Agriculture and Automotive sectors. The market of Renewable Energies (wind) showed a still unexpressed growth potential, due to the regulatory issues concerning the transfer of facilities on investments.

The analysis of the margins of the third quarter and cumulative analysis as at 30 September, showed an improvement compared to the same periods of the previous year, thanks to greater production efficiency and larger volumes that allow to further absorb fixed costs.

EBITDA in the quarter amounted to 3.939 million euro (8.2% of turnover) compared to 1.141 million euro (3.1% of turnover) of the third quarter of the previous year. EBITDA amounted to 12.195 million euro as at 30 September (8.5% of turnover) compared to 5.352 million euro (4.9% of turnover) as at 30 September 2010.

EBIT amounted to 248 thousand euro in the quarter (0.5% of turnover) compared to the negative value of 2.441 million euro (-6.5% of turnover). EBIT as at 30 September 2011 was positive by 1.354 million euro (0.9% of turnover), thus improving compared to the negative balance of 6.051 million euro (-5.5% of turnover) of the same period of 2010.

Despite the improvement of the margins, due to the financial expenses and exchange differences, the result showed a loss in the quarter and in cumulative terms for 1.504 million euro and 2.813 million euro, anyhow improving compared to the same period of the previous year, which showed a quarterly loss of 2.413 million and a cumulative loss of 8.211 million euro.

The net financial position showed debts of 96.334 million euro as at 30 September 2011, fairly stable compared to 30 June 2011 (debts for 98.549 million euro) and 31 December 2010 (debts for 97.689 million euro).

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011 - QUARTER ANALYSIS
COMPONENTS BU – GEARWORLD**

	3rd quarter 2011	%	3rd quarter 2010	%	Changes
	€/000		€/000		3Q 2011 3Q 2010
REVENUES FROM SALES	47,977	100.00%	37,464	100.00%	28.06%
Purchases of goods and materials(net of changes in inventories)	- 23,673	-49.34%	- 19,090	-50.96%	-24.01%
Services and Use of third-party goods and services	- 11,884	-24.77%	- 9,844	-26.28%	-20.72%
Personnel costs	- 8,583	-17.89%	- 7,928	-21.16%	-8.26%
Amortisation, depreciation and impairment of assets	- 3,690	-7.69%	- 3,582	-9.56%	-3.02%
Provisions for risks	- 106	-0.22%	- 24	-0.06%	-341.67%
Other income and expenses	103	0.21%	203	0.54%	-49.26%
Internal construction	104	0.22%	360	0.96%	-71.11%
OPERATING COSTS	- 47,729	-99.48%	- 39,905	-106.52%	-19.61%
OPERATING PROFIT/(LOSS) (EBIT)	248	0.52%	- 2,441	-6.52%	110.16%
Income from equity investments	-		1,158		
Other financial income	41	0.09%	225	0.60%	
Financial costs and expenses	- 1,182	-2.46%	- 1,197	-3.20%	
Net gains/(losses) on foreign exchange	- 282	-0.59%	- 237	-0.63%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 1,423	-2.97%	- 51	-0.14%	-2690.20%
PROFIT/(LOSS) BEFORE TAXES	- 1,175	-2.45%	- 2,492	-6.65%	52.85%
Current and deferred income taxes	- 335	-0.70%	- 42	-0.11%	
NET PROFIT/(LOSS)	- 1,510	-3.15%	- 2,534	-6.76%	40.41%
Profit/(loss) pertaining to minorities	6	0.01%	121	0.32%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	- 1,504	-3.13%	- 2,413	-6.44%	37.67%
EBITDA	3,938	8.21%	1,141	3.05%	245.14%

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011
COMPONENTS BU – GEARWORLD**

