



Carraro Group

Interim Report on Operations as at 31 March 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 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 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 Internal Auditing Committee

(2) Members of the 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 31.03.2012

	31.03.2012	%	31.03.2011	%	Changes	
	€/000		€/000		31.03.2012	31.03.2011
REVENUES FROM SALES	232,582	100.00%	220,792	100.00%	11,790	5.34%
Purchases of goods and materials (net of changes in inventories)	- 140,649	-60.47%	- 127,739	-57.85%	- 12,910	-10.11%
Services and Use of third-party goods and services	- 43,194	-18.57%	- 40,079	-18.15%	- 3,115	-7.77%
Personnel costs	- 36,074	-15.51%	- 32,889	-14.90%	- 3,185	-9.68%
Amortisation, depreciation and impairment of assets	- 8,322	-3.58%	- 8,400	-3.80%	78	0.93%
Provisions for risks	- 1,987	-0.85%	- 2,365	-1.07%	378	15.98%
Other income and expenses	744	0.32%	425	0.19%	319	75.06%
Internal construction	334	0.14%	330	0.15%	4	1.21%
OPERATING COSTS	- 229,148	-98.52%	- 210,717	-95.44%	- 18,431	-8.75%
OPERATING PROFIT/(LOSS) (EBIT)	3,434	1.48%	10,075	4.56%	- 6,641	-65.92%
Income from equity investments	-		-		-	
Other financial income	645	0.28%	171	0.08%	474	
Financial costs and expenses	- 5,055	-2.17%	- 3,455	-1.56%	- 1,600	
Net gains/(losses) on foreign exchange	511	0.22%	- 721	-0.33%	1,232	
Value adjustments of financial assets	-		-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 3,899	-1.68%	- 4,005	-1.81%	106	2.65%
PROFIT/(LOSS) BEFORE TAXES	- 465	-0.20%	6,070	2.75%	- 6,535	-107.66%
Current and deferred income taxes	- 3,275	-1.41%	- 3,561	-1.61%	286	
NET PROFIT/(LOSS)	- 3,740	-1.61%	2,509	1.14%	- 6,249	-249.06%
Profit/(loss) pertaining to minorities	- 139	-0.06%	657	0.30%	- 796	
GROUP CONSOLIDATED PROFIT/(LOSS)	- 3,879	-1.67%	3,166	1.43%	- 7,045	-222.52%
EBITDA	11,340	4.88%	18,109	8.20%	- 6,769	-37.38%

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31.03.2012

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Property, plant and equipment	207,693	211,938	218,504
Intangible fixed assets	81,665	82,100	77,954
Real estate investments	710	711	707
Holdings in subsidiaries and associates	-	-	158
Financial assets	5,404	5,797	3,888
Deferred tax assets	26,200	27,515	30,460
Trade receivables and other receivables	1,533	1,582	1,523
NON-CURRENT ASSETS	323,205	329,643	333,194
Closing inventory	213,196	197,651	186,831
Trade receivables and other receivables	203,339	201,153	175,565
Financial assets	5,153	4,775	3,850
Cash and cash equivalents	63,361	100,441	52,001
CURRENT ASSETS	485,049	504,020	418,247
TOTAL ASSETS	808,254	833,663	751,441
Share Capital	23,915	23,915	23,915
Reserves	57,286	53,411	53,229
Foreign currency translation reserve	- 6,087	- 4,447	- 6,101
Profit/(Loss) for the period	- 3,879	5,036	3,166
Minority interests	11,802	11,768	10,982
SHAREHOLDERS' EQUITY	83,037	89,683	85,191
Financial liabilities	159,241	164,754	176,780
Trade payables and other payables	123	78	324
Deferred tax liabilities	5,227	5,387	8,228
Provision for severance indemnity and retirement benefits	16,955	16,978	17,899
Provisions for risks and liabilities	3,753	3,700	2,425
NON-CURRENT LIABILITIES	185,299	190,897	205,656
Financial liabilities	200,647	194,548	151,254
Trade payables and other payables	313,448	335,295	275,584
Current taxes payables	11,195	9,560	19,054
Provisions for risks and liabilities	14,628	13,680	14,702
CURRENT LIABILITIES	539,918	553,083	460,594
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	808,254	833,663	751,441

CASH FLOW AS AT 31.03.2012

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Opening Net Financial Position	- 247,505	- 271,535	- 271,535
<i>Group profit/(loss)</i>	<i>- 3,879</i>	<i>5,036</i>	<i>3,166</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>139</i>	<i>205</i>	<i>- 657</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>7,906</i>	<i>32,394</i>	<i>8,034</i>
Cash flow before Net Working Capital	4,166	37,635	10,543
Change in Net Working Capital	- 42,016	32,298	- 8,187
Investments in fixed assets	- 4,290	- 29,211	- 4,313
Disinvestments in fixed assets	49	5,851	308
Operating Free Cash Flow	- 42,091	46,573	- 1,649
Other operating flows	4,833	- 19,803	7,921
Other investing flows	1,031	2,262	4,690
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 2,906	- 5,002	- 6,762
Free Cash Flow	- 39,083	24,030	4,200
Closing Net Financial Position	- 286,588	- 247,505	- 267,335

ANALYSIS OF NET WORKING CAPITAL AS AT 31.03.2012

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Trade Receivables	137,265	133,620	131,423
Inventory	213,196	197,651	186,831
Trade Payables	- 276,584	- 299,410	- 245,908
Net Working Capital (NWC)	73,877	31,861	72,346

The first quarter of 2012 confirms the good level of growth in the main core sectors of the Group (*Construction Equipment* and Agricultural), particularly in geographies outside Europe, while the development of the renewable energy sector in foreign markets failed to offset the negative effects resulting from regulatory changes in the Italian photovoltaic market.

The Business Units operating in the mechanical sector (Drivelines BU, Components BU and Vehicles BU) confirm a positive trend in terms of both turnover and margins, thanks to consolidation of the Group's international profile, increasingly oriented towards those countries maintaining good growth levels such as India, China and South America, to the results deriving from implementation of projects aimed at increasing production efficiency and focus on product solutions with a higher level of standardisation and greater value added.

