



Carraro Group

Interim Report on Operations as at 30 September 2012

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 Euros 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 2014 Financial Statements (Appointed, General Meeting 20.04.2012)

ENRICO CARRARO (2)

Chairman

TOMASO CARRARO

Deputy Chairman

ALEXANDER JOSEF BOSSARD

Chief Executive Officer

ARNALDO CAMUFFO (1) (2)

Director *

FRANCESCO CARRARO

Director

ANTONIO CORTELLAZZO (1) (2)

Director *

GABRIELE DEL TORCHIO

Director *

MARINA PITTINI (2) (1)

Director *

MARCO REBOA (1)

Director *

(1) Members of the Auditing and Risk Committee

(2) Members of the Nominations, Human Resources and Remuneration Committee

* Independent directors

BOARD OF STATUTORY AUDITORS

In office until approval of the 2014 Financial Statements (Appointed, General Meeting 20.04.2012)

ROBERTO SACCOMANI

Chairman

SAVERIO BOZZOLAN

Regular Auditor

MARINA MANNA

Regular Auditor

BARBARA CANTONI

Alternate Auditor

STEFANIA CENTORBI

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 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 out their work within the limits of the powers conferred on them by the Board of Directors in the meeting of 20 April 2012, in accordance with 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 the principles and limits provided for in the Company's Code of Conduct.

CONSOLIDATED INCOME STATEMENT AS AT 30.09.2012 - QUARTER ANALYSIS

<i>(amounts in Euro thousands)</i>	3rd Quarter 2012	%	3rd Quarter 2011	%	Changes 3Q 2012 3Q 2011
REVENUES FROM SALES	208,494	100.00%	230,479	100.00%	-9.54%
Purchases of goods and materials (net of changes in inventories)	-127,100	-60.96%	- 138,687	-60.17%	-8.35%
Services and Use of third-party goods and services	-34,200	-16.40%	- 45,788	-19.87%	-25.31%
Personnel costs	-33,328	-15.99%	- 32,407	-14.06%	2.84%
Amortisation, depreciation and impairment of assets	-8,390	-4.02%	- 8,192	-3.55%	2.42%
Provisions for risks	-1,730	-0.83%	- 2,145	-0.93%	-19.35%
Other income and expenses	569	0.27%	1,117	0.48%	-49.06%
Internal construction	1,274	0.61%	1,073	0.47%	18.73%
OPERATING COSTS	-202,905	-97.32%	- 225,029	-97.64%	-9.83%
OPERATING PROFIT/(LOSS) (EBIT)	5,589	2.68%	5,450	2.36%	2.55%
Income from equity investments	-151	-0.07%	-		
Other financial income	663	0.32%	155	0.07%	
Financial costs and expenses	-4,363	-2.09%	- 3,913	-1.70%	
Net gains/(losses) on foreign exchange	-305	-0.15%	- 1,168	-0.51%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-4,156	-1.99%	- 4,926	-2.14%	-15.63%
PROFIT/(LOSS) BEFORE TAXES	1,433	0.69%	524	0.23%	173.47%
Current and deferred income taxes	-2,881	-1.38%	- 2,065	-0.90%	39.52%
NET PROFIT/(LOSS)	-1,448	-0.69%	- 1,541	-0.67%	-6.04%
Profit/(loss) pertaining to minorities	429	0.21%	398	0.17%	7.79%
GROUP CONSOLIDATED PROFIT/(LOSS)	-1,019	-0.49%	- 1,143	-0.50%	-10.85%
EBITDA	13,571	6.51%	13,624	5.91%	-0.39%

CONSOLIDATED INCOME STATEMENT AS AT 30.09.2012

<i>(amounts in Euro thousands)</i>	30.09.12	%	31.12.11	%	30.09.11	%	Changes	
							30.09.12	30.09.11
REVENUES FROM SALES	682,834	100.00%	924,192	100.00%	680,870	100.00%	1,964	0.29%
Purchases of goods and materials (net of changes in inventories)	-417,963	-61.21%	- 554,113	-59.96%	- 401,446	-58.96%	-16,517	4.11%
Services and Use of third-party goods and services	-118,414	-17.34%	- 169,073	-18.29%	- 128,184	-18.83%	9,770	-7.62%
Personnel costs	-107,308	-15.72%	- 136,281	-14.75%	- 101,744	-14.94%	-5,564	5.47%
Amortisation, depreciation and impairment of assets	-24,817	-3.63%	- 33,651	-3.64%	- 24,832	-3.65%	15	-0.06%
Provisions for risks	-5,916	-0.87%	- 7,566	-0.82%	- 6,826	-1.00%	910	-13.33%
Other income and expenses	2,012	0.29%	4,326	0.47%	2,194	0.32%	-182	-8.30%
Internal construction	3,368	0.49%	3,788	0.41%	1,868	0.27%	1,500	80.30%
OPERATING COSTS	-669,038	-97.98%	892,570	-96.58%	- 658,970	-96.78%	-10,068	1.53%
OPERATING PROFIT/(LOSS) (EBIT)	13,796	2.02%	31,622	3.42%	21,900	3.22%	-8,104	37.00%
Income from equity investments	-151	-0.02%	13	0.00%	-	-	-151	-
Other financial income	1,814	0.27%	2,501	0.27%	420	0.06%	1,394	-
Financial costs and expenses	-14,316	-2.10%	- 16,460	-1.78%	- 10,921	-1.60%	-3,395	31.09%
Net gains/(losses) on foreign ex- change	-155	-0.02%	-2,961	-0.32%	- 1,853	-0.27%	1,698	-91.64%
Value adjustments of financial assets	-	0.00%	-2	0.00%	-	-	-	-
GAINS/(LOSSES) ON FINANCIAL ASSETS	-12,808	-1.88%	- 16,909	-1.83%	- 12,354	-1.81%	-454	3.67%
PROFIT/(LOSS) BEFORE TAXES	988	0.14%	14,713	1.59%	9,546	1.40%	-8,558	89.65%
Current and deferred income taxes	-7,928	-1.16%	- 9,471	-1.02%	- 6,484	-0.95%	-1,444	22.27%
NET PROFIT/(LOSS)	-6,940	-1.02%	5,242	0.57%	3,062	0.45%	-10,002	
Profit/(loss) pertaining to minorities	338	0.05%	-206	-0.02%	671	0.10%	-333	-49.63%
GROUP CONSOLIDATED PROFIT/(LOSS)	-6,602	-0.97%	5,036	0.54%	3,733	0.55%	-10,335	
EBITDA	37,564	5.50%	64,016	6.93%	46,202	6.79%	- 8,638	-18.70%

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2012

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Property, plant and equipment	216,859	211,938	213,118
Intangible fixed assets	84,226	82,100	77,128
Real estate investments	709	711	709
Holdings in subsidiaries and associates	-	-	151
Financial assets	5,021	5,797	7,076
Deferred tax assets	27,251	27,515	28,635
Trade receivables and other receivables	4,392	1,582	2,924
NON-CURRENT ASSETS	338,458	329,643	329,741
Closing inventory	170,317	197,651	203,512
Trade receivables and other receivables	173,540	201,153	186,846
Financial assets	5,088	4,775	4,193
Cash and cash equivalents	41,571	100,441	63,657
CURRENT ASSETS	390,516	504,020	458,208
TOTAL ASSETS	728,974	833,663	787,949
Share Capital	23,915	23,915	23,915
Reserves	57,173	53,411	52,706
Foreign currency translation reserve	-6,110	-4,447	-5,245
Profit/(Loss) for the period	-6,602	5,036	3,733
Minority interests	11,423	11,768	11,127
SHAREHOLDERS' EQUITY	79,799	89,683	86,236
Financial liabilities	170,846	164,754	163,504
Trade payables and other payables	21	78	1,148
Deferred tax liabilities	6,080	5,387	7,736
Provision for severance indemnity and retirement benefits	17,091	16,978	17,117
Provisions for risks and liabilities	2,919	3,700	2,094
NON-CURRENT LIABILITIES	196,957	190,897	191,599
Financial liabilities	184,675	194,548	171,277
Trade payables and other payables	243,677	335,295	317,732
Current taxes payables	10,730	9,560	7,531
Provisions for risks and liabilities	13,136	13,680	13,574
CURRENT LIABILITIES	452,218	553,083	510,114
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	728,974	833,663	787,949

CASH FLOW AS AT 30.09.2012

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Opening Net Financial Position	-247,505	-271,535	- 271,535
<i>Group profit/(loss)</i>	<i>-6,602</i>	<i>5,036</i>	<i>3,733</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>-338</i>	<i>206</i>	<i>- 671</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>23,768</i>	<i>32,394</i>	<i>24,302</i>
Cash flow before Net Working Capital	16,828	37,636	27,364
Change in Net Working Capital	-44,693	32,298	7,450
Investments in fixed assets	-31,190	-29,211	- 18,543
Disinvestments in fixed assets	533	5,851	5,081
Operating Free Cash Flow	-58,522	46,574	21,352
Other operating flows	4,576	-19,806	- 6,187
Other investing flows	-156	2,262	4,097
Other equity flows	-2,944	-5,000	- 6,270
Free Cash Flow	-57,046	24,030	12,992
Closing Net Financial Position	-304,551	247,505	- 258,543

ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2012

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Trade Receivables	118,357	133,620	130,765
Inventory	170,317	197,651	203,512
Trade Payables	- 212,120	-299,410	- 277,568
Net Working Capital (NWC)	76,554	31,861	56,709

General data and comments

In the third quarter of 2012, demand in the Group's core sectors, in which the Drivelines, Vehicles and Components Business Units operate, remained steady, with a slowdown from the last month onwards, due mainly to a fall in demand on the Construction Equipment market.