	30.09.2011	%	31.12.2010	%	30.09.2010	%	Changes	
	€/000		€/000		€/000		30.06.2011	30.09.2010
REVENUES FROM SALES	142,960	100.00%	152,045	100.00%	109,682	100.00%	33,278	30.34%
Purchases of goods and materials (net of changes in inventories)	- 66,919	-46.81%	- 71,827	-47.24%	- 50,656	-46.18%	- 16,263	-32.10%
Services and Use of third-party goods and services	- 36,044	-25.21%	- 37,950	-24.96%	- 27,409	-24.99%	- 8,635	-31.50%
Personnel costs	- 28,020	-19.60%	- 36,268	-23.85%	- 27,405	-24.99%	- 615	-2.24%
Amortisation, depreciation and impairment of assets	- 10,854	-7.59%	- 15,926	-10.47%	- 11,435	-10.43%	581	5.08%
Provisions for risks	- 309	-0.22%	- 473	-0.31%	- 139	-0.13%	- 170	-122.30%
Other income and expenses	245	0.17%	1,095	0.72%	410	0.37%	- 165	-40.24%
Internal construction	295	0.21%	816	0.54%	901	0.82%	- 606	-67.26%
OPERATING COSTS	- 141,606	-99.05%	- 160,533	-105.58%	- 115,733	-105.52%	- 25,873	-22.36%
OPERATING PROFIT/(LOSS) (EBIT)	1,354	0.95%	- 8,488	-5.58%	- 6,051	-5.52%	7,405	122.38%
Income from equity investments	-		1,158		1,158		- 1,158	
Other financial income	95	0.07%	214	0.14%	324	0.30%	- 229	
Financial costs and expenses	- 3,206	-2.24%	- 3,702	-2.43%	- 2,898	-2.64%	- 308	
Net gains/(losses) on foreign exchange	- 795	-0.56%	214	0.14%	209	0.19%	- 1,004	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 3,906	-2.73%	- 2,116	-1.39%	- 1,207	-1.10%	- 2,699	-223.61%
PROFIT/(LOSS) BEFORE TAXES	- 2,552	-1.79%	- 10,604	-6.97%	- 7,258	-6.62%	4,706	64.84%
Current and deferred income taxes	- 178	-0.12%	- 2,293	-1.51%	- 799	-0.73%	621	
NET PROFIT/(LOSS)	- 2,730	-1.91%	- 12,897	-8.48%	- 8,057	-7.35%	5,327	66.12%
Profit/(loss) pertaining to minorities	- 83	-0.06%	292	0.19%	- 154	-0.14%	71	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	- 2,813	-1.97%	- 12,605	-8.29%	- 8,211	-7.49%	5,398	65.74%
EBITDA	12,194	8.53%	6,979	4.59%	5,352	4.88%	6,842	127.84%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2011
COMPONENTS BU – GEARWORLD**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Property, plant and equipment	96,083	101,426	103,029
Intangible fixed assets	23,951	24,670	24,883
Real estate investments	155	155	155
Holdings in subsidiaries and associates	-	-	-
Financial assets	3,123	3,214	4,269
Deferred tax assets	2,816	2,786	3,555
Trade receivables and other receivables	388	548	272
NON-CURRENT ASSETS	126,516	132,799	136,163
Closing inventory	36,345	30,165	31,052
Trade receivables and other receivables	45,819	39,389	36,903
Financial assets	2,103	1,827	1,036
Cash and cash equivalents	4,419	2,111	2,827
CURRENT ASSETS	88,686	73,492	71,818
Assets held for sale	-	-	-
TOTAL ASSETS	215,202	206,291	207,981
Share Capital	35,084	35,084	35,084
Reserves	- 4,588	8,106	7,401
Foreign currency translation reserve	134	899	1,127
Profit/(Loss) for the period	- 2,813	- 12,605	- 8,211
Minority interests	3,885	3,766	4,143
SHAREHOLDERS' EQUITY	31,702	35,250	39,544
Financial liabilities	72,771	71,844	73,257
Trade payables and other payables	4	4	4
Deferred tax liabilities	5,136	5,864	5,366
Provision for severance indemnity and retirement benefits	4,992	5,518	5,577
Provisions for risks and liabilities	130	140	1,036
NON-CURRENT LIABILITIES	83,033	83,370	85,240
Financial liabilities	32,981	33,001	30,944
Trade payables and other payables	64,966	53,012	51,186
Current taxes payables	975	293	616
Provisions for risks and liabilities	1,545	1,365	451
CURRENT LIABILITIES	100,467	87,671	83,197
Liabilities held for sale	-	-	-
TOTAL EQUITY AND LIABILITIES	215,202	206,291	207,981