The performance of the Electronics Business Unit, in line with that achieved in the last two quarters of 2011, recorded a sharp turnaround from the first quarter of 2011 when the Italian photovoltaic market was still booming.

The continuing uncertainties arising from the non-linear application of the *New Energy Bill* and subsequent reduction of contributions to the photovoltaic sector have completely changed demand in Italy and consequently the economic results of Santerno in the period reflect this difficult situation. The start up of projects aimed at growth in foreign markets and implementation of cost containment policies, such as recourse to temporary lay-offs, only partly offset the sharp drop in profitability.

Carraro Group turnover to 31 March 2012 amounted to 232.582 million euros, an improvement (+5.34%) over the same quarter of 2011 (220.792 million euros); Business Units in the mechanical sector achieved turnover growth of 23.4%, eroded by lower sales of the Electronics BU (-71.89%).

Group consolidated EBITDA amounted to 11.340 million euros (4.9% of turnover) compared to 18.109 million euros (8.2% of turnover) in the same period of 2011. EBITDA of the mechanical Business Units as at 31 March 2012 amounts to 14.929 million euros, an increase of 69.0% compared to 8.835 million in the first quarter of 2011, while the Electronics BU generated negative EBITDA amounting to 3.145 million euros, compared to a positive value of 10.238 million euros as at 31 March 2011.

Consolidated EBIT as at 31 March 2012 amounts to 3.434 million euros (1.5 % of turnover) compared to 10.075 million euros (4.6% of turnover) recorded as at 31 March 2011. EBIT from the *core business* amounts to 8.206 million euros compared to 1.982 million euros as at 31 March 2011; Santerno EBIT is negative at -3.722 million euros whilst it was positive at 9.657 million euros in the first quarter of 2011.

The net result for the first quarter, a loss of 3.879 million euros (-1.7 % of turnover) compared with a profit of 3.166 million euros (1.4 % of turnover), is influenced by unusually high taxes for the period, equal to 3.275 million euros. The tax burden is affected by the lower allocation of deferred tax assets relating to tax losses to be carried forward and the incidence of not deductible charges for IRAP purposes.

The loss generated by Santerno as at 31 March 2012, amounting to 3.939 million euros, has significantly influenced the negative result of the Group.

As expected, volume growth in *core business* activities has resulted in an increased absorption of net working capital; it follows that the net financial position records a negative value of 286.588 million euros, compared to 247.505 million euros as at 31 December 2011.

ECONOMIC AND FINANCIAL DATA

Turnover

The Group's consolidated turnover for the first quarter of 2012 amounted to 232.582 million euros, up 5.3% compared to the turnover of the first quarter of 2011, equal to 220.792 million euros.

The following table breaks turnover down by market segment:

amounts in €/000	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31.03.2012	31.03.2011	Diff. %	31.03.2012	31.03.2011	Diff. %	31.03.2012	31.03.2011	Diff. %
DRIVELINES	164,198	131,424	24.94	159,741	127,969	24.83	4,457	3,455	29.00
COMPONENTS	51,052	44,468	14.81	35,551	30,595	16.20	15,501	13,873	11.74
VEHICLES	25,772	20,789	23.97	24,759	19,796	25.07	1,013	993	2.01
ELECTRONICS	12,166	43,287	-71.89	12,106	42,519	-71.53	60	768	-92.19
NON-ALLOCATED BUSINESS	11,178	6,774	65.01	425	-87	n.r.	10,753	6,861	56.73
TOTAL SEGMENTS	264,366	246,742	7.14	232,582	220,792	5.34	31,784	25,950	22.48
INTRA-GROUP ELIMINATIONS	- 31,784	- 25,950	22.48	-	-		-	-	
CONSOLIDATED TOTAL	232,582	220,792	5.34	232,582	220,792	5.34	31,784	25,950	22.48

The following table breaks down turnover by geographical area:

Geographical Area	31.03.2012		31.03.2011		difference % '12-'11
	amounts in €/000	%	amounts in €/000	%	
Germany	32,499	13.97	29,938	13.56	8.55
North America	22,535	9.69	21,277	9.64	5.91
United Kingdom	22,697	9.76	16,137	7.31	40.65
South America	21,910	9.42	14,918	6.76	46.87
China	17,452	7.50	13,039	5.91	33.84
France	16,619	7.15	11,934	5.41	39.26
India	15,626	6.72	10,259	4.65	52.32
Switzerland	13,558	5.83	9,118	4.13	48.69
Turkey	9,381	4.03	8,478	3.84	10.65
Poland	5,132	2.21	3,261	1.48	57.38
Other non-E.U. areas	2,991	1.29	3,279	1.49	-8.78
Other E.U. areas	14,724	6.32	12,092	5.48	21.77
Total Abroad	195,124	83.89	153,730	69.63	26.93
Italy	37,458	16.11	67,062	30.37	-44.14
Total	232,582	100.00	220,792	100.00	5.34
of which:					
Total E.U. area	129,129	55.52	140,424	63.60	-8.04
Total non-E.U. area	103,453	44.48	80,368	36.40	28.72

An analysis of turnover by geographical area shows an increasing focus of the Group on countries maintaining a good level of growth. The increase in sales to foreign areas increased by 26.93% compared to the first quarter 2011 due to the contribution of countries outside the EU (in particular India: +52.32%, South America: +46.87% and China: +33.84%) and to the solid performance of important European markets such as Germany (+8.55%), France (+39.26%) and Great Britain (+40.65%). The Business Units in the mechanical sector in the first quarter of 2012 achieved 87% of turnover in foreign markets compared to an incidence of 84% in first quarter 2011.

At 31 March 2012, sales in the Italian market only constitute 16.11% of total turnover; the reduction in volumes in this area (-44.14%) is mainly due to declining demand in the Italian photovoltaic market.