The performance of the Electronics Business Unit (Elettronica Santerno) was still considerably affected by a continuing crisis in the Italian renewable energies sector. Demand on the Italian market has basically been stopped, however there are positive sign from foreign markets (United States, South Africa and India), which should start developing from as early on as the first few months of 2013.

Turnover for the quarter stood at 208.494 million Euros, down 9.5% compared to the third quarter of 2011 (230.479 million Euros). This decline is mainly due to the decrease in sales volumes of Elettronica Santerno.

Cumulative turnover as at 30 September 2012 amounted to 682.834 million Euros, in line with the same period of 2011 (680.870 million Euros, +0.3%). In contrast to the trend of the Electronics Business Unit, sales volumes of Business Units operating in the core sector of mechanics went up by 8.3% in the first nine months of 2012 compared to the same period of the previous year.

The different contribution of each Business Unit should be considered when analysing group profitability (EBITDA and EBIT): the Drivelines, Components and Vehicles Business Units improved over the quarter and against cumulative figures, thanks to a more targeted and focussed industrial activity, a better management of sourcing and higher sales volumes. The performance of the Electronics Business Unit was down compared to the quarter and cumulative figures of the previous year. The effects of the major modernisation programme, already underway, which will gradually enable new sales volumes to break even, are not yet evident.

Due to the above, consolidated EBITDA for the third quarter was equal to 13.571 million Euros (6.5% of turnover) in line with 13.624 million Euros (5.9% of turnover) for the third quarter of 2011. The cumulative figure as at 30 September 2012 stood at 37.564 million Euros (5.5% of turnover) down 18.7% compared to 46.202 million Euros (6.8% of turnover) of the previous year.

Consolidated EBIT for the quarter was equal to 5.589 million Euros (2.7% of turnover), up 2.6% compared to the same period of 2011 which recorded a figure of 5.450 million Euros (2.4% of turnover). Cumulative EBIT as at 30 September 2012 amounted to 13.796 million Euros (2.0% of turnover), decreasing by 37.0% compared to the cumulative figure of 21.900 million Euros (3.2% of turnover) as at 30 September 2011.

Analysis of the results of individual Business Units is given in detail in sections below.

The Group recorded a net loss of 1.019 million Euros (-0.5 % of turnover) for the third quarter of 2012, compared to a loss of 1.143 million Eurostar (-0.5% of turnover) for the third quarter of 2011.

In cumulative terms, net profit/(loss) as at 30 September 2012 was negative by 6.602 million Eurostar (-1.0% of turnover) compared to a profit of 3.733 million Eurostar (0.5% of turnover) as at 30 September 2011. This was due to higher taxes, as a result of fewer deferred tax assets being allocated for tax losses to be carried forward and the effect of expenses which are not deductible for regional production tax purposes, as well as the negative performance of the Electronics Business Unit.

The net financial position as at 30 September 2012, as forecast, recorded a negative value of 304.551 million Eurostar compared to 247.505 million Eurostar as at 31 December 2011. The increase in the Group's financial exposure was due to the temporary increase in working capital mainly because the trend of trade payables was not aligned with the use of warehouse stock. This negative effect will for the most part be recovered over the next few months.

ECONOMIC AND EQUITY DATA**Turnover**

The Group's consolidated turnover for the third quarter of 2012 amounted to 208.494 million Euros, down 9.5% compared to turnover for the third quarter of 2011, equal to 230.479 million Euros. In cumulative terms, turnover as at 30 September 2012 amounted to 682.834 million Euros, up 0.3% compared to 680.870 as at 30 September 2011.

The following table breaks turnover down by market segment:

Figures for the third quarter of 2012 (amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	3rd Quarter 2012	3rd Quarter 2011	Diff. %	3rd Quarter 2012	3rd Quarter 2011	Diff. %	3rd Quarter 2012	3rd Quarter 2011	Diff. %
DRIVELINES (Carraro Drive Tech)	147,823	153,881	-3.94	145,447	149,841	-2.93	2,376	4,040	-41.19
COMPONENTS (Gear World)	38,964	47,977	-18.79	29,972	31,705	-5.47	8,992	16,272	-44.74
VEHICLES (Carraro Agritalia)	22,278	18,054	23.40	21,125	17,177	22.98	1,153	877	31.47
ELECTRONICS (Elettronica Santerno)	11,782	33,069	-64.37	11,747	32,002	-63.29	35	1,067	-96.72
NON-ALLOCATED BUSINESS	7,266	7,899	-8.03	203	-246	-182.11	7,063	8,145	-13.28
TOTAL SEGMENTS	228,113	260,880	-12.56	208,494	230,479	-9.54	19,619	30,401	-35.47
INTRA-GROUP ELIMINATIONS	-19,619	-30,401	-35.47	-	-	-	-	-	-
CONSOLIDATED TOTAL	208,494	230,479	-9.54	208,494	230,479	-9.54	19,619	30,401	-35.47

Cumulative figures as at 30 September 2012 (amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	30.09.2012	30.09.2011	Diff. %	30.09.2012	30.09.2011	Diff. %	30.09.2012	30.09.2011	Diff. %
DRIVELINES (Carraro Drive Tech)	484,308	433,762	11.65	474,313	421,977	12.40	9,995	11,785	-15.19
COMPONENTS (Gear World)	138,231	142,960	-3.31	100,041	96,005	4.20	38,190	46,955	-18.67
VEHICLES (Carraro Agritalia)	71,532	64,433	11.02	68,014	61,537	10.53	3,518	2,896	21.48
ELECTRONICS (Elettronica Santerno)	39,860	104,554	-61.88	39,538	101,723	-61.13	322	2,831	-88.63
NON-ALLOCATED BUSINESS	27,870	21,953	26.95	928	-372	n.r.	26,942	22,325	20.68
TOTAL SEGMENTS	761,801	767,662	-0.76	682,834	680,870	0.29	78,967	86,792	-9.02
INTRA-GROUP ELIMINATIONS	-78,967	-86,792	-9.02	-	-	-	-	-	-
CONSOLIDATED TOTAL	682,834	680,870	0.29	682,834	680,870	0.29	78,967	86,792	-9.02

The following table breaks down turnover by geographical area:

Figures for the third quarter of 2012 (amounts in Euro thousands)

<i>Geographical Area</i>	<i>3rd Quarter 2012</i>	<i>%</i>	<i>3rd Quarter 2011</i>	<i>%</i>	<i>Difference %</i>
North America	27,460	13.2	22,689	9.8	21.0
South America	26,401	12.7	21,678	9.4	21.8
Germany	24,931	12.0	30,101	13.1	-17.2
China	17,551	8.4	16,052	7.0	9.3
United Kingdom	15,898	7.6	21,215	9.2	-25.1
Switzerland	12,783	6.1	11,224	4.9	13.9
India	11,853	5.7	14,184	6.1	-16.4
France	9,506	4.6	9,719	4.2	-2.2
Turkey	7,402	3.5	9,563	4.2	-22.6
Poland	5,464	2.6	4,991	2.2	9.5
Other E.U. areas	14,178	6.8	15,431	6.7	-8.2
Other non-E.U. areas	6,498	3.1	4,975	2.2	30.6
Total Abroad	179,925	86.3	181,822	78.9	-1.1
Italy	28,569	13.7	48,657	21.1	-41.3
Total	208,494	100.0	230,479	100.0	-9.5
of which:					
Total E.U. area	98,546	47.3	130,114	56.4	-24.3
Total non-E.U. area	109,948	52.7	100,365	43.6	9.5

Cumulative figures as at 30 September 2012 (amounts in Euro thousands)

<i>Geographical Area</i>	<i>30.09.2012</i>	<i>%</i>	<i>30.09.2011</i>	<i>%</i>	<i>Difference %</i>
Germany	87,894	12.9	90,753	13.3	-3.1
North America	79,088	11.6	68,064	10.0	16.2
South America	75,232	11.0	55,637	8.2	35.2
United Kingdom	59,384	8.7	55,743	8.2	6.5
China	51,772	7.6	44,047	6.5	17.5
France	40,266	5.9	37,160	5.5	8.4
India	40,250	5.9	35,039	5.1	14.9
Switzerland	39,120	5.7	33,625	4.9	16.3
Turkey	28,031	4.1	26,937	4.0	4.1
Poland	17,860	2.6	12,331	1.8	44.8
Belgium	10,701	1.6	9,273	1.4	15.4
Other E.U. areas	33,331	4.9	32,146	4.7	3.7
Other non-E.U. areas	14,821	2.2	10,855	1.6	36.5
Total Abroad	577,750	84.6	511,610	75.1	12.9
Italy	105,084	15.4	169,260	24.9	-37.9
Total	682,834	100.0	680,870	100.0	0.3
of which:					
Total E.U. area	354,520	51.9	406,666	59.7	-12.8
Total non-E.U. area	328,314	48.1	274,204	40.3	19.7

The breakdown of turnover by geographical segment as at 30 September 2012 reflects the Group's focus on countries that have maintained their positive growth trend. Foreign sales as at 30 September 2012 increased by 12.9% driven

mainly by non-EU areas, which recorded a growth of 19.7%. In particular, sales went up in South America (+35.2%), China (+17.5%), North America (+16.2%) and India (+14.9%).