CASH FLOW AS AT 30.09.2011 COMPONENTS BU – GEAR WORLD

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Opening Net Financial Position	- 97,689	- 104,262	- 104,262
<i>Group profit/(loss)</i>	<i>- 2,813</i>	<i>- 12,605</i>	<i>- 8,211</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>83</i>	<i>- 292</i>	<i>154</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>10,840</i>	<i>15,467</i>	<i>11,403</i>
Cash flow before Net Working Capital	8,110	2,570	3,346
Change in Net Working Capital	- 709	379	76
Investments in fixed assets	- 7,009	- 6,698	- 5,541
Disinvestments in fixed assets	753	623	553
Operating Free Cash Flow	1,145	- 3,126	- 1,566
Other operating flows	- 450	1,840	1,280
Other investing flows	1,478	6,563	7,724
Other equity flows	- 818	1,296	750
<i>Assets available for sale</i>	<i>-</i>	<i>-</i>	<i>-</i>
Free Cash Flow	1,355	6,573	8,188
Closing Net Financial Position	- 96,334	- 97,689	- 96,074

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2011
COMPONENTS BU – GEARWORLD**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Trade Receivables	37,361	31,778	28,461
Inventory	36,345	30,165	31,052
Trade Payables	- 56,286	- 45,232	- 42,499
Net Working Capital (NWC)	17,420	16,711	17,014

Vehicles Business Unit – Carraro Divisione Agritalia

Agritalia closed the third quarter of 2011 with a cumulative turnover of 64.433 million euro, in the quarter 18.054 million euro, and 2,343 tractors sold, up 72.3% compared to the same period of the previous year, and up 9.4% compared to the 2011 budgetary management.

The demand of the European market and mainly of the Turkish market is still high, the orders portfolio in 2011 remains high, at 3,700 tractors, despite the first signs of cutting orders, coming from the sales sector.

The greater production capacity installed in the plant, to satisfy the increasing demand, was nonetheless partially cancelled out by the difficulties in receiving the materials and also, to a lower extent, by the difficulties in starting the production of a new range of special tractors, which is now fully operational.

The low production output of the third quarter (442 tractors produced in the third quarter compared to 1,901 produced in the first half of the year), affected the variable costs that increased by 0.8% in the first six months of 2011, while they were up only by 0.1% in the third quarter of 2011.

Thanks to the monitoring activities of the industrial costs and specific overhead, these continue to be in line with the trend of the first six months and in significant improvement compared to 2010.

EBIT of the third quarter of 2011 is negative by 137 thousand euro (-0.8% of turnover), affected by the low volumes and drop of the variable margin compared to the positive EBIT of the first half of the year, equal to 827 thousand euro (1.8% of turnover) and anyhow improving compared to the negative result of 395 thousand euro (-2.8% of turnover) of the third quarter of 2010. The cumulative figure as at 30 September 2011 showed a positive EBIT, equal to 690 thousand euro, thus growing compared to the negative figure of 2.759 million euro as at 30 September 2010.

The generation of positive cash flows continues, thanks to the re-negotiation of the payment terms with our customers, currently came into effect, and thanks to the punctual management of collections.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011 - QUARTER ANALYSIS
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

	3rd quarter 2011	%	3rd quarter 2010	%	Changes
	€/000		€/000		3Q 2011 3Q 2010
REVENUES FROM SALES	18,054	100.00%	14,229	100.00%	26.88%
Purchases of goods and materials(net of changes in inventories)	- 13,636	-75.53%	- 10,973	-77.12%	-24.27%
Services and Use of third-party goods and services	- 1,807	-10.01%	- 1,241	-8.72%	-45.61%
Personnel costs	- 2,205	-12.21%	- 2,088	-14.67%	-5.60%
Amortisation, depreciation and impairment of assets	- 304	-1.68%	- 302	-2.12%	-0.66%
Provisions for risks	- 297	-1.65%	- 214	-1.50%	-38.79%
Other income and expenses	58	0.32%	171	1.20%	-66.08%
Internal construction	-	0.00%	23	0.16%	-100.00%
OPERATING COSTS	- 18,191	-100.76%	- 14,624	-102.78%	-24.39%
OPERATING PROFIT/(LOSS) (EBIT)	- 137	-0.76%	- 395	-2.78%	65.32%
Income from equity investments	-		-		
Other financial income	-	0.00%	-	0.00%	
Financial costs and expenses	- 5	-0.03%	- 2	-0.01%	
Net gains/(losses) on foreign exchange	- 14	-0.08%	31	0.22%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 19	-0.11%	29	0.20%	-165.52%
PROFIT/(LOSS) BEFORE TAXES	- 156	-0.86%	- 366	-2.57%	57.38%
Current and deferred income taxes	- 29	-0.16%	- 52	-0.37%	
NET PROFIT/(LOSS)	- 185	-1.02%	- 418	-2.94%	55.74%
Profit/(loss) pertaining to minorities	-	0.00%	-	0.00%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	- 185	-1.02%	- 418	-2.94%	55.74%
EBITDA	164	0.91%	- 93	-0.65%	276.34%

SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011 VEHICLES BU – AGRITALIA

	30.09.2011	%	31.12.2010	%	30.09.2010	%	Changes	
	€/000		€/000		€/000		30.09.2011	30.09.2010
REVENUES FROM SALES	64,433	100.00%	56,513	100.00%	37,394	100.00%	27,039	72.31%
Purchases of goods and materials (net of changes in inventories)	- 48,649	-75.50%	- 43,673	-77.28%	- 28,492	-76.19%	- 20,157	-70.75%
Services and Use of third-party goods and services	- 5,669	-8.80%	- 5,160	-9.13%	- 3,657	-9.78%	- 2,012	-55.02%
Personnel costs	- 7,690	-11.93%	- 9,565	-16.93%	- 7,006	-18.74%	- 684	-9.76%
Amortisation, depreciation and impairment of assets	- 908	-1.41%	- 1,163	-2.06%	- 858	-2.29%	- 50	-5.83%
Provisions for risks	- 900	-1.40%	- 825	-1.46%	- 523	-1.40%	- 377	-72.08%
Other income and expenses	86	0.13%	791	1.40%	288	0.77%	- 202	-70.14%
Internal construction	- 13	-0.02%	163	0.29%	95	0.25%	- 108	n.s.
OPERATING COSTS	- 63,743	-98.93%	- 59,432	-105.17%	- 40,153	-107.38%	- 23,590	-58.75%
OPERATING PROFIT/(LOSS) (EBIT)	690	1.07%	- 2,919	-5.17%	- 2,759	-7.38%	3,449	125.01%
Income from equity investments	-		-		-		-	
Other financial income	-	0.00%	-	0.00%	-	0.00%	-	
Financial costs and expenses	- 19	-0.03%	- 37	-0.07%	- 29	-0.08%	10	
Net gains/(losses) on foreign exchange	2	0.00%	- 24	-0.04%	- 15	-0.04%	17	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 17	-0.03%	- 61	-0.11%	- 44	-0.12%	27	61.36%
PROFIT/(LOSS) BEFORE TAXES	673	1.04%	- 2,980	-5.27%	- 2,803	-7.50%	3,476	124.01%
Current and deferred income taxes	- 471	-0.73%	- 275	-0.49%	- 346	-0.93%	- 125	
NET PROFIT/(LOSS)	202	0.31%	- 3,255	-5.76%	- 3,149	-8.42%	3,351	106.41%
Profit/(loss) pertaining to minorities		0.00%		0.00%		0.00%	-	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	202	0.31%	- 3,255	-5.76%	- 3,149	-8.42%	3,351	106.41%
EBITDA	1,584	2.46%	- 1,756	-3.11%	- 1,901	-5.08%	3,485	183.32%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2011
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Property, plant and equipment	12,195	12,619	13,051
Intangible fixed assets	480	570	289
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,676	2,508	2,477
Trade receivables and other receivables	6	8	8
NON-CURRENT ASSETS	15,357	15,705	15,825
Closing inventory	13,985	10,188	11,886
Trade receivables and other receivables	6,320	8,773	6,107
Financial assets	5	22	3
Cash and cash equivalents	3,496	4	4
CURRENT ASSETS	23,806	18,987	18,000
TOTAL ASSETS	39,163	34,692	33,825
Share Capital	-	-	-
Reserves	7,064	10,330	10,316
Foreign currency translation reserve	-	-	-
Profit/(Loss) for the period	202	- 3,255	- 3,149
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	7,266	7,075	7,167
Financial liabilities	-	-	-
Trade payables and other payables	-	-	-
Deferred tax liabilities	69	74	69
Provision for severance indemnity and retirement benefits	1,113	1,138	1,129
Provisions for risks and liabilities	399	399	703
NON-CURRENT LIABILITIES	1,581	1,611	1,901
Financial liabilities	-	3,624	6,204
Trade payables and other payables	28,467	20,895	16,859
Current taxes payables	- 31	-	165
Provisions for risks and liabilities	1,880	1,487	1,529
CURRENT LIABILITIES	30,316	26,006	24,757
TOTAL EQUITY AND LIABILITIES	39,163	34,692	33,825