EBITDA and EBIT

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
EBITDA ⁽¹⁾	11,340	4.9	18,109	8.2	-37.4
EBIT ⁽²⁾	3,434	1.5	10,075	4.6	-66.0

(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

EBITDA in the first quarter 2012 amounts to 11.340 million euros (4.9 % of turnover) compared to 18.109 million euros (8.2% of turnover) in the same period of 2011.

EBIT as at 31 March 2012 amounts to 3.434 million euros (1.5 % of turnover) compared to 10.075 million euros (4.6% of turnover) recorded as at 31 March 2011.

Margins in quarter was down compared to same period of the previous year, mainly due to the negative performance of the Electronics BU.

The Drive Tech, Gear World and Vehicles Business Units made significant improvements over the first quarter of 2011 due to progress on *procurement* activities and optimisation of production processes.

Below is a detail of the two indices distinguishing the evolution of the *core business* (mechanical BUs) from the Electronics BU:

EBITDA	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
Drive Tech, Gear World and Vehicles BUs	14,929	6.2	8,835	4.5	+69.0
Electronics BU	-3,145	-25.9	10,238	23.7	-130.7
EBIT	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
Drive Tech, Gear World and Vehicles BUs	8,206	3.4	1,982	1.0	+314.0
Electronics BU	-3,772	-31.0	9,657	22.3	-139.1

Financial expenses

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
Financial expenses	4,410	1.9	3,284	1.5	34.3

Financial expenses in the first quarter of 2012 amount to 4.410 million euros (1.9% of turnover) compared to 3.284 million euros (1.5% of turnover) in the first quarter of 2011. The increase in financial expenses over the same period the previous year is attributable to both a higher cost of money and a higher financial exposure.

Exchange Differences

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
Exchange differences	511	0.2	- 721	-0.3	+170.9

Exchange rate differences for the first quarter of 2012, positive at 511 thousand euros, were negative at -721 thousand euros in the same period last year. The balance as at 31 March 2012 includes the effects of *mark-to-market fair value* valuation of derivative instruments to hedge exchange rate risks.

Net profit/(loss)

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
Net profit/(loss)	-3,879	-1.7	3,166	1.4	n.r.

Earnings before tax as at 31 March 2012 is negative at -465 thousand euros. Taxes for the period are unusually high, amounting to 3.275 million euros, as a result of lower allocation of deferred tax assets relating to tax losses to be carried forward and the incidence of not deductible charges for IRAP purposes. The result is a net loss for the first quarter, amounting to 3.879 million euros (-1.7 % of turnover) compared to a profit of 3.166 million euros (1.4 % of turnover)

The problems encountered by the Electronics Business Unit, previously mentioned, have also influenced the Group's net profit resulting in a deterioration compared to the first quarter 2011.

Amortisation, depreciation and impairment of fixed assets

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	% of turnover	31.03.2011	% of turnover	Diff. %
Amortisation, depreciation and impairment	7,906	3.4	8,034	3.6	-1.6

Investments

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	31.03.2011
Investments	4,290	4,313

Investments as at 31 March 2012, equal to 4.290 million euros compared to 4.313 million euros as at 31 March 2011, were focused on the development of new projects, mainly in the Drive Tech, Components and Vehicles Business Units and on plant maintenance.

Net financial position

Figures as at 31.03.2012 (amounts in €/000)

	31.03.2012	31.12.2011	31.03.2011
Net financial position*	286,588	247,505	267,335
Gearing	3.45	2.76	3.14

* 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 records a negative value of 286.588 million euros as at 31 March 2012 compared to 247.505 million euros as at 31 December 2011. The increased financial exposure in the period under review is mainly due to the negative change in net working capital due to higher production volumes in line with expectations.

PERSONNEL

Workforce trend

Figures as at 31.03.2012

	31.03.2012	31.12.2011	31.03.2011
Executives	64	65	61
Clerical staff	1,058	1,065	1,002
Factory workers	3,009	2,914	2,630
Temporary workers	261	386	320
Total	4,392	4,430	4,013

Group personnel as at 31 March 2012 consists of 4,392 employees. The total number has not changed significantly compared to 31 December 2011; analysing the individual categories shows a reduction in the number of temporary workers (-125 employees) offset by an increase in the number of factory workers (+95 employees) in particular in the factories in China and India.

When compared to the figure as at 31 March 2011 (4,013 employees) a significant increase (+379 employees) emerges due mainly to the factory workers category.

As at 31 March 2012 there are 1,990 employees (45% of the overall workforce) in Italian Group factories whilst abroad there are 2,402 employees (55% of the overall workforce).

The Electronics Business Unit as at 31 March 2012 reduced the workforce by 17 employees and made recourse in the first quarter to the temporary lay-off of 39 *full-time equivalents*.

Performance and results of the Carraro Group Business Units

Drivelines - Drive Tech Business Unit

In the first quarter 2012, the Business Unit recorded a 25.0% increase in turnover compared with the same period of the previous year, maintaining the positive growth trend in sales volumes that began in the second part of 2010 and continued throughout 2011. Demand growth is driven by a return to the pre-crisis production volumes and the *sell-out* of 2009 of the main customers.

This important result was achieved in the major target markets of the BU in Europe, especially England and Germany (for both growth is driven by *Construction Equipment*), and thanks to confirmation of markets such as Brazil (mainly agriculture), India (both agricultural and construction) and China (*Construction Equipment*). The turnover in England and Germany is focused on the local production sites of customers who in turn generate sales only partially in European markets.

Agricultural market:

Demand in the market for agricultural applications showed a positive trend in the first quarter of 2012, up 18.2% compared to the same period of 2011, confirming the signs of recovery seen in the previous fiscal year.

Driving the more favourable trend are both 4-wheel drive axles and agricultural transmissions.

In terms of geographical area, the markets that have contributed most to the growth in sales volumes are India and South America. Demand remains weak in Europe and stable in North America.