The drop in sales on the Italian market, down 37.9% compared to 30 September 2011, was mainly due to a fall in demand from the photovoltaic sector.

In the case of Business Units operating in the mechanics sector, the majority of sales to Italian clients are subsequently re-exported by these clients to foreign markets.

EBITDA and EBIT

Figures for the third quarter of 2012 (amounts in Euro thousands)

	3rd Quarter 2012	% of turnover	3rd Quarter 2011	% of turnover	Diff. %
EBITDA ⁽¹⁾	13,571	6.5	13,624	5.9	-0.4
EBIT ⁽²⁾	5,589	2.7	5,450	2.4	2.6

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	% of turnover	30.09.2011	% of turnover	Diff. %
EBITDA ⁽¹⁾	37,564	5.5	46,202	6.8	-18.7
EBIT ⁽²⁾	13,796	2.0	21,900	3.2	-37.0

(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

Consolidated EBITDA for the third quarter was equal to 13.571 million Euros (6.5% of turnover) in line with 13.624 million Euros (5.9% of turnover) for the third quarter of 2011. The cumulative figure as at 30 September 2012 stood at 37.564 million Euros (5.5% of turnover) down 18.7% compared to 46.202 million Euros (6.8% of turnover) of the previous year.

EBIT for the quarter was equal to 5.589 million Euros (2.7% of turnover), up 2.6% compared to the same period of 2011 which recorded a figure of 5.450 million Euros (2.4% of turnover). Cumulative EBIT as at 30 September 2012 amounted to 13.796 million Euros (2.0% of turnover), decreasing by 37.0% compared to the cumulative figure of 21.900 million Euros (3.2% of turnover) as at 30 September 2011.

EBITDA	3rd Quarter 2012	% of turnover	3rd Quarter 2011	% of turnover	Diff. %
BU Drivelines, Components and Vehicles	12,370	5.9	11,407	5.2	+8.4
Electronics BU	-112	-1.0	3,547	10.7	n.r.

EBIT	3rd Quarter 2012	% of turnover	3rd Quarter 2011	% of turnover	Diff. %
BU Drivelines, Components and Vehicles	5,529	2.6	4,442	2.0	+24.5
Electronics BU	-715	-6.1	2,940	8.9	n.r.

EBITDA	30.09.12	% of turnover	30.09.11	% of turnover	Diff. %
BU Drivelines, Components and Vehicles	41,712	6.0	33,723	5.3	+23.7
Electronics BU	-3,130	-7.8	16,234	15.5	n.r.

EBIT	30.09.12	% of turnover	30.09.11	% of turnover	Diff. %
BU Drivelines, Components and Vehicles	21,402	3.1	13,016	2.0	+64.4
Electronics BU	-4,944	-12.4	14,442	13.8	n.r.

Business Units operating in the mechanics sector

EBITDA of Mechanics Business Units for the third quarter was equal to 12.370 million Euros (5.9% of turnover), up 8.4% compared to 11.407 million Euros (5.2% of turnover) for the third quarter of 2011. EBITDA of these Business Units as at 30 September 2012 amounted to 41.712 million Euros (6.0% of turnover), up 23.7% compared to 33.723 million Euros (5.3% of turnover) as at 30 September 2011.

EBIT of Mechanics Business Units for the third quarter was equal to 5.529 million Euros (2.6% of turnover), up 24.5% compared to 4.442 million Euros (2.0% of turnover) for the third quarter of 2011. EBIT of these Business Units as at 30 September 2012 amounted to 21.402 million Euros (3.1% of turnover), up 64.4% compared to 13.016 million Euros (2.0% of turnover) as at 30 September 2011.

Electronics Business Unit

EBITDA of the Electronics Business Unit for the third quarter stood at -112 thousand Euros (-1.0% of turnover) compared to 3.547 million Euros (10.7% of turnover) for the third quarter of 2011. EBITDA as at 30 September 2012 amounted to -3.130 million Euros (-7.8% of turnover) compared to 16.234 million Euros (15.5% of turnover) as at 30 September 2011.

EBIT of the Electronics Business Unit for the third quarter stood at -715 thousand Euros (-6.1% of turnover) compared to 2.940 million Euros (8.9% of turnover) for the third quarter of 2011. EBIT as at 30 September 2012 amounted to -4.944 million Euros (-12.4% of turnover) compared to 14.442 million Euros (13.8% of turnover) as at 30 September 2011.

Financial expenses

Figures for the third quarter of 2012 (amounts in Euro thousands)

	3rd Quarter 2012	% of turnover	3rd Quarter 2011	% of turnover	Diff. %
Financial expenses	3,700	1.8	3,758	1.6	-1.5

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	% of turnover	30.09.2011	% of turnover	Diff. %
Financial expenses	12,502	1.8	10,501	1.5	+19.1

Financial expenses for the third quarter of 2012 amounted to 3.700 million Euros (1.8% of turnover) compared to 3.758 million Euros (1.6% of turnover) for the third quarter of 2011. Financial expenses as at 30 September 2012 amounted to 12.502 million Euros (1.8% of turnover) compared to 10.501 million Euros (1.5% of turnover) as at 30 September 2011.

The increase compared to the same period of the previous year is due to a greater financial exposure and a higher cost of money resulting from the signing of new loans in countries such as India and China, where interest rates are higher.

Exchange differences

Figures for the third quarter of 2012 (amounts in Euro thousands)

	3rd Quarter 2012	% of turnover	3rd Quarter 2011	% of turnover	Diff. %
Exchange differences	-305	-0.1	-1,168	-0.5	73.9

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	% of turnover	30.09.2011	% of turnover	Diff. %
Exchange differences	-155	-0.0	-1,853	-0.3	91.6

Exchange differences for the third quarter of 2012 were negative amounting to 305 thousand Euros, and negative amounting to 1.168 million Euros for the third quarter of 2011.

In cumulative terms exchange differences as at 30 September 2012 were negative amounting to 155 thousand Euros, and negative as at 30 September 2011 amounting to 1.853 million Euros, and include the Mark-to-Market effects of the fair value measurement of derivatives to hedge the exchange and interest rate risks.

Net profit/(loss)

Figures for the third quarter of 2012 (amounts in Euro thousands)

	3rd Quarter 2012	% of turnover	3rd Quarter 2011	% of turnover	Diff. %
Net profit/(loss)	-1,019	-0.5	-1,143	-0.5	-10.9

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	% of turnover	30.09.2011	% of turnover	Diff. %
Net profit/(loss)	-6,602	-1.0	3,733	0.6	<i>n.r.</i>

The Group recorded a net loss for the third quarter of 1.019 million Euros (-0.5 % of turnover) compared to a loss of 1.143 million Euros (-0.5% of turnover) for the third quarter of 2011. The Group recorded a cumulative net loss as at 30 September 2012 of 6.602 million Euros compared to a profit of 3.733 million Euros as at 30 September 2011, as this result was affected by the negative performance of Elettronica Santerno, and by higher taxes.

Amortisation, depreciation and impairment of assets

Figures for the third quarter of 2012 (amounts in Euro thousands)

	3rd Quarter 2012	% of turn- over	3rd Quarter 2011	% of turnover	Diff. %
Amortisation, depreciation and impairment	7,982	3.8	8,174	3.5	-2.3

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	% of turn- over	30.09.2011	% of turnover	Diff. %
Amortisation, depreciation and impairment	23,768	3.5	24,302	3.6	-2.2

Investments

Figures for the third quarter of 2012 (amounts in Euro thousands)

	3rd Quarter 2012	3rd Quarter 2011
Investments	17,732	8,232

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	30.09.2011
Investments	31,190	18,543

Investments as at 30 September 2012 were equal to 31.190 million Euros compared to 18.543 million Euros as at 30 September 2011. The increase refers to approximately 4 million Euros for the development of new projects, mainly in the Drivelines Business Unit, to improve production efficiency and upgrade existing facilities.