CASH FLOW AS AT 30.09.2011 VEHICLES BU – AGRITALIA

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Opening Net Financial Position	- 3,615	1,622	1,622
<i>Group profit/(loss)</i>	<i>202</i>	<i>- 3,255</i>	<i>- 3,149</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>894</i>	<i>1,163</i>	<i>858</i>
Cash flow before Net Working Capital	1,096	- 2,092	- 2,291
Change in Net Working Capital	5,854	- 1,400	- 4,035
Investments in fixed assets	- 419	- 683	- 615
Disinvestments in fixed assets	21	395	99
Operating Free Cash Flow	6,552	- 3,780	- 6,842
Other operating flows	553	- 1,076	- 964
Other investing flows	18	- 395	- 13
Other equity flows	- 11	14	-
Free Cash Flow	7,112	- 5,237	- 7,819
Closing Net Financial Position	3,497	- 3,615	- 6,197

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2011
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Trade Receivables	6,552	8,380	5,574
Inventory	13,985	10,188	11,886
Trade Payables	- 26,696	- 18,873	- 15,130
Net Working Capital (NWC)	- 6,159	- 305	2,330

Electronics Business Unit – Elettronica Santerno

The changes in tax incentives in the Italian photovoltaic market have affected and will affect the volumes and profitability of 2011.

The introduction of the so called “Romani decree” in March led on one hand, to the speeding-up of production in the quarter in object, aimed at delivering the systems foreseen within the deadlines and thus be eligible for the government subsidy, and on the other hand, it slowed down the orders for the following months while waiting for the future developments about the issuing of an inter-ministerial decree aimed at regulating the subsidies applicable to the photovoltaic sector.

The Business Unit continued anyhow its development and penetration in the main foreign markets, with prospects of growth in the photovoltaic sector; the sales of the German market mark the trend, a market that – more than the Italian one – saw a drop compared to the expectations in 2011; the Chinese market, instead, continues to be positive. During the last two months, it realized the first sales of photovoltaic products in North America, while at the same time, it appears extremely interesting the new penetration in the Indian market, in significant growth, within which the first business opportunities of the third quarter were put in concrete form.

In addition, the procedures to attain and in some cases expand the range of certified products in favour of a wider offer, continue in these markets.

The sector for industrial applications appears stable, with some growing markets, such as South America and the North American market, where the orders recovered from one of the most important local distributors and where the sales organization of the sector starts to register significant successes in the development of sales concerning this line of products.

The third quarter of 2011 closed with lower performances compared to the same period of 2010, when the market was booming.

The turnover of the quarter amounted to 33.069 million euro compared to 43.056 million euro of the third quarter of 2010. The cumulative turnover amounted to 104.554 million euro (+17.1% compared to 89.261 million euro as at 30 September 2010). EBITDA of the quarter amounted to 3.547 million euro compared to 11.110 million euro of the third quarter of 2010. Cumulative EBITDA reached 16.234 million euro (15.5% of turnover), while it amounted to 18.446 million euro as at 30 September 2010. EBIT of the quarter amounted to 2.940 million euro, while it amounted to 10.883 million euro in the third quarter of 2010. EBIT was equal to 14.442 million euro as at 30 September (13.8% of turnover), compared to 17.790 million euro as at 30 September 2010.

