



Carraro Group

Interim report on operations as at 30 September 2013

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 30.09.2013 - QUARTER ANALYSIS

<i>(amounts in Euro thousands)</i>	3rd Quarter 2013	%	3rd Quarter 2012	%	Changes 3Q 2013 3Q 2012
REVENUES FROM SALES	217,042	100.00%	208,494	100.00%	4.10%
Purchases of goods and materials (net of changes in inventories)	-128,559	-59.23%	-127,100	-60.96%	1.15%
Services and Use of third-party goods and services	-37,259	-17.17%	-34,200	-16.40%	8.94%
Personnel costs	-34,496	-15.89%	-33,328	-15.99%	3.50%
Amortisation, depreciation and impairment of assets	-7,714	-3.55%	-8,390	-4.02%	-8.06%
Provisions for risks	-1,843	-0.85%	-1,730	-0.83%	6.53%
Other income and expenses	-127	-0.06%	569	0.27%	
Internal construction	802	0.37%	1,274	0.61%	-37.05%
OPERATING COSTS	-209,196	-96.39%	-202,905	-97.32%	3.10%
OPERATING PROFIT/(LOSS) (EBIT)	7,846	3.61%	5,589	2.68%	40.38%
Income from equity investments	-	0.00%	-151	-0.07%	
Other financial income	790	0.36%	663	0.32%	19.00%
Financial costs and expenses	-5,112	-2.36%	-4,363	-2.09%	17.17%
Net gains/(losses) on foreign exchange	-952	-0.44%	-305	-0.15%	
Value adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-5,274	-2.43%	-4,156	-1.99%	26.90%
PROFIT/(LOSS) BEFORE TAXES	2,572	1.19%	1,433	0.69%	79.48%
Current and deferred income taxes	-2,367	-1.09%	-2,881	-1.38%	-17.84%
NET PROFIT/(LOSS)	205	0.09%	-1,448	-0.69%	
Profit/(loss) pertaining to minorities	-28	-0.01%	429	0.21%	
GROUP CONSOLIDATED PROFIT/(LOSS)	177	0.08%	-1,019	-0.49%	
EBITDA	15,335	7.07%	13,571	6.51%	13.00%

CONSOLIDATED INCOME STATEMENT AS AT 30.09.2013

<i>(amounts in Euro thousands)</i>	30.09.13	%	31.12.12	%	30.09.12	%	Changes	
					<i>restated⁽¹⁾</i>		30.09.13	30.09.12
REVENUES FROM SALES	666,208	100.00%	874,356	100.00%	682,834	100.00%	-16,626	-2.43%
Purchases of goods and materials (net of changes in inventories)	-394,135	-59.16%	- 536,320	-61.34%	-417,963	-61.21%	23,828	-5.70%
Services and Use of third-party goods and services	-114,262	-17.15%	- 149,711	-17.12%	-118,414	-17.34%	4,152	-3.51%
Personnel costs	-110,850	-16.64%	- 140,313	-16.05%	-106,906	-15.66%	-3,944	3.69%
Amortisation, depreciation and impairment of assets	-23,208	-3.48%	- 37,022	-4.23%	-24,817	-3.63%	1,609	-6.48%
Provisions for risks	-5,760	-0.86%	- 13,928	-1.59%	-5,916	-0.87%	156	-2.64%
Other income and expenses	2,729	0.41%	4,537	0.52%	2,012	0.29%	717	35.64%
Internal construction	2,449	0.37%	4,656	0.53%	3,368	0.49%	-919	-27.29%
OPERATING COSTS	-643,037	-96.52%	- 868,101	-99.28%	-668,636	-97.92%	25,599	-3.83%
OPERATING PROFIT/(LOSS) (EBIT)	23,171	3.48%	6,255	0.72%	14,198	2.08%	8,973	63.20%
Income from equity investments	-	0.00%	-151	0.02%	-151	-0.02%	152	
Other financial income	1,769	0.27%	2,745	0.31%	1,814	0.27%	-46	-2.54%
Financial costs and expenses	-14,709	-2.21%	- 19,727	-2.26%	-14,590	-2.14%	-119	0.82%
Net gains/(losses) on foreign exchange	-1,336	-0.20%	-664	-0.08%	-155	-0.02%	-1,181	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-14,276	-2.14%	- 17,797	-2.04%	-13,082	-1.92%	-1,194	9.13%
PROFIT/(LOSS) BEFORE TAXES	8,895	1.34%	-11,542	-1.32%	1,116	0.16%	7,779	
Current and deferred income taxes	-7,987	-1.20%	- 6,398	-0.73%	-7,963	-1.17%	-24	0.30%
NET PROFIT/(LOSS)	908	0.14%	-17,940	-2.05%	-6,847	-1.00%	7,755	
Profit/(loss) pertaining to minorities	-579	0.09%	2,641	0.30%	332	0.05%	-911	
CONSOLIDATED RESULT OF THE GROUP	329	0.05%	-15,299	-1.75%	-6,515	-0.95%	6,844	
EBITDA	45,861	6.88%	40,185	4.60%	37,966	5.56%	7,895	20.79%