Research and Development

Research and Development expenditure as at 30 September 2012 was equal to 13.068 million Euros (1.9% of turnover) compared to a figure of 13.087 million Euros (1.9% of turnover) as at 30 September 2011, confirming the Group's steadfast commitment to technological innovation.

Net financial position

Figures as at 30.09.2012 (amounts in Euro thousands)

	30.09.2012	31.12.2011	30.09.2011
Net financial position*	304,551	247,505	258,543
Gearing	3.82	2.76	3.00

* 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 304.551 million Euros, while it amounted to 280.846 million Euros as at 30 June 2012, 247.505 million Euros as at 31 December 2011, and 258.543 million Euros as at 30 September 2011.

The increase in the Group's financial exposure was due to the temporary increase in working capital mainly because the trend of trade payables was not aligned with the use of warehouse stock.

Gearing (defined as the ratio of net financial position to owners' equity) amounted to 3.82 as at 30 September 2012 compared to 2.76 as at 31 December 2011 and 3.00 as at 30 September 2011.

PERSONNEL

Workforce trend

Figures as at 30.09.2012

	30.09.2012	31.12.2011	30.09.2011
Executives	59	65	64
Clerical staff	1,055	1,065	1,059
Factory workers	2,866	2,914	2,849
Temporary workers	115	386	418
Total	4,095	4,430	4,390

Group personnel as at 30 September 2012 amounted to 4,095 resources (including temporary workers, trainees and interim workers, where present), compared to 4,430 as at 31 December 2011 and 4,390 as at 30 September 2011.

Following actions taken in 2011 to tackle the increase in volumes, and consequential increase in resources used, particularly in India and China, as well as in Italy itself, a process began from the second quarter of 2012 to modernise the structure to bring production capacity in line with the flexibility requested by the market and to improve productivity.

This resulted in staff reductions of 335 persons compared to 31 December 2011, of which 271 temporary workers and 40 employees of the Electronics Business Unit. In the first nine months of 2012, Elettronica Santerno temporarily laid off 18 full-time equivalent employees.

Performance and results of the Carraro Group Business Units

Drivelines Business Unit

Carraro Drive Tech

In the third quarter of 2012, the Business Unit reported a turnover of 147.823 million Euros compared to 153.881 million Euros for the same period in 2011. Cumulative turnover as at 30 September 2012 amounted to 484.308 million Euros, up 11.7% compared to turnover for the first nine months of 2011 (equal to 433.762 million Euros). Cumulative figures reflect developments in demand, with the upswing in main reference sectors that began in 2011, continuing into the first half of 2012. Growth slowed down instead in the third quarter, to level off.

Higher volumes were recorded in 2012 due to the acquisition of new market shares, a growth in demand and the introduction of new products. This important result was also achieved on Business Unit reference markets in Europe, and particularly in Great Britain and Germany (where growth was driven by the Construction Equipment sector) and thanks to the performance of the Brazilian market (mainly in the agricultural sector). The Indian, Chinese and Turkish markets showed signs of weakness in the third quarter of 2012. Turnover from Great Britain and Germany mainly concerns the local production sites of clients who in turn generate sales mainly on non-European markets.

As at 30 September 2012, turnover from foreign countries accounted for 90% of total turnover of the Business Unit.

Agricultural market:

Sales of products for agricultural machines went up by 13.9% in the first nine months of 2012, in line with the trend of the Business Unit's total turnover. Driving this favourable performance were mainly 4-wheel drive axles (+19.8% compared to 30 September 2011) and to a lesser degree, agricultural transmissions (+6.6% compared to 30 September 2011).

In terms of geographical segments, India and South America contributed most to the growth in sales volumes. Demand remained weak in Europe whilst it was slightly up on the same period of the previous year in North America.

Construction Equipment Market:

The increase in sales in the construction machinery market equalled 22.0%, in line with the growth trend recorded in previous periods. Sales of the O&KA brand (final drives) for cranes and excavators (up 58.1%) and backhoe loaders (+11.4%) in which Carraro Drive Tech is a market leader, made a major contribution to this result.

Consequently, the Construction Equipment segment accounted for more than 56.5% of total turnover of the Business Unit (performance in line with the previous two quarters).

Mining Market:

In the mining machinery market, demand for drives remained strong.

Carraro Drive Tech maintained its position with the O&KA brand thanks to the significant expansion of the mining market, its strengthening as sole leader in some segments and the acquisition of significant market shares.

Spare parts:

Sales of spare parts went up compared to the first nine months of 2011 (+7.0%) thanks to the good service levels guaranteed to clients. With the aim of improving the spare parts service, Carraro Drive Tech transferred the central warehouse to a more suitable and modern location in April 2012, causing a temporary slow-down in the normal operation of deliveries which were promptly restored in September 2012.

* * * *

Profitability for the third quarter of 2012 improved compared to the same period of the previous year, due to the targeted optimisation of the supply chain and the insourcing of some components. In cumulative terms, profitability as at

30 September 2012 also benefited from the higher sales volumes compared to 30 September 2011, which allowed the Business Unit to keep the percentage of overheads accounting for turnover down.

EBITDA for the quarter was equal to 7.977 million Euros (5.4% of turnover), up 9.2% compared to 7.305 million (4.7% of turnover) for the third quarter of 2011. Cumulative EBITDA as at 30 September 2012 amounted to 25.822 million Euros (5.3% of turnover), up 29.5% compared to 19.945 million Euros (4.6% of turnover) as at 30 September 2011.

EBIT for the quarter was equal to 4.919 million Euros (3.3% of turnover), up 13.5% compared to 4.332 million (2.8% of turnover) for the third quarter of 2011. Cumulative EBIT as at 30 September 2012 amounted to 16.885 million Euros (3.5% of turnover), up 53.9 million Euros compared to 10.973 million Euros (2.5% of turnover) as at 30 September 2011.

Net profit also benefited from the improvement in profitability, with cumulative profit going up from 1.062 million Euros (0.2% of turnover) as at 30 September to 4.734 million Euros (1.0% of turnover) as at 30 September 2012.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012 - QUARTER ANALYSIS
DRIVELINES BU – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2012	%	3rd Quarter 2011	%	Changes 3Q 2012 3Q 2011
REVENUES FROM SALES	147,823	100.00%	153,881	100.00%	-3.94%
Purchases of goods and materials (net of changes in inventories)	-100,941	-68.29%	- 106,029	-68.90%	-4.80%
Services and Use of third-party goods and services	-21,419	-14.49%	- 24,350	-15.82%	-12.04%
Personnel costs	-17,585	-11.90%	- 16,111	-10.47%	9.15%
Amortisation, depreciation and impairment of assets	-3,282	-2.22%	- 2,988	-1.94%	9.84%
Provisions for risks	-1,058	-0.72%	- 1,312	-0.85%	-19.36%
Other income and expenses	977	0.66%	1,086	0.71%	-10.04%
Internal construction	404	0.27%	155	0.10%	
OPERATING COSTS	-142,904	-96.67%	- 149,549	-97.18%	-4.44%
OPERATING PROFIT/(LOSS) (EBIT)	4,919	3.33%	4,332	2.82%	13.55%
Other financial income	579	0.39%	38	0.02%	
Financial costs and expenses	-2,797	-1.89%	- 2,776	-1.80%	
Net gains/(losses) on foreign exchange	-8	-0.01%	- 502	-0.33%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-2,226	-1.51%	- 3,240	-2.11%	-31.30%
PROFIT/(LOSS) BEFORE TAXES	2,693	1.82%	1,092	0.71%	
Current and deferred income taxes	-1,862	-1.26%	- 817	-0.53%	
NET PROFIT/(LOSS)	831	0.56%	275	0.18%	
Profit/(loss) pertaining to minorities	-	0.00%	- 1	0.00%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	831	0.56%	274	0.18%	
EBITDA	7,977	5.40%	7,305	4.75%	9.20%

SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012
DRIVELINES BU – DRIVE TECH