Construction Equipment Market:

The increase in sales in the construction machinery market was 41.8%, in line with the growth trend recorded in the previous quarters of 2011 and concerned all the main types of products - axles and transmissions - especially applications for backhoe loaders in which Carraro Drive Tech is a market leader and *final drives* for cranes and excavators.

As a consequence of this remarkable growth in sales, the incidence on the total turnover of the Business Unit of the CE segment exceeded 58.1%, thus growing compared to the previous reference period.

Other Markets:

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

Drive Tech maintains its position consolidated with the O&KA brand, thanks to long-standing existing business relationships and the acquisition of significant market shares.

Spare parts:

Sales of spare parts is growing, to which to the development of independent channels contributed, confirming the positive trend of previous periods.

Profitability of the BU in the first quarter of 2012 improved significantly compared to the same period in the previous year due to the positive impact of higher sales volumes, increased production efficiency and consolidation of the *supply chain*.

Interim Report on Operations as at 31 March 2012

The inflationary phenomena of 2011 - purchased components and transformation factors - were recovered almost entirely in repricing to customers; these phenomena are still in progress in the South American and Asian production areas.

SUBCONSOLIDATED INCOME STATEMENT AS AT 31.03.2012
DRIVELINES BU – CARRARO DRIVE TECH

	31.03.2012	%	31.03.2011	%	Changes	
	€/000		€/000		31.03.2012	31.03.2011
REVENUES FROM SALES	164,198	100.00%	131,373	100.00%	32,825	24.99%
Purchases of goods and materials (net of changes in inventories)	- 112,208	-68.34%	- 90,284	-68.72%	- 21,924	-24.28%
Services and Use of third-party goods and services	- 25,110	-15.29%	- 20,289	-15.44%	- 4,821	-23.76%
Personnel costs	- 17,442	-10.62%	- 14,802	-11.27%	- 2,640	-17.84%
Amortisation, depreciation and impairment of assets	- 3,219	-1.96%	- 3,131	-2.38%	- 88	-2.81%
Provisions for risks	- 1,316	-0.80%	- 1,182	-0.90%	- 134	-11.34%
Other income and expenses	792	0.48%	517	0.39%	275	53.19%
Internal construction	203	0.12%	214	0.16%	- 11	-5.14%
OPERATING COSTS	- 158,300	-96.41%	- 128,957	-98.16%	- 29,343	-22.75%
OPERATING PROFIT/(LOSS) (EBIT)	5,898	3.59%	2,416	1.84%	3,482	144.12%
Income from equity investments	-		-		-	
Other financial income	209	0.13%	14	0.01%	195	
Financial costs and expenses	- 3,044	-1.85%	- 2,144	-1.63%	- 900	
Net gains/(losses) on foreign exchange	757	0.46%	- 429	-0.33%	1,186	
Value adjustments of financial assets	-		-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 2,078	-1.27%	- 2,559	-1.95%	481	18.80%
PROFIT/(LOSS) BEFORE TAXES	3,820	2.33%	- 143	-0.11%	3,963	n.r.
Current and deferred income taxes	- 2,143	-1.31%	- 235	-0.18%	- 1,908	
NET PROFIT/(LOSS)	1,677	1.02%	- 378	-0.29%	2,055	543.65%
Profit/(loss) pertaining to minorities	1	0.00%	6	0.00%	- 5	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	1,678	1.02%	- 372	-0.28%	2,050	551.08%
EBITDA	8,829	5.38%	5,433	4.14%	3,396	62.51%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31.03.2012
DRIVELINES BU – CARRARO DRIVE TECH**

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Property, plant and equipment	76,032	77,564	82,676
Intangible fixed assets	25,172	24,951	22,063
Real estate investments	15	16	12
Holdings in subsidiaries and associates	-	-	158
Financial assets	4,089	4,261	28
Deferred tax assets	13,987	15,003	17,731
Trade receivables and other receivables	1,309	1,390	910
NON-CURRENT ASSETS	120,604	123,185	123,578
Closing inventory	141,135	132,744	107,684
Trade receivables and other receivables	128,689	129,309	105,099
Financial assets	3,043	2,151	1,370
Cash and cash equivalents	26,107	32,123	14,552
CURRENT ASSETS	298,974	296,327	228,705
TOTAL ASSETS	419,578	419,512	352,283
Share Capital	23,817	23,817	23,817
Reserves	15,141	12,560	12,285
Foreign currency translation reserve	- 6,272	- 4,843	- 6,189
Profit/(Loss) for the period	1,678	3,470	- 372
Minority interests	-	1	- 15
SHAREHOLDERS' EQUITY	34,364	35,005	29,526
Financial liabilities	12,530	14,045	14,036
Trade payables and other payables	61	41	320
Deferred tax liabilities	2,006	2,081	2,324
Provision for severance indemnity and retirement benefits	9,714	9,615	10,308
Provisions for risks and liabilities	2,296	1,724	922
NON-CURRENT LIABILITIES	26,607	27,506	27,910
Financial liabilities	132,959	120,105	120,094
Trade payables and other payables	212,003	224,599	164,335
Current taxes payables	7,033	6,296	2,227
Provisions for risks and liabilities	6,612	6,001	8,191
CURRENT LIABILITIES	358,607	357,001	294,847
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	419,578	419,512	352,283

CASH FLOW AS AT 31.03.2012
DRIVELINES BU - CARRARO DRIVE TECH

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Opening Net Financial Position	- 95,869	- 124,883	- 124,883
<i>Group profit/(loss)</i>	1,678	3,470	- 372
<i>Profit/(loss) pertaining to minorities</i>	- 1	- 19	- 6
<i>Amortisation, depreciation and impairment of fixed assets</i>	2,931	11,944	3,017
Cash flow before Net Working Capital	4,608	15,395	2,639
Change in Net Working Capital	- 22,287	27,586	2,275
Investments in fixed assets	- 2,506	- 12,335	- 2,329
Disinvestments in fixed assets	-	4,920	-
Operating Free Cash Flow	- 20,185	35,566	2,585
Other operating flows	4,789	- 6,096	4,781
Other investing flows	886	1,322	2,784
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 2,318	- 1,778	- 3,428
Free Cash Flow	- 16,828	29,014	6,722
Closing Net Financial Position	- 112,697	- 95,869	- 118,161

ANALYSIS OF NET WORKING CAPITAL AS AT 31.03.2012
DRIVELINES BU - CARRARO DRIVE TECH

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Trade Receivables	85,908	85,306	76,842
Inventory	141,135	132,744	107,684
Trade Payables	- 197,624	- 210,918	- 152,083
Net Working Capital (NWC)	29,419	7,132	32,443

Components Business Unit – Gear World

The first quarter of 2012 confirms and reinforces the positive trend already recorded in the previous year both in terms of customer orders by and economic results.