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2013

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Property, plant and equipment	199,771	209,656	216,859
Intangible fixed assets	88,115	86,049	84,226
Real estate investments	711	708	709
Holdings in subsidiaries and associates	-	-	-
Financial assets	4,107	3,909	5,021
Deferred tax assets	27,800	29,428	27,251
Trade receivables and other receivables	1,459	1,624	4,392
NON-CURRENT ASSETS	321,963	331,374	338,458
Closing inventory	160,149	146,754	170,317
Trade receivables and other receivables	174,697	134,261	173,540
Financial assets	5,162	4,397	5,088
Cash and cash equivalents	57,949	108,857	41,571
CURRENT ASSETS	397,957	394,269	390,516
TOTAL ASSETS	719,920	725,643	728,974
Share Capital	23,915	23,915	23,915
Reserves	40,745	53,678	57,086
Foreign currency translation reserve	-15,706	-8,988	-6,110
Profit/(Loss) for the period	329	-15,299	-6,515
Minority interests	5,982	9,810	11,423
SHAREHOLDERS' EQUITY	55,265	63,116	79,799
Financial liabilities	193,795	177,821	170,846
Trade payables and other payables	1,227	313	21
Deferred tax liabilities	2,922	3,467	6,080
Provision for severance indemnity and retirement benefits	19,741	19,676	17,091
Provisions for risks and liabilities	2,444	2,403	2,919
NON-CURRENT LIABILITIES	220,129	203,680	196,957
Financial liabilities	142,696	153,504	184,675
Trade payables and other payables	276,619	278,245	243,677
Current taxes payables	8,099	8,159	10,730
Provisions for risks and liabilities	17,112	18,939	13,136
CURRENT LIABILITIES	444,526	458,847	452,218
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	719,920	725,643	728,974

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

CASH FLOW AS AT 30.09.2013

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Opening Net Financial Position	-213,703	-247,505	-247,505
<i>Group profit/(loss)</i>	329	-15,299	-6,515
<i>Profit/(loss) pertaining to minorities</i>	579	-2,641	-332
<i>Amortisation, depreciation and impairment of fixed assets</i>	22,690	33,930	23,768
Cash flow before Net Working Capital	23,598	15,990	16,920
Change in Net Working Capital	-55,645	43,509	-44,693
Investments in fixed assets	-22,651	-41,632	-31,190
Disinvestments in fixed assets	905	2,279	533
Operating Free Cash Flow	-53,793	20,146	-58,430
Other operating flows	928	18,524	4,576
Other investing flows	6,872	3,759	-156
Other equity flows	-8,759	-8,627	-3,036
Free Cash Flow	-54,752	33,802	-57,046
Closing Net Financial Position	-268,455	-213,703	-304,551

ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2013

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12
Trade Receivables	122,696	88,051	118,357
Inventory	160,149	146,754	170,317
Trade Payables	-238,848	-246,453	-212,120
Net Working Capital (NWC)	43,997	-11,648	76,554

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

The Carraro Group

Carraro is an international industrial Group which is world leader in high-efficiency and eco-compatible power transmission systems, with headquarters in Italy, in Campodarsego (Padova).

In line with the process of change begun in reaction to the crisis in 2009, at the beginning of 2013 Carraro has started a project for the change of its organizational set-up. The new set-up is a further development in the organization of the Business Unit, which in recent years has enabled the Group to properly focus on specific markets and applications, with different risk profiles and targeted strategies.

The main feature of the reorganization is the merging of the two BUs - transmission systems and components - into a single unit. This is a fundamental step forward in achieving the most from our *core business*, both in terms of development synergies for new products and for the integration of production processes. This broad-ranging structure also maintains focus on specific markets and sectors.

As a result the new Carraro Drive Tech Business Area, with its more dynamic configuration, can tackle its target markets with a more flexible response and products that boast a greater added value.