<i>(amounts in Euro thousands)</i>	30.09.12	%	31.12.11	%	30.09.11	%	Changes	
							30.09.12	30.09.11
REVENUES FROM SALES	484,308	100.00%	605,775	100.00%	433,762	100.00%	50,546	11.65%
Purchases of goods and materials (net of changes in inventories)	331,980	-68.55%	-414,385	-68.41%	- 297,034	-68.48%	-34,946	11.76%
Services and Use of third-party goods and services	-71,651	-14.79%	-92,165	-15.21%	- 66,753	-15.39%	-4,898	7.34%
Personnel costs	-54,621	-11.28%	-65,760	-10.86%	- 48,392	-11.16%	-6,229	12.87%
Amortisation, depreciation and impairment of assets	-9,567	-1.98%	-12,250	-2.02%	- 9,195	-2.12%	-372	4.05%
Provisions for risks	-3,527	-0.73%	-3,262	-0.54%	- 3,853	-0.89%	326	-8.46%
Other income and expenses	2,939	0.61%	2,367	0.39%	1,889	0.44%	1,050	55.58%
Internal construction	984	0.20%	732	0.12%	549	0.13%	435	79.23%
OPERATING COSTS	-467,423	-96.51%	-584,723	-96.52%	- 422,789	-97.47%	-44,634	10.56%
OPERATING PROFIT/(LOSS) (EBIT)	16,885	3.49%	21,052	3.48%	10,973	2.53%	5,912	53.88%
Income from equity investments	-	0.00%	13	0.00%	-	-	-	-
Other financial income	1,190	0.25%	198	0.03%	82	0.02%	1,108	-
Financial costs and expenses	-8,854	-1.83%	-10,200	-1.68%	- 7,542	-1.74%	-1,312	17.40%
Net gains/(losses) on foreign exchange	679	0.14%	-1,304	-0.22%	- 719	-0.17%	1,398	-
GAINS/(LOSSES) ON FINANCIAL ASSETS	-6,985	-1.44%	-11,293	-1.86%	- 8,179	-1.89%	1,194	-38.15%
			9,759	1.61%				
PROFIT/(LOSS) BEFORE TAXES	9,900	2.04%	9,759	1.61%	2,794	0.64%	7,106	
Current and deferred income taxes	-5,168	-1.07%	-6,308	-1.04%	- 1,750	-0.40%	-3,418	
NET PROFIT/(LOSS)	4,732	0.98%	3,451	0.57%	1,044	0.24%	3,688	
Profit/(loss) pertaining to minorities	2	0.00%	19	0.00%	18	0.00%	-16	-88.89%
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	4,734	0.98%	3,470	0.57%	1,062	0.24%	3,672	
EBITDA	25,822	5.33%	32,996	5.45%	19,945	4.60%	5,877	29.47%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30.09.2012 DRIVELINES BU – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Property, plant and equipment	79,725	77,564	78,439
Intangible fixed assets	26,102	24,951	22,134
Real estate investments	15	16	14
Holdings in subsidiaries and associates	-	-	151
Financial assets	3,552	4,261	3,466
Deferred tax assets	15,180	15,003	16,930
Trade receivables and other receivables	3,628	1,390	2,265
NON-CURRENT ASSETS	128,202	123,185	123,399
Closing inventory	111,467	132,744	129,159
Trade receivables and other receivables	119,958	129,309	112,435
Financial assets	2,534	2,151	1,298
Cash and cash equivalents	28,471	32,123	25,689
CURRENT ASSETS	262,430	296,327	268,581
TOTAL ASSETS	390,632	419,512	391,980
Share Capital	23,817	23,817	23,817
Reserves	15,447	12,560	11,837
Foreign currency translation reserve	-6,594	-4,843	-5,503
Profit/(Loss) for the period	4,734	3,470	1,062
Minority interests	-1	1	2
SHAREHOLDERS' EQUITY	37,403	35,005	31,215
Financial liabilities	12,760	14,045	10,923
Trade payables and other payables	15	41	492
Deferred tax liabilities	2,528	2,081	2,514
Provision for severance indemnity and retirement benefits	9,916	9,615	9,597
Provisions for risks and liabilities	2,037	1,724	1,266
NON-CURRENT LIABILITIES	27,256	27,506	24,792
Financial liabilities	150,705	120,105	118,118
Trade payables and other payables	160,913	224,599	207,388
Current taxes payables	7,499	6,296	3,154
Provisions for risks and liabilities	6,856	6,001	7,313
CURRENT LIABILITIES	325,973	357,001	335,973
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	390,632	419,512	391,980

CASH FLOW AS AT 30.09.2012 DRIVELINES BU – DRIVE TECH

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Opening Net Financial Position	-95,869	-124,883	- 124,883
<i>Group profit/(loss)</i>	<i>4,734</i>	<i>3,470</i>	<i>1,062</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>-2</i>	<i>-19</i>	<i>- 18</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>8,937</i>	<i>11,944</i>	<i>8,972</i>
Cash flow before Net Working Capital	13,669	15,395	10,016
Change in Net Working Capital	-38,767	27,586	19,846
Investments in fixed assets	-13,137	-12,335	- 8,200
Disinvestments in fixed assets	322	4,920	4,309
Operating Free Cash Flow	-37,913	35,566	25,971
Other operating flows	5,950	-6,096	1,448
Other investing flows	566	1,322	2,564
Other equity flows	-	-1,178	- 3,161
Free Cash Flow	-33,731	29,014	26,822
Closing Net Financial Position	-129,600	-95,869	- 98,061

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2012
DRIVELINES BU – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Trade Receivables	81,642	85,306	76,977
Inventory	111,467	132,744	129,159
Trade Payables	- 147,210	- 210,918	- 191,264
Net Working Capital (NWC)	45,899	7,132	14,872

Components Business Unit

Gear World

The Components Business Unit performed well in the first nine months of 2012, with better results compared to the same period of the previous year, despite a marked downturn in volumes recorded in the last quarter resulting in a total turnover lower than that of the same period in 2011.

Turnover for the third quarter of 2012 amounted to 38.964 million Euros compared to 47.977 million Euros for the third quarter of 2011. Total consolidated revenues as at 30 September 2012 amounted to 138.231 million Euros, down 3.3% compared to the same period of the previous year (142.960 million Euros).

Turnover from third party clients, accounting for 72.4% of total turnover, stood at 100.041 million Euros, up 4.2% compared to 96.005 million Euros for the previous year. Sales to the Carraro Group, accounting for 27.6% of turnover, stood at 38.190 million Euros, down 18.7% compared to 46.995 million Euros for the previous year.

Analysis of turnover from third party clients by geographical segment showed a highly fluctuating demand, particularly in the third quarter of 2012. While North American and Indian markets increased sales volumes in the third quarter, the Chinese and South American markets reversed the trend of the first half of 2012.

As at 30 September 2012, foreign turnover of the Business Unit accounted for 65.2% of total turnover, compared to 63.3% as at 30 September 2011.

In terms of application sectors, the increase in demand from third party clients was more evident in the Automotive and Material handling markets, and, to a lesser extent, in the Construction Equipment market, whilst it was down in the Agricultural and Power Tool & Gardening segments. The Renewable Energies market, with gears for wind energy applications, remained at the previous year's levels, well below production capacity.

As regards margins, the trend was positive compared to the first nine months of 2011; actions to make production processes leaner increased variable margins for the third consecutive quarter, considerably offsetting the fall in volumes recorded in the third quarter of 2012.

EBITDA for the third quarter was equal to 3.523 million Euros (9.0% of turnover) compared to 3.938 million Euros (8.2% of turnover) for the third quarter of 2011. Cumulative EBITDA was equal to 13.912 million Euros (10.1% of turnover), up 14.1% compared to 12.194 million Euros (8.5% of turnover) in 2011.

EBIT for the third quarter was equal to 21 thousand Euros (0.1% of turnover) compared to 248 thousand Euros (0.5% of turnover) for the third quarter of 2011. EBIT as at 30 September 2012 was positive amounting to 3.373 million Euros (2.4% of turnover) which is an improvement on the 1.354 million Euros (0.9% of turnover) recorded for the same period in 2011.

Despite reporting a loss, net profit/(loss) for the third quarter of 2012 improved over the third quarter of 2011, from a negative value of 1.504 million Euros (3.1% of turnover) to a negative value of 1.417 million Euros (3.6% of turnover) due, as mentioned previously, to operating margins continually on the increase. For the same reasons, net profit/(loss) as at 30 September 2012 improved compared to 30 September 2011, reducing the loss of 2.813 million Euros (equal to -2.0% of turnover) to 1.769 million Euros (-1.3% of turnover). Taxes and other financial expenses had a considerable impact; financial expenses as at 30 September 2012 amounted to 3.425 million Euros (2.5% of turnover) compared to 3.111 million Euros (2.2% of turnover) for the same period of 2011.