Total revenues amounted to 51.052 million euros in the quarter, compared to 44.468 million euros in the same period of 2011, up 14.81%. Sales to third party customers amounted to 35.551 million euros, an increase of 16.2 % over the same quarter of 2011 which amounted to 30.595 million euros.

Also sales to the Carraro Group remain above the values of the first quarter of the previous year recording, as at 31 March 2012, 15.501 million euros compared to 13.873 million euros in 2011 with an increase of 11.7%.

Analysis of turnover by geographical area shows a growing demand in Europe, China and South America, while the trend in other geographical areas where Gear World operates remains stable.

In terms of application markets, the growth of the demand is more significant in the *Automotive*, *Construction Equipment* and *Agriculture* sectors; a slight decrease over the same period of 2011 in the *Power Tools & Gardening* market.

Margins in the first quarter, on the increase compared to the same period of the previous year, benefit from the improvement in production processes; the higher sales volumes also allow for greater absorption of fixed costs, positively influencing the industrial result.

EBITDA as at 31 March 2012 amounts to 5.546 million euros (10.9% of turnover), compared to 3.158 million euros (7.1% of turnover) in the first quarter of the previous year.

EBIT in the quarter in question amounted to 2.027 million euros (4.0% of turnover) compared to the negative value of 385 thousand euros (-0.9% of turnover) of 2011.

Thanks to the improvement in operating profit/(loss) described above and, despite a significant increase in financial expenses, the result as at 31 March shows a net profit of 125 thousand euros (0.2 % of turnover) compared to a net loss of 1.765 million euros (-4.0% of turnover) in the first quarter 2011.

The net financial position records a negative value of 97.990 million euros as at 31 March 2012 compared to 92.692 million euros as at 31 December 2011. The deterioration is due to the change in net working capital amounting to 8.72 million euros.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 31.03.2012
COMPONENTS BU - GEARWORLD**

	31.03.2012	%	31.03.2011	%	Changes	
	€/000		€/000		31.03.2012	31.03.2011
REVENUES FROM SALES	51,052	100.00%	44,468	100.00%	6,584	14.81%
Purchases of goods and materials (net of changes in inventories)	- 24,128	-47.26%	- 20,397	-45.87%	- 3,731	-18.29%
Services and Use of third-party goods and services	- 11,491	-22.51%	- 11,362	-25.55%	- 129	-1.14%
Personnel costs	- 9,988	-19.56%	- 9,616	-21.62%	- 372	-3.87%
Amortisation, depreciation and impairment of assets	- 3,546	-6.95%	- 3,550	-7.98%	4	0.11%
Provisions for risks	- 95	-0.19%	- 103	-0.23%	8	7.77%
Other income and expenses	98	0.19%	72	0.16%	26	36.11%
Internal construction	125	0.24%	103	0.23%	22	21.36%
OPERATING COSTS	- 49,025	-96.03%	- 44,853	-100.87%	- 4,172	-9.30%
OPERATING PROFIT/(LOSS) (EBIT)	2,027	3.97%	- 385	-0.87%	2,412	626.49%
Income from equity investments	-		-		-	
Other financial income	53	0.10%	83	0.19%	- 30	
Financial costs and expenses	- 1,301	-2.55%	- 1,036	-2.33%	- 265	
Net gains/(losses) on foreign exchange	- 251	-0.49%	- 254	-0.57%	3	
Value adjustments of financial assets	-	0.00%	-		-	
GAINS/(LOSSES) ON FINANCIAL AS- SETS	- 1,499	-2.94%	- 1,207	-2.71%	- 292	-24.19%
PROFIT/(LOSS) BEFORE TAXES	528	1.03%	- 1,592	-3.58%	2,120	133.17%
Current and deferred income taxes	- 296	-0.58%	- 324	-0.73%	28	
NET PROFIT/(LOSS)	232	0.45%	- 1,916	-4.31%	2,148	112.11%
Profit/(loss) pertaining to minorities	- 107	-0.21%	151	0.34%	- 258	
CONSOLIDATED RESULT OF THE BUSINESS UNIT	125	0.24%	- 1,765	-3.97%	1,890	107.08%
EBITDA	5,546	10.86%	3,158	7.10%	2,388	75.62%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31.03.2012
COMPONENTS BU - GEARWORLD**

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Property, plant and equipment	93,185	95,679	97,326
Intangible fixed assets	23,484	23,722	24,414
Real estate investments	155	155	155
Holdings in subsidiaries and associates	-	-	-
Financial assets	2,068	2,068	3,185
Deferred tax assets	3,686	3,615	2,764
Trade receivables and other receivables	411	415	399
NON-CURRENT ASSETS	122,989	125,654	128,243
Closing inventory	34,009	34,280	32,360
Trade receivables and other receivables	42,141	40,621	41,779
Financial assets	1,985	1,849	2,079
Cash and cash equivalents	4,949	11,851	2,882
CURRENT ASSETS	83,084	88,601	79,100
TOTAL ASSETS	206,073	214,255	207,343
Share Capital	35,084	35,084	35,084
Reserves	- 4,791	- 4,011	- 4,565
Foreign currency translation reserve	71	375	- 154
Profit/(Loss) for the period	125	- 773	- 1,765
Minority interests	3,821	3,737	3,548
SHAREHOLDERS' EQUITY	34,310	34,412	32,148
Financial liabilities	28,855	30,884	70,238
Trade payables and other payables	4	5	4
Deferred tax liabilities	3,188	3,237	5,758
Provision for severance indemnity and retirement benefits	4,795	4,894	5,173
Provisions for risks and liabilities	170	175	130
NON-CURRENT LIABILITIES	37,012	39,195	81,303
Financial liabilities	77,990	77,712	38,950
Trade payables and other payables	53,116	59,865	52,974
Current taxes payables	1,528	1,139	593
Provisions for risks and liabilities	2,117	1,932	1,375
CURRENT LIABILITIES	134,751	140,648	93,892
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	206,073	214,255	207,343