The net profit/(loss) as at 30 September 2011 amounted to 8.662 million euro (8.3% of turnover), while the net financial position was positive by 3.6 million euro.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011 - QUARTER ANALYSIS
ELECTRONICS BU – ELETTRONICA SANTERNO**

	3rd quarter 2011	%	3rd quarter 2010	%	Changes
	€/000		€/000		3Q 2011 3Q 2010
REVENUES FROM SALES	33,069	100.00%	43,056	100.00%	-23.20%
Purchases of goods and materials(net of changes in inventories)	- 17,834	-53.93%	- 19,819	-46.03%	10.02%
Services and Use of third-party goods and services	- 8,391	-25.37%	- 9,266	-21.52%	9.44%
Personnel costs	- 3,693	-11.17%	- 2,962	-6.88%	-24.68%
Amortisation, depreciation and impairment of assets	- 607	-1.84%	- 502	-1.17%	-20.92%
Provisions for risks	- 430	-1.30%	- 430	-1.00%	0.00%
Other income and expenses	19	0.06%	149	0.35%	-87.25%
Internal construction	807	2.44%	657	1.53%	22.83%
OPERATING COSTS	- 30,129	-91.11%	- 32,173	-74.72%	6.35%
OPERATING PROFIT/(LOSS) (EBIT)	2,940	8.89%	10,883	25.28%	-72.99%
Income from equity investments	-		-		
Other financial income	23	0.07%	25	0.06%	
Financial costs and expenses	- 179	-0.54%	- 67	-0.16%	
Net gains/(losses) on foreign exchange	- 344	-1.04%	- 69	-0.16%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 500	-1.51%	- 111	-0.26%	-350.45%
PROFIT/(LOSS) BEFORE TAXES	2,440	7.38%	10,772	25.02%	-77.35%
Current and deferred income taxes	- 1,247	-3.77%	- 3,663	-8.51%	
NET PROFIT/(LOSS)	1,193	3.61%	7,109	16.51%	-83.22%
Profit/(loss) pertaining to minorities	-	0.00%	-	0.00%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	1,193	3.61%	7,109	16.51%	-83.22%
EBITDA	3,547	10.73%	11,110	25.80%	-68.07%

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2011
ELECTRONICS BU – ELETTRONICA SANTERNO**

	30.09.2011	%	31.12.2010	%	30.09.2010	%	Changes	
	€/000		€/000		€/000		30.09.2011	30.09.2010
REVENUES FROM SALES	104,554	100.00%	143,895	100.00%	89,261	100.00%	15,293	17.13%
Purchases of goods and materials (net of changes in inventories)	- 53,728	-51.39%	- 69,315	-48.17%	- 43,100	-48.29%	- 10,628	-24.66%
Services and Use of third-party goods and services	- 22,165	-21.20%	- 27,497	-19.11%	- 19,658	-22.02%	- 2,507	-12.75%
Personnel costs	- 11,701	-11.19%	- 12,599	-8.76%	- 8,525	-9.55%	- 3,176	-37.26%
Amortisation, depreciation and impairment of assets	- 2,071	-1.98%	- 1,993	-1.39%	- 991	-1.11%	- 1,080	-108.98%
Provisions for risks	- 1,764	-1.69%	- 2,250	-1.56%	- 878	-0.98%	- 886	-100.91%
Other income and expenses	308	0.29%	311	0.22%	236	0.26%	72	30.51%
Internal construction	1,009	0.97%	2,593	1.80%	1,445	1.62%	- 436	n.s.
OPERATING COSTS	- 90,112	-86.19%	- 110,750	-76.97%	- 71,471	-80.07%	- 18,641	-26.08%
OPERATING PROFIT/(LOSS) (EBIT)	14,442	13.81%	33,145	23.03%	17,790	19.93%	- 3,348	-18.82%
Income from equity investments	-		-		-		-	
Other financial income	186	0.18%	179	0.12%	54	0.06%	132	
Financial costs and expenses	- 369	-0.35%	- 407	-0.28%	- 243	-0.27%	- 126	
Net gains/(losses) on foreign exchange	- 337	-0.32%	124	0.09%	67	0.08%	- 404	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 520	-0.50%	- 104	-0.07%	- 122	-0.14%	- 398	-326.23%
PROFIT/(LOSS) BEFORE TAXES	13,922	13.32%	33,041	22.96%	17,668	19.79%	- 3,746	-21.20%
Current and deferred income taxes	- 5,260	-5.03%	- 11,001	-7.65%	- 6,052	-6.78%	792	
NET PROFIT/(LOSS)	8,662	8.28%	22,040	15.32%	11,616	13.01%	- 2,954	-25.43%
Profit/(loss) pertaining to minorities	-	0.00%	-	0.00%	-	0.00%	-	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	8,662	8.28%	22,040	15.32%	11,616	13.01%	- 2,954	-25.43%
EBITDA	16,234	15.53%	34,183	23.76%	18,446	20.67%	- 2,212	-11.99%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2011
ELECTRONICS BU – ELETTRONICA SANTERNO**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Property, plant and equipment	5,344	4,744	2,705
Intangible fixed assets	28,144	10,367	10,341
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,106	2,204	1,288
Trade receivables and other receivables	237	211	347
NON-CURRENT ASSETS	35,831	17,526	14,681
Closing inventory	27,513	35,680	33,784
Trade receivables and other receivables	36,698	50,106	52,177
Financial assets	78	18	42
Cash and cash equivalents	8,809	27,989	16,098
CURRENT ASSETS	73,098	113,793	102,101
TOTAL ASSETS	108,929	131,319	116,782
Share Capital	2,500	2,500	2,500
Reserves	37,885	7,939	9,940
Foreign currency translation reserve	71	125	76
Profit/(Loss) for the period	8,662	22,040	11,616
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	49,118	32,604	24,132
Financial liabilities	-	-	29
Trade payables and other payables	54	-	-
Deferred tax liabilities	- 5	-	-
Provision for severance indemnity and retirement benefits	614	712	676
Provisions for risks and liabilities	97	71	604
NON-CURRENT LIABILITIES	760	783	1,309
Financial liabilities	5,248	1,327	329
Trade payables and other payables	48,645	82,249	83,474
Current taxes payables	2,322	10,885	5,659
Provisions for risks and liabilities	2,836	3,471	1,879
CURRENT LIABILITIES	59,051	97,932	91,341
TOTAL EQUITY AND LIABILITIES	108,929	131,319	116,782