The net financial position recorded a negative value of 94.414 million Euros as at 30 September 2012, and was basically stable compared to 92.692 million Euros as at 31 December 2011.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012 - QUARTER ANALYSIS
COMPONENTS BU – GEARWORLD**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2012	%	3rd Quarter 2011	%	Changes
					3Q 2012 3Q 2011
REVENUES FROM SALES	38,964	100.00%	47,977	100.00%	-18.79%
Purchases of goods and materials (net of changes in inventories)	-18,385	-47.18%	- 23,673	-49.34%	-22.34%
Services and Use of third-party goods and services	-8,584	-22.03%	- 11,884	-24.77%	-27.77%
Personnel costs	-8,732	-22.41%	- 8,583	-17.89%	1.74%
Amortisation, depreciation and impairment of assets	-3,513	-9.02%	- 3,690	-7.69%	-4.80%
Provisions for risks	-151	-0.39%	- 106	-0.22%	42.45%
Other income and expenses	298	0.76%	103	0.21%	
Internal construction	124	0.32%	104	0.22%	19.23%
OPERATING COSTS	-38,943	-99.95%	- 47,729	-99.48%	-18.41%
OPERATING PROFIT/(LOSS) (EBIT)	21	0.05%	248	0.52%	-91.53%
Other financial income	55	0.14%	41	0.09%	-34.15%
Financial costs and expenses	-1,093	-2.81%	- 1,182	-2.46%	-7.53%
Net gains/(losses) on foreign exchange	-174	-0.45%	- 282	-0.59%	-38.30%
GAINS/(LOSSES) ON FINANCIAL ASSETS	-1,212	-3.11%	- 1,423	-2.97%	-14.83%
PROFIT/(LOSS) BEFORE TAXES	-1,191	-3.06%	- 1,175	-2.45%	1.36%
Current and deferred income taxes	-285	-0.73%	- 335	-0.70%	-14.92%
NET PROFIT/(LOSS)	-1,476	-3.79%	- 1,510	-3.15%	-2.25%
Profit/(loss) pertaining to minorities	59	0.15%	6	0.01%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	-1,417	-3.64%	- 1,504	-3.13%	-5.78%
EBITDA	3,523	9.04%	3,938	8.21%	-10.54%

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012
COMPONENTS BU – GEAR WORLD**

<i>(amounts in Euro thousands)</i>	30.09.12	%	31.12.11	%	30.09.11	%	Changes 30.09.12 - 30.09.11	
REVENUES FROM SALES	138,231	100.00%	191,955	100.00%	142,960	100.00%	-4,730	-3.31%
Purchases of goods and materials (net of changes in inventories)	-64,482	-46.65%	-91,209	-47.52%	-66,919	-46.81%	2,437	-3.64%
Services and Use of third-party goods and services	-31,167	-22.55%	-47,245	-24.61%	-36,044	-25.21%	4,879	-13.53%
Personnel costs	-28,913	-20.92%	-37,089	-19.32%	-28,020	19.60%	-893	3.19%
Amortisation, depreciation and impairment of assets	-10,580	-7.65%	-14,490	-7.55%	-10,854	-7.59%	275	-2.52%
Provisions for risks	-371	-0.27%	-453	-0.24%	-309	-0.22%	-62	20.06%
Other income and expenses	314	0.23%	574	0.30%	245	0.17%	69	28.16%
Internal construction	341	0.25%	385	0.20%	295	0.21%	46	15.59%
OPERATING COSTS	-134,858	-97.56%	-189,527	-98.74%	-141,606	-99.05%	6,748	-4.77%
OPERATING PROFIT/(LOSS) (EBIT)	3,373	2.44%	2,428	1.26%	1,354	0.95%	2,019	
Other financial income	163	0.12%	167	0.09%	95	0.07%	68	71.58%
Financial costs and expenses	-3,588	-2.60%	-4,463	-2.33%	-3,206	-2.24%	-382	11.91%
Net gains/(losses) on foreign exchange	-435	-0.31%	-892	-0.46%	-795	-0.56%	360	-45.28%
Value adjustments of financial assets	-	0.00%	-2	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-3,860	-2.79%	-5,190	-2.70%	-3,906	-2.73%	46	-1.18%
PROFIT/(LOSS) BEFORE TAXES	-487	-0.35%	-2,762	-1.44%	-2,552	-1.79%	2,065	-80.92%
Current and deferred income taxes	-1,155	-0.84%	2,432	1.27%	-178	-0.12%	-977	
NET PROFIT/(LOSS)	-1,642	-1.19%	-330	-0.17%	-2,730	-1.91%	1,088	-39.85%
Profit/(loss) pertaining to minorities	-127	-0.09%	-443	-0.23%	-83	-0.06%	-44	53.01%
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	-1,769	-1.28%	-773	-0.40%	-2,813	-1.97%	1,044	-37.11%
EBITDA	13,912	10.06%	16,859	8.78%	12,194	8.53%	1,718	14.09%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2012
COMPONENTS BU – GEAR WORLD**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Property, plant and equipment	90,729	95,679	96,083
Intangible fixed assets	23,046	23,722	23,951
Real estate investments	155	155	155
Holdings in subsidiaries and associates	-	-	-
Financial assets	2,068	2,068	3,123
Deferred tax assets	3,655	3,615	2,816
Trade receivables and other receivables	408	415	388
NON-CURRENT ASSETS	120,061	125,654	126,516
Closing inventory	30,072	34,280	36,345
Trade receivables and other receivables	32,144	40,621	45,819
Financial assets	1,782	1,849	2,103
Cash and cash equivalents	6,133	11,851	4,419
CURRENT ASSETS	70,131	88,601	88,686
TOTAL ASSETS	190,192	214,255	215,202
Share Capital	35,084	35,084	35,084
Reserves	-4,855	-4,011	- 4,588
Foreign currency translation reserve	438	375	134
Profit/(Loss) for the period	-1,769	-773	- 2,813
Minority interests	3,859	3,737	3,885
SHAREHOLDERS' EQUITY	32,757	34,412	31,702
Financial liabilities	25,364	30,884	72,771
Trade payables and other payables	6	5	4
Deferred tax liabilities	3,474	3,237	5,136
Provision for severance indemnity and retirement benefits	4,852	4,894	4,992
Provisions for risks and liabilities	67	175	130
NON-CURRENT LIABILITIES	33,763	39,195	83,033
Financial liabilities	79,263	77,712	32,981
Trade payables and other payables	41,965	59,865	64,966
Current taxes payables	1,038	1,139	975
Provisions for risks and liabilities	1,406	1,932	1,545
CURRENT LIABILITIES	123,672	140,648	100,467
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	190,192	214,255	215,202

CASH FLOW AS AT 30.09.2012 COMPONENTS BU – GEAR WORLD

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Opening Net Financial Position	-92,692	-97,689	- 97,689
<i>Group profit/(loss)</i>	<i>-1,769</i>	<i>-773</i>	<i>- 2,813</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>127</i>	<i>443</i>	<i>83</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>10,539</i>	<i>14,431</i>	<i>10,840</i>
Cash flow before Net Working Capital	8,897	14,101	8,110
Change in Net Working Capital	-9,023	2,189	- 709
Investments in fixed assets	-5,169	-9,835	- 7,009
Disinvestments in fixed assets	438	799	753
Operating Free Cash Flow	-4,858	7,252	1,145
Other operating flows	3,331	-3,051	- 450
Other investing flows	-181	1,302	1,478
Other equity flows	-13	-508	- 818
Free Cash Flow	-1,722	4,997	1,355
Closing Net Financial Position	-94,414	-92,692	- 96,334

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2012
COMPONENTS BU – GEAR WORLD**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Trade Receivables	27,918	33,044	37,361
Inventory	30,072	34,280	36,345
Trade Payables	- 34,445	-52,802	- 56,286
Net Working Capital (NWC)	23,545	14,522	17,420

Vehicles Business Unit

Carraro Divisione Agritalia

Agritalia closed the third quarter of 2012 with a turnover of 22.278 million Euros, up 23.4% compared to 18.054 million Euros for the third quarter of 2011. This was due to the recovery in delivery delays caused by some strategic suppliers based in areas affected by the earthquake in Emilia Romagna in May having to stop supplies.

Cumulative turnover as at 30 September 2012, equal to 71.532 million Euros (2,768 John Deere, Massey Ferguson and Claas brand tractors sold, and revenues of 1.729 million Euros from engineering projects) increased by 11.0% compared to 64.433 million Euros (2,641 tractors sold and revenues of 426 thousand Euros from engineering projects) as at 30 September 2011, benefiting from a more accentuated seasonal demand. Analysis of the orders portfolio however shows a slowdown in demand in the last quarter of the year, with estimates of 2012 turnover in line with figures for the previous year.

The breakdown in turnover by geographical segment shows that foreign sales accounted for 93.4% of the Business Unit's total turnover, up 12.8% compared to the first nine months of 2011.

Activities continued during the period to make the internal production organisation leaner, with tangible effects on the variable margin, which went up from 2.151 million Euros (11.9% of turnover) to 3.315 million Euros (14.9% of turnover) in the quarter, and from 8.022 million Euros (12.4% of turnover) to 10.052 million Euros (14.0% of turnover) in the nine months.

EBITDA for the third quarter was equal to 870 thousand Euros (3.9% of turnover) compared to 164 thousand Euros (0.9% of turnover) for the third quarter of 2011. Cumulative EBITDA as at 30 September 2012 improved by 24.9% compared to the same period of the previous year, from 1.584 million Euros (2.5% of turnover) to 1.978 million Euros (2.8% of turnover).

EBIT for the third quarter was equal to 589 thousand Euros (2.6% of turnover) compared to a negative value of 138 thousand Euros (-0.8% of turnover). Cumulative EBIT as at 30 September 2012 improved by 66.0% compared to the same period of the previous year, from 689 thousand Euros (1.1% of turnover) to 1.144 million Euros (1.6% of turnover).

Net profit/(loss) as at 30 September was equal to 995 thousand Euros (1.4% of turnover), compared to 201 thousand Euros (0.3% of turnover) in the same period of the previous year.