CASH FLOW AS AT 31.03.2012
COMPONENTS BU - GEARWORLD

	31.03.2012 €/000	31.12.2011 €/000	31.03.2011 €/000
Opening Net Financial Position	- 92,692	- 97,689	- 97,689
<i>Group profit/(loss)</i>	125	- 773	- 1,765
<i>Profit/(loss) pertaining to minorities</i>	107	443	- 151
<i>Amortisation, depreciation and impairment of fixed assets</i>	3,519	14,431	3,543
Cash flow before Net Working Capital	3,751	14,101	1,627
Change in Net Working Capital	- 8,718	2,189	- 5,070
Investments in fixed assets	- 1,388	- 9,835	- 1,522
Disinvestments in fixed assets	238	799	308
Operating Free Cash Flow	- 6,117	7,254	- 4,657
Other operating flows	773	- 3,051	363
Other investing flows	378	1,302	2,027
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	- 332	- 508	- 1,186
Free Cash Flow	- 5,298	4,997	- 3,453
Closing Net Financial Position	- 97,990	- 92,692	- 101,142

ANALYSIS OF NET WORKING CAPITAL AS AT 31.03.2012
COMPONENTS BU - GEARWORLD

	31.03.2012 €/000	31.12.2011 €/000	31.03.2011 €/000
Trade Receivables	35,138	33,044	35,028
Inventory	34,009	34,280	32,360
Trade Payables	- 45,907	- 52,802	- 45,607
Net Working Capital (NWC)	23,240	14,522	21,781

Vehicles Business Unit – Agritalia

The Vehicles Business Unit ended the first quarter of 2012 with a turnover of 25.772 million euros (1,025 tractors sold), an increase of 24% over the same quarter of the previous year in which it amounted to 20.789 million euros (846 tractors sold). The increase in volumes which involves all BU products and customers, is in line with the trend of the second half of 2011. The positive performance is improved by a special new tractor for customer Massey Ferguson (Agco Group) launched late last year.

Margins in the first quarter of 2012, although an improvement over the same period of the previous year, would have been even more positive if not affected by unforeseen events such as production stoppages for national strikes and the weather.

EBITDA as at 31 March 2012 amounts to 554 thousand euros (2.1% of turnover), compared to 244 thousand euros (1.2% of turnover) in the first quarter of the previous year.

EBIT in the quarter in question amounts to 281 thousand euros (1.1% of turnover) compared to the negative value of 49 thousand euros (-0.2% of turnover) in the first quarter of 2011.

The net result as at 31 March 2012 is positive, amounting to 190 thousand euros (0.7 % of turnover) compared to a loss of 196 thousand euros (-0.9 % of turnover) in the first quarter 2011. The abovementioned aspects have consequently impacted on the net result which is, although an improvement over the same period last year, below expectations for the quarter in question.

The net financial position shows a positive balance of 7.969 million euros compared to the 11.083 million euros as at 31 December 2011. The reduction in cash and cash equivalents for the period was mainly due to the negative change in *Net Working Capital* resulting from an increase in inventories for the storage of *bunkering* engines required for the production of tractors Tier 3) in the next 24 months and of other production material according to the increase in orders in the second quarter of 2012.

SUBCONSOLIDATED INCOME STATEMENT AS AT 31.03.2012
VEHICLES BU – CARRARO DIVISIONE AGRITALIA

	31.03.2012	%	31.03.2011	%	Changes	
	€/000		€/000		31.03.2012	31.03.2011
REVENUES FROM SALES	25,772	100.00%	20,789	100.00%	4,983	23.97%
Purchases of goods and materials (net of changes in inventories)	- 19,440	-75.43%	- 15,778	-75.90%	- 3,662	-23.21%
Services and Use of third-party goods and services	- 2,590	-10.05%	- 1,779	-8.56%	- 811	-45.59%
Personnel costs	- 2,867	-11.12%	- 2,737	-13.17%	- 130	-4.75%
Amortisation, depreciation and impairment of assets	- 275	-1.07%	- 299	-1.44%	24	8.03%
Provisions for risks	- 390	-1.51%	- 244	-1.17%	- 146	-59.84%
Other income and expenses	71	0.28%	- 1	0.00%	72	n.r.
Internal construction	-	0.00%	-	0.00%	-	n.r.
OPERATING COSTS	- 25,491	-98.91%	- 20,838	-100.24%	- 4,653	-22.33%
OPERATING PROFIT/(LOSS) (EBIT)	281	1.09%	- 49	-0.24%	330	673.47%
Income from equity investments	-		-		-	
Other financial income	12	0.05%	-		12	
Financial costs and expenses	-	0.00%	- 8	-0.04%	8	
Net gains/(losses) on foreign exchange	8	0.03%	15	0.07%	- 7	
Value adjustments of financial assets	-	0.00%	-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	20	0.08%	7	0.03%	13	185.71%
PROFIT/(LOSS) BEFORE TAXES	301	1.17%	- 42	-0.20%	343	816.67%
Current and deferred income taxes	- 111	-0.43%	- 154	-0.74%	43	
NET PROFIT/(LOSS)	190	0.74%	- 196	-0.94%	386	196.94%
Profit/(loss) pertaining to minorities	-	0.00%	-	0.00%	-	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	190	0.74%	- 196	-0.94%	386	196.94%
EBITDA	554	2.15%	244	1.17%	310	127.05%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31.03.2012
VEHICLES BU – CARRARO DIVISIONE AGRITALIA**