CASH FLOW AS AT 30.09.2011 ELECTRONICS BU – ELETTRONICA SANTERNO

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Opening Net Financial Position	26,680	- 4,373	- 4,373
<i>Group profit/(loss)</i>	<i>8,662</i>	<i>22,040</i>	<i>11,616</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>1,792</i>	<i>1,038</i>	<i>656</i>
Cash flow before Net Working Capital	10,454	23,078	12,272
Change in Net Working Capital	- 13,986	5,291	6,954
Investments in fixed assets	- 2,337	- 6,680	- 3,266
Disinvestments in fixed assets	40	4	-
Operating Free Cash Flow	- 5,829	21,693	15,960
Other operating flows	- 7,192	10,464	4,310
Other investing flows	- 17,872	- 174	- 1,137
Other equity flows	7,852	- 930	1,022
Free Cash Flow	- 23,041	31,053	20,155
Closing Net Financial Position	3,639	26,680	15,782

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2011
ELECTRONICS BU – ELETTRONICA SANTERNO**

	30.09.2011	31.12.2010	30.09.2010
	€/000	€/000	€/000
Trade Receivables	32,947	47,346	49,961
Inventory	27,513	35,680	33,784
Trade Payables	- 39,091	- 75,643	- 78,025
Net Working Capital (NWC)	21,369	7,383	5,720

Significant events in the quarter

On 8 September 2011, the Polish subsidiary Fabryka Osi Napedowych S.A undersigned with company FON SKB Sp. Zo.o. a transfer agreement concerning a corporate branch including immovable properties, tangible and intangible assets, other assets, bonds, contract relations and relative rights on the assembly, processing and sale activities of axles and mechanical components carried out at plant of Radomsko.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

For the last part of the year, the main destination markets, that is agricultural and construction equipment are in line with the data registered in the first nine months, while a further drop is foreseen for the market of renewable energies compared to the third quarter. As a consequence, it is forecast that 2011 will close with a turnover exceeding 900 million euro, in significant growth compared to 2010 (where it totalled 717.7 million euro). The profitability, despite the drop of Santerno's contributions, is expected to improve compared to the previous fiscal year thanks to the continuous progressive growth of the results of the Drive-lines and Components BUs, in line with previous months.

With reference to the provisions of Articles 36 and 39 of Consob Order 16191 of 29.10.2007 (the so-called "Market Regulations") and of Art. 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

Interim Report on Operations as at 30 September 2011

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

Subject: Interim Report on Operations as at 30.09.2011

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

Campodarsego, 28 October 2011

Carraro SpA
Chief Financial Officer

Enrico Gomiero