The net financial position as at 30 September 2012 recorded a positive value of 9.022 million Euros compared to 11.083 as at 31 December 2011. The change in the exposure was mainly due to the trend of working capital.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012 - QUARTER ANALYSIS
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2012	%	3rd Quarter 2011	%	Changes 3Q 2012 3Q 2011
REVENUES FROM SALES	22,278	100.00%	18,054	100.00%	23.40%
Purchases of goods and materials (net of changes in inventories)	-16,695	-74.94%	- 13,636	-75.53%	22.43%
Services and Use of third-party goods and services	-2,001	-8.98%	- 1,807	-10.01%	10.74%
Personnel costs	-2,448	-10.99%	- 2,205	-12.21%	11.02%
Amortisation, depreciation and impairment of assets	-282	-1.27%	- 304	-1.68%	-7.24%
Provisions for risks	-253	-1.14%	- 297	-1.65%	-14.81%
Other income and expenses	-10	-0.04%	58	0.32%	
OPERATING COSTS	-21,689	-97.36%	- 18,191	-100.76%	19.23%
OPERATING PROFIT/(LOSS) (EBIT)	589	2.64%	- 137	-0.76%	
Other financial income	12	0.05%	-	0.00%	
Financial costs and expenses	-42	-0.19%	- 5	-0.03%	
Net gains/(losses) on foreign exchange	8	0.04%	- 14	-0.08%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-22	-0.10%	- 19	-0.11%	15.79%
PROFIT/(LOSS) BEFORE TAXES	567	2.55%	- 156	-0.86%	
Current and deferred income taxes	-69	-0.31%	- 29	-0.16%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	498	2.24%	- 185	-1.02%	
EBITDA	870	3.91%	164	0.91%	

SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012 VEHICLES BU – AGRITALIA

<i>(amounts in Euro thousands)</i>	30.09.12	%	31.12.11	%	30.09.11	%	Changes 30.09.12 30.09.11	
REVENUES FROM SALES	71,532	100.00%	89,303	100.00%	64,433	100.00%	7,099	11.02%
Purchases of goods and materials (net of changes in inventories)	-53,439	-74.71%	-67,217	-75.27%	-48,649	-75.50%	-4,790	9.85%
Services and Use of third-party goods and services	-6,791	-9.49%	-7,730	-8.66%	-5,669	-8.80%	-1,122	19.79%
Personnel costs	-8,401	-11.74%	-10,235	-11.46%	-7,690	-11.93%	-711	9.25%
Amortisation, depreciation and impairment of assets	-840	-1.17%	-1,216	-1.36%	-908	-1.41%	68	-7.49%
Provisions for risks	-1,019	-1.42%	-1,245	-1.39%	-900	-1.40%	-119	13.22%
Other income and expenses	102	0.14%	136	0.15%	86	0.13%	16	18.60%
Internal construction	-	0.00%	-13	-0.01%	-13	-0.02%	13	-100.00%
OPERATING COSTS	-70,388	-98.40%	-87,520	-98.00%	-63,743	-98.93%	-6,645	10.42%
OPERATING PROFIT/(LOSS) (EBIT)	1,144	1.60%	1,783	2.00%	690	1.07%	454	65.80%
Other financial income	36	0.05%	191	0.21%	-	0.00%	36	
Financial costs and expenses	-44	-0.06%	-20	-0.02%	-19	-0.03%	-25	
Net gains/(losses) on foreign exchange	7	0.01%	1	0.00%	2	0.00%	5	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-1	0.00%	172	0.19%	-17	-0.03%	16	-94.12%
PROFIT/(LOSS) BEFORE TAXES	1,143	1.60%	1,955	2.19%	673	1.04%	470	69.84%
Current and deferred income taxes	-148	-0.21%	-962	-1.08%	-471	-0.73%	323	-68.58%
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	995	1.39%	993	1.11%	202	0.31%	793	
EBITDA	1,978	2.77%	2,981	3.34%	1,584	2.46%	394	24.87%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2012
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Property, plant and equipment	12,224	12,306	12,195
Intangible fixed assets	351	450	480
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,684	2,619	2,676
Trade receivables and other receivables	5	8	6
NON-CURRENT ASSETS	15,264	15,383	15,357
Closing inventory	13,309	13,041	13,985
Trade receivables and other receivables	4,924	6,214	6,320
Financial assets	14	4	5
Cash and cash equivalents	9,020	11,131	3,496
CURRENT ASSETS	27,267	30,390	23,806
TOTAL ASSETS	42,531	45,773	39,163
Share Capital	-	-	-
Reserves	8,055	7,061	7,064
Profit/(Loss) for the period	995	993	202
SHAREHOLDERS' EQUITY	9,050	8,054	7,266
Financial liabilities	-	-	-
Trade payables and other payables	-	-	-
Deferred tax liabilities	69	69	69
Provision for severance indemnity and retirement benefits	1,079	1,103	1,113
Provisions for risks and liabilities	533	399	399
NON-CURRENT LIABILITIES	1,681	1,571	1,581
Financial liabilities	12	48	-
Trade payables and other payables	29,452	33,948	28,467
Current taxes payables	9	-	- 31
Provisions for risks and liabilities	2,327	2,152	1,880
CURRENT LIABILITIES	31,800	36,148	30,316
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42,531	45,773	39,163

CASH FLOW AS AT 30.09.2012 VEHICLES BU – AGRITALIA

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Opening Net Financial Position	11,083	-3,615	- 3,615
<i>Group profit/(loss)</i>	<i>995</i>	<i>993</i>	<i>202</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>834</i>	<i>1,198</i>	<i>894</i>
Cash flow before Net Working Capital	1,829	2,191	1,096
Change in Net Working Capital	-3,057	12,028	5,854
Investments in fixed assets	-665	-806	- 419
Disinvestments in fixed assets	11	38	21
Operating Free Cash Flow	-1,882	13,451	6,552
Other operating flows	-181	1,258	553
Other investing flows	1	3	18
Other equity flows	1	-14	- 11
Free Cash Flow	-2,061	14,698	7,112
Closing Net Financial Position	9,022	11,083	3,497

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2012
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Trade Receivables	5,131	6,892	6,552
Inventory	13,309	13,041	13,985
Trade Payables	- 27,716	- 32,266	- 26,696
Net Working Capital (NWC)	- 9,276	-12,333	- 6,159

Electronics Business Unit

Elettronica Santerno

The renewable energy sector is still heavily dependent on incentive policies adopted by individual countries. While most foreign governments have adopted incentive policies to boost development of the renewable energies market and the photovoltaic sector in particular, the legal framework in Italy has stopped growth in these sectors. In a context where the domestic market accounted for 90% of Elettronica Santerno's turnover, this aspect has drastically decreased sales volumes.

With these changed market dynamics, Elettronica Santerno has continued to expand its sales network abroad, to consolidate its presence on international markets and focus above all on North America, China, India and South Africa. In addition, it is successfully continuing the process to achieve certification necessary to operate on single markets.

Energy management

Photovoltaics

In this framework, declining demand on the domestic market has led to a drastic decrease in the sales volumes of all industry operators in 2012. The publication in July of the decree relative to the *Quinto Conto Energia* (5th feed-in tariff system) further reduced investments in the sector, with an ensuing drop in sales prices which are currently far lower compared to 2011.

The Electronics Business Unit is stepping up its presence on foreign markets: besides being awarded two important contracts in the United States (the world's largest plant under construction, equal to 155 MWac) and South Africa (80 MWac) respectively, it has numerous negotiations underway in North America, India and China. This is the best result possible from the intense business operations undertaken in the last year to shift the focus of the Business Unit from the domestic to the international and in particular the non-European market.

Industrial applications

Elettronica Santerno has maintained its prospects for growth on foreign markets, while the Italian market has marked a slight fall in demand, because of the general crisis affecting the Italian economy. The first nine months of 2012 closed with a turnover slightly down on the same period of 2011.

Initial supplies within the oil sector in the North-American market (applications destined for Pump Jack for energy recovery in extraction systems) give rise to growth opportunities which are decidedly profitable in such a vast market.

Based on the above, the first nine months of 2012 closed with results considerably lower compared to the same period in 2011. In this context, Elettronica Santerno launched a programme back in the first quarter to cut costs and streamline its structure. It is continuing research and development however, which are instrumental in launching new products and penetrating new markets. The benefits of these actions could already be seen in the second half of 2012, where the break-even point for the BU referred to a turnover far lower than that at the start of the year.

Turnover for the third quarter amounted to 11.782 million Euros down 64.4% compared to 33.069 million Euros for the third quarter of 2011. Cumulative turnover as at 30 September 2012 was equal to 39.860 million Euros, down 61.9% compared to 104.554 million Euros as at 30 September 2011.

EBITDA for the third quarter of 2012 was negative by 112 thousand Euros (-1.0% of turnover) compared to a positive value of 3.547 million Euros (10.7% of turnover) for the third quarter of 2011. Cumulative EBITDA as at 30 September 2012 was negative amounting to 3.130 million Euros (-7.8% of turnover) compared to a positive value of 16.234 million Euros (15.5% of turnover) as at 30 September 2011.