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Property, plant and equipment	12,206	12,306	12,407
Intangible fixed assets	420	450	520
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	2,604	2,619	2,524
Trade receivables and other receivables	5	8	6
NON-CURRENT ASSETS	15,235	15,383	15,457
Closing inventory	18,942	13,041	11,593
Trade receivables and other receivables	9,907	6,214	7,391
Financial assets	-	4	6
Cash and cash equivalents	6	11,131	9
CURRENT ASSETS	28,855	30,390	18,999
TOTAL ASSETS	44,090	45,773	34,456
Share Capital	-	-	-
Reserves	8,054	7,061	7,054
Foreign currency translation reserve	-	-	-
Profit/(Loss) for the period	190	993	- 196
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	8,244	8,054	6,858
Financial liabilities	-	-	-
Trade payables and other payables	1	-	-
Deferred tax liabilities	69	69	69
Provision for severance indemnity and retirement benefits	1,099	1,103	1,110
Provisions for risks and liabilities	447	399	399
NON-CURRENT LIABILITIES	1,616	1,571	1,578
Financial liabilities	- 7,963	48	863
Trade payables and other payables	39,907	33,948	23,575
Current taxes payables	17	-	11
Provisions for risks and liabilities	2,269	2,152	1,571
CURRENT LIABILITIES	34,230	36,148	26,020
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	44,090	45,773	34,456

CASH FLOW AS AT 31.03.2012
VEHICLES BU – CARRARO DIVISIONE AGRITALIA

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Opening Net Financial Position	11,083	- 3,615	- 3,615
<i>Group profit/(loss)</i>	190	993	- 196
<i>Profit/(loss) pertaining to minorities</i>	-	-	-
<i>Amortisation, depreciation and impairment of fixed assets</i>	273	1,198	293
Cash flow before Net Working Capital	463	2,191	97
Change in Net Working Capital	- 3,619	12,028	2,598
Investments in fixed assets	- 143	- 806	- 32
Disinvestments in fixed assets	-	38	-
Operating Free Cash Flow	- 3,299	13,451	2,663
Other operating flows	185	1,258	133
Other investing flows	-	3	1
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	-	- 14	- 21
Free Cash Flow	- 3,114	14,698	2,776
Closing Net Financial Position	7,969	11,083	- 839

ANALYSIS OF NET WORKING CAPITAL AS AT 31.03.2012
VEHICLES BU – CARRARO DIVISIONE AGRITALIA

	31.03.2012	31.12.2011	31.03.2010
	€/000	€/000	€/000
Trade Receivables	10,649	6,892	7,168
Inventory	18,942	13,041	11,593
Trade Payables	- 38,305	- 32,266	- 21,664
Net Working Capital (NWC)	- 8,714	- 12,333	- 2,903

Electronics Business Unit – Elettronica Santerno

The renewable energy sector is still heavily dependent on incentive policies adopted by individual countries. The Italian photovoltaic market in 2012 is strongly influenced by legislative and technical/regulatory factors, in particular:

- change in incentives from 1 January 2012;
- retroactive blockage of access to government incentives on ground installations on agricultural land as of 25 January, according to Article 65 of the liberalisation decree, subsequently corrected on 24 March;
- AEEG 84/12 resolution with prescriptive technical standards for inverters with effect from 1 April 2012;
- change to the legislative framework on incentives based on the *Fourth Energy Bill*;
- resolution of the Ministry of the Interior concerning fire prevention regulations in buildings.

The Business Unit nevertheless continues its development and penetration in the main foreign markets, with growth prospects in the photovoltaic sector. In particular, the Chinese market is recovering vitality after a second half of 2011 in which it had manifested signs of slowing down, and the North American market, where a number of important negotiations are in progress. Also for South Africa there are important projects being developed with the prospect of closing in the second quarter, while the recent opening of the Brazilian market in renewable energy and photovoltaics represents for Santerno, already present with a manufacturing plant in that country, a further growth market to look to with interest.

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 industrial applications sector is growing, especially in the Americas, where orders have been resumed by one of the most important local distributors and where the commercial structure of the branch begins to produce results in the development of sales of this product line.

The first quarter of 2012 closed, therefore, with significantly lower results compared to the same period of 2011 when, it should be remembered, the market was booming.

Turnover in the quarter amounted to 12.166 million euros compared to 43.287 million euros in the third quarter of 2011. EBITDA in the quarter amounted to -3.145 million euros compared to 10.238 million euros in the first quarter of 2011. The net profit/(loss) as at 31 March 2012 amounted to -3.941 million euros (-32.4% of turnover), while the net financial position was positive by 9.665 million euros.

Elettronica Santerno – faced with the continuing difficult situation and stagnation of the Italian market and the resulting lower volumes compared to budget - has launched a major program to redefine the entire structure with the aim of bringing the company to break even at the new market levels.

SUBCONSOLIDATED INCOME STATEMENT AS AT 31.03.2012
ELECTRONICS BU – ELETTRONICA SANTERNO

	31.03.2012	%	31.03.2011	%	Changes	
	€/000		€/000		31.03.2012	31.03.2011
REVENUES FROM SALES	12,166	100.00%	43,287	100.00%	- 31,121	-71.89%
Purchases of goods and materials (net of changes in inventories)	- 6,974	-57.32%	- 20,615	-47.62%	13,641	66.17%
Services and Use of third-party goods and services	- 4,457	-36.63%	- 7,483	-17.29%	3,026	40.44%
Personnel costs	- 3,521	-28.94%	- 3,904	-9.02%	383	9.81%
Amortisation, depreciation and impairment of assets	- 727	-5.98%	- 820	-1.89%	93	11.34%
Provisions for risks	- 186	-1.53%	- 836	-1.93%	650	77.75%
Other income and expenses	- 79	-0.65%	28	0.06%	- 107	-382.14%
Internal construction	6	0.05%	-	0.00%	6	n.r.
OPERATING COSTS	- 15,938	-131.00%	- 33,630	-77.69%	17,692	52.61%
OPERATING PROFIT/(LOSS) (EBIT)	- 3,772	-31.00%	9,657	22.31%	- 13,429	-139.06%
Income from equity investments	-		-		-	
Other financial income	25	0.21%	71	0.16%	- 46	
Financial costs and expenses	- 175	-1.44%	- 71	-0.16%	- 104	
Net gains/(losses) on foreign exchange	- 69	-0.57%	- 13	-0.03%	- 56	
Value adjustments of financial assets	-	0.00%	-		-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	- 219	-1.80%	- 13	-0.03%	- 206	n.r.
PROFIT/(LOSS) BEFORE TAXES	- 3,991	-32.80%	9,644	22.28%	- 13,635	-141.38%
Current and deferred income taxes	50	0.41%	- 3,256	-7.52%	3,306	
NET PROFIT/(LOSS)	- 3,941	-32.39%	6,388	14.76%	- 10,329	-161.69%
Profit/(loss) pertaining to minorities	-	0.00%	-	0.00%	-	
BUSINESS UNIT CONSOLIDATED PROFIT/(LOSS)	- 3,941	-32.39%	6,388	14.76%	- 10,329	-161.69%
EBITDA	- 3,145	-25.85%	10,238	23.65%	- 13,383	-130.72%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31.03.2012
ELECTRONICS BU – ELETTRONICA SANTERNO**

	31.03.2012	31.12.2011	31.03.2011
	€/000	€/000	€/000
Property, plant and equipment	5,480	5,622	4,939
Intangible fixed assets	28,780	29,181	10,182
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	3,023	3,014	2,207
Trade receivables and other receivables	214	216	225
NON-CURRENT ASSETS	37,497	38,033	17,553
Closing inventory	23,550	21,563	38,513
Trade receivables and other receivables	33,493	37,010	36,799
Financial assets	324	158	199
Cash and cash equivalents	2,676	8,912	31,795
CURRENT ASSETS	60,043	67,643	107,306
TOTAL ASSETS	97,540	105,676	124,859
Share Capital	2,500	2,500	2,500
Reserves	45,394	37,720	29,981
Foreign currency translation reserve	96	87	82
Profit/(Loss) for the period	- 3,941	7,561	6,388
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	44,049	47,868	38,951
Financial liabilities	-	-	-
Trade payables and other payables	-	-	-
Deferred tax liabilities	- 4	-	-
Provision for severance indemnity and retirement benefits	548	594	637
Provisions for risks and liabilities	637	600	78
NON-CURRENT LIABILITIES	1,181	1,194	715
Financial liabilities	12,558	7,654	1,399
Trade payables and other payables	35,839	44,842	66,191
Current taxes payables	911	960	14,038
Provisions for risks and liabilities	3,002	3,158	3,565
CURRENT LIABILITIES	52,310	56,614	85,193
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	97,540	105,676	124,859

CASH FLOW AS AT 31.03.2012
ELECTRONICS BU – ELETTRONICA SANTERNO

	31.03.2012 €/000	31.12.2011 €/000	31.03.2011 €/000
Opening Net Financial Position	1,583	26,680	26,680
<i>Group profit/(loss)</i>	- 3,941	7,561	6,388
<i>Profit/(loss) pertaining to minorities</i>	-	-	-
<i>Amortisation, depreciation and impairment of fixed assets</i>	627	2,425	581
Cash flow before Net Working Capital	- 3,314	9,986	6,969
Change in Net Working Capital	- 7,599	- 10,578	- 4,974
Investments in fixed assets	- 91	- 4,210	- 665
Disinvestments in fixed assets	4	144	47
Operating Free Cash Flow	- 11,000	- 4,658	1,377
Other operating flows	- 373	- 10,091	2,552
Other investing flows	3	- 18,051	27
Change in Share Capital	-	-	-
Dividends paid	-	- 10,000	-
Other equity flows	122	17,703	- 41
Free Cash Flow	- 11,248	- 25,097	3,915
Closing Net Financial Position	- 9,665	1,583	30,595

ANALYSIS OF NET WORKING CAPITAL AS AT 31.03.2012
ELECTRONICS BU – ELETTRONICA SANTERNO

	31.03.2012 €/000	31.12.2011 €/000	31.03.2011 €/000
Trade Receivables	27,747	30,641	33,663
Inventory	23,550	21,563	38,513
Trade Payables	- 25,737	- 34,243	- 59,819
Net Working Capital (NWC)	25,560	17,961	12,357

Significant events in the quarter

Nothing to report.

Subsequent events

In view of the positive and significant changes of scenario and new prospects for Group growth, an update of three-year plan became necessary, with the need to review, expanding the same, the financial parameters subject of the Framework Agreement signed with major banks. On 19 April 2012, the amendment documents to said Agreement concerning expansion of the financial parameters were signed, rendering the same consistent with the Plan.

In March, in line with the provisions of the Framework Agreement, the Group resumed repayment of the principal amount of loans.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

Analysis of the main target markets and visibility of the orders portfolio predict a second quarter in line with the previous in terms of both turnover and profitability of the Business Units operating in the mechanical sector.

There are still elements of uncertainty for the Electronics Business Unit in the light of evolution of Italian legislation, in the meantime, programs have nevertheless been initiated to align the cost structure with the changing market conditions.

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 28 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, 5, in Argentina, China and India are significant under the terms of Title VI, Section II of the Issuer Regulations (Consob resolution 11971/1999).

Carraro SpA
The Chairman

Enrico Carraro

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

Subject: Interim Report on Operations as at 31.03.2012

The undersigned Enrico Gomiero, the Director Responsible for producing the company's accounting documents, 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, 3 May 2012

Carraro SpA

Director Responsible for producing the company's accounting documents

Enrico Gomiero