Interim Report on Operations as at 30 September 2012

EBIT for the third quarter of 2012 was negative by 715 thousand Euros (-6.1% of turnover) compared to a positive balance of 2.940 million Euros (8.9% of turnover) for the third quarter of 2011. EBIT as at 30 September 2012 was negative amounting to 4.944 million Euros (-12.4% of turnover) compared to a positive balance of 14.442 million Euros (13.8% of turnover) as at 30 September 2011.

As at 30 September 2012, a net loss of 5.518 million Euros (-13.8 % of turnover) was recorded, compared to a profit of 8.662 million Euros (8.3% of turnover) for the same period of 2011.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012 - QUARTER ANALYSIS
ELECTRONICS BU – ELETTRONICA SANTERNO**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2012	%	3rd Quarter 2011	%	Changes 3Q 2012 3Q 2011
REVENUES FROM SALES	11,782	100.00%	33,069	100.00%	-64.37%
Purchases of goods and materials (net of changes in inventories)	-6,143	-52.14%	- 17,834	-53.93%	-65.55%
Services and Use of third-party goods and services	-2,770	-23.51%	- 8,391	-25.37%	-66.99%
Personnel costs	-2,665	-22.62%	- 3,693	-11.17%	-27.84%
Amortisation, depreciation and impairment of assets	-775	-6.58%	- 607	-1.84%	27.68%
Provisions for risks	-267	-2.27%	- 430	-1.30%	-37.91%
Other income and expenses	-623	-5.29%	19	0.06%	
Internal construction	746	6.33%	807	2.44%	-7.56%
OPERATING COSTS	-12,497	-106.07%	- 30,129	-91.11%	-58.52%
OPERATING PROFIT/(LOSS) (EBIT)	-715	-6.07%	2,940	8.89%	
Other financial income	19	0.16%	23	0.07%	-17.39%
Financial costs and expenses	-167	-1.42%	- 179	-0.54%	-6.70%
Net gains/(losses) on foreign exchange	-164	-1.39%	- 344	-1.04%	-52.32%
GAINS/(LOSSES) ON FINANCIAL ASSETS	-312	-2.65%	- 500	-1.51%	-37.60%
PROFIT/(LOSS) BEFORE TAXES	-1,027	-8.72%	2,440	7.38%	
Current and deferred income taxes	461	3.91%	- 1,247	-3.77%	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	-566	-4.80%	1,193	3.61%	
EBITDA	- 112	-0.95%	3,547	10.73%	

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2012
ELECTRONICS BU – ELETTRONICA SANTERNO**

<i>(amounts in Euro thousands)</i>	30.09.12	%	31.12.11	%	30.09.11	%	Changes 30.09.12 30.09.11	
REVENUES FROM SALES	39,860	100.00%	124,981	100.00%	104,554	100.00%	-64,694	-61.88%
Purchases of goods and materials (net of changes in inventories)	-22,505	-56.46%	-67,925	-54.35%	- 53,728	-51.39%	31,223	-58.11%
Services and Use of third-party goods and services	-10,877	-27.29%	-26,444	-21.16%	- 22,165	-21.20%	11,288	-50.93%
Personnel costs	-8,787	-22.04%	-15,364	-12.29%	- 11,701	-11.19%	2,914	-24.90%
Amortisation, depreciation and impairment of assets	-2,186	-5.48%	-3,298	-2.64%	- 2,071	-1.98%	-115	5.55%
Provisions for risks	-999	-2.51%	-2,607	-2.09%	- 1,764	-1.69%	765	-43.37%
Other income and expenses	-919	-2.31%	1,475	1.18%	308	0.29%	-1,227	
Internal construction	1,469	3.69%	2,645	2.12%	1,009	0.97%	460	45.59%
OPERATING COSTS	-44,804	-112.40%	-111,518	-89.23%	- 90,112	-86.19%	45,308	-50.28%
OPERATING PROFIT/(LOSS) (EBIT)	-4,944	-12.40%	13,463	10.77%	14,442	13.81%	-19,386	
Other financial income	70	0.18%	221	0.18%	186	0.18%	-116	-62.37%
Financial costs and expenses	-530	-1.33%	-576	-0.46%	- 369	-0.35%	-161	43.63%
Net gains/(losses) on foreign exchange	-362	-0.91%	-417	-0.33%	- 337	-0.32%	-25	7.42%
GAINS/(LOSSES) ON FINANCIAL ASSETS	-822	-2.06%	-772	-0.62%	- 520	-0.50%	-302	58.08%
PROFIT/(LOSS) BEFORE TAXES	-5,766	-14.47%	12,691	10.15%	13,922	13.32%	-19,688	
Current and deferred income taxes	248	0.62%	-5,130	-4.10%	- 5,260	-5.03%	5,508	
BUSINESS UNIT CONSOLI- DATED PROFIT/(LOSS)	-5,518	-13.84%	7,561	6.05%	8,662	8.28%	-14,180	
EBITDA	- 3,130	-7.85%	15,888	12.71%	16,234	15.53%	-19,364	

SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2012
ELECTRONICS BU – ELETTRONICA SANTERNO

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Property, plant and equipment	5,849	5,622	5,344
Intangible fixed assets	29,400	29,181	28,144
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,994	3,014	2,106
Trade receivables and other receivables	216	216	237
NON-CURRENT ASSETS	38,459	38,033	35,831
Closing inventory	19,084	21,563	27,513
Trade receivables and other receivables	26,784	37,010	36,698
Financial assets	66	158	78
Cash and cash equivalents	1,804	8,912	8,809
CURRENT ASSETS	47,738	67,643	73,098
TOTAL ASSETS	86,197	105,676	108,929
Share Capital	2,500	2,500	2,500
Reserves	45,418	37,720	37,885
Foreign currency translation reserve	121	87	71
Profit/(Loss) for the period	-5,518	7,561	8,662
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	42,521	47,868	49,118
Financial liabilities	-23	-	-
Trade payables and other payables	-	-	54
Deferred tax liabilities	9	-	-5
Provision for severance indemnity and retirement benefits	537	594	614
Provisions for risks and liabilities	80	600	97
NON-CURRENT LIABILITIES	603	1,194	760
Financial liabilities	10,082	7,654	5,248
Trade payables and other payables	29,879	44,842	48,645
Current taxes payables	957	960	2,322
Provisions for risks and liabilities	2,155	3,158	2,836
CURRENT LIABILITIES	43,073	56,614	59,051
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	86,197	105,676	108,929

CASH FLOW AS AT 30.09.2012 ELECTRONICS BU – ELETTRONICA SANTERNO

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Opening Net Financial Position	1,583	26,680	26,680
<i>Group profit/(loss)</i>	<i>-5,518</i>	<i>7,561</i>	<i>8,662</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>1,814</i>	<i>2,425</i>	<i>1,792</i>
Cash flow before Net Working Capital	-3,704	9,986	10,454
Change in Net Working Capital	1,593	-10,578	- 13,986
Investments in fixed assets	-2,275	-4,210	- 2,337
Disinvestments in fixed assets	1	144	40
Operating Free Cash Flow	-4,385	-4,658	- 5,829
Other operating flows	-5,562	-10,091	- 7,192
Other investing flows	14	-18,051	- 17,872
Declared dividends		-10,000	
Other equity flows	171	17,703	7,852
Free Cash Flow	-9,762	-25,097	- 23,041
Closing Net Financial Position	-8,179	1,583	3,639

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2012
ELECTRONICS BU – ELETTRONICA SANTERNO**

<i>(amounts in Euro thousands)</i>	30.09.12	31.12.11	30.09.11
Trade Receivables	22,438	30,641	32,947
Inventory	19,084	21,563	27,513
Trade Payables	- 25,154	- 34,243	- 39,091
Net Working Capital (NWC)	16,368	17,961	21,369

Significant events in the quarter

Nothing to report.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

As present, signs from reference markets in the mechanics segment point to a slowdown in demand, particularly on the Construction Equipment market, and its levelling out for the first few months of 2013.

A further decline is expected in the Electronics BU reference sector in the last quarter of 2012, while prospects for growth on foreign markets in 2013 remain positive.

In view of the above, the Group expects the last quarter of the year to report turnover and margins down on the previous quarter.

The Group is carefully monitoring market trends, so it may maintain a structure adequate for these dynamics.

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 Group perimeter includes 27 companies of which 15 are established and regulated in non-European Union countries, specifically in Argentina, Brazil, China, India, Russia and the United States; of these, five, 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

Enrico Carraro

Interim Report on Operations as at 30 September 2012

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

Subject: Interim Report on Operations as at 30.09.2012

The undersigned Enrico Gomiero, the Financial Reporting Officer, declares, pursuant to Section 2 of Article 154 bis of the Consolidated Finance Act, that the accounting information contained in the document in question is consistent with the accounting records.

Campodarsego, 29 October 2012

Carraro SpA
Chief Financial Officer

Enrico Gomiero