In detail, the three Business Areas today are:

- Carraro Drive Tech (*Transmission systems and components*) is specialised in the design, manufacture and sale of transmission systems (axles, transmissions and drives) mainly for agricultural and construction equipment, and also markets a wide range of components and gears for very diverse sectors, from the automotive industry to light power tools, *material handling*, agricultural applications and construction equipment.
- Carraro Divisione Agritalia (*Vehicles*) designs and manufactures special tractors (from 60 to 100 hp) for third-party brands, and namely John Deere, Massey Ferguson and Claas. Agritalia also provides engineering services for the design of innovative tractor ranges.
- Elettronica Santerno (*Power electronics*) designs, develops, manufactures and markets inverters (electronic power converters) mainly for the photovoltaic industry and industrial automation (HVAC, water treatment, lifting systems and large-scale transport).

Reference markets

Agriculture

Also in the third quarter of 2013 the agriculture market confirms the positive trend already recorded in the first half of the year, with substantial continuity in the various areas of the world.

In China, the agricultural machinery market maintains a growth trend in 2013 and there is a shift in demand towards tractors with power exceeding 100 hp.

The tractor market in India has regained dynamism recording a significant increase since the beginning of the year; growth which is expected to continue until the end of 2013 with stabilisation at an adequate level for 2014.

In Central and Northern Europe the demand for agricultural machinery recorded favourable signals while the negative trend continued in Southern European countries. This situation is expected to be maintained for the next couple of quarters.

Turkey has maintained the positive growth rate recorded in the first half of the year. As of today there are no signs that indicate a change in trend.

In South America demand remains robust, also confirming the positive fundamentals in the medium term; the United States, albeit maintaining good levels, is essentially stable, with no turnaround forecast for the first quarter of 2014.

Carraro Drive Tech continues with expansion of the product offer which ranges from new high-end axles for advanced markets to versions of the new T10 family, the production of which is accelerating in the Pune (India) plant thanks to increasing orders from various OEM.

Construction equipment

The construction equipment market continued in the third quarter of 2013 with the declining trend recorded in the first half of the year, mainly due to a standstill in the demand for mining machinery.

Following the peaks in 2011, the *drives* market in China is returning to normal levels of demand, more in line with the growth rates of the economy.

In India, the demand slowdown related to political uncertainty and negative investment dynamics, with a significant reduction in those driven by the influx of foreign capital, remains. No reversal of trend is expected before the beginning of 2014.

In Europe the trend will remain negative until the end of 2013, while northern countries will show signs of recovery that will probably materialize in the first part of 2014.

In North America, the recovery in private and residential construction continues which generates significant demand for *Utility* machines for rental fleets. For the mining and high power construction equipment sector, on the other hand, a period of crisis is confirmed which is expected to remain so until the first part of 2014.

The Turkish market remains positive, also thanks to a significant amount of exports, especially to neighbouring countries.

The infrastructure investment plan in Brazil currently supports robust demand for construction machinery.

In this scenario, Carraro Drive Tech has extended its current transmission range with innovative content (new ECOlogy MODE and Direct Drive technology) and has further extended the product offer with *entry level* and *premium* versions.

Renewable energy

The third quarter of 2013 has highlighted a slowdown in utility-scale projects at an international level, mainly due to the decrease of funding related to the uncertainty of a number of institutional investors. In this context, Santerno continued with finalization of the recent orders acquired in California, South Africa and Thailand, markets which are confirming substantial stability. At the same time the company has signed a number of agreements for new photovoltaic systems, among them the important solar park in Panama (with a total capacity exceeding 2 MW).

Industrial Automation

The industrial automation sector, even with the vastness of application areas, highlights a dual speed. On the one hand, the Italian market is strongly influenced by the liquidity crisis and shows a marked slowdown, while on the other, interesting opportunities are emerging in rapidly developing areas such as the Far East. Alongside traditional projects, Santerno is consolidating existing partnerships in the marine sector, an interesting area with market prospects rich in potential.

Automotive

The *Automotive* market is confirming expected growth in 2013 of approx. 3.9% compared to the previous year.

This overall trend is nevertheless differentiated in the various geographies (positive in the USA and Asia, negative in Europe) and application segments (positive for the high end and negative for other segments). In particular, the *premium* segment, in which the Carraro Group recorded a recovery compared to the first few months of the year, with positive signals for the last quarter of 2013.

PowerTools and Gardening

Demand in the *PowerTools* segment in 2013 is essentially stable, albeit with different trends depending on the geographical area: more dynamic in Asia and stable in the United States and Europe.

The main *players* maintain a very aggressive commercial policy in order to strengthen their position in a still very fragmented market.

The *Gardening* (professional gardening) market continues its positive trend in Asia Pacific, in particular in the *consumer* segment.

Overall, demand in both sectors is growing slightly (+5% compared to 2012).

Period summary¹

Starting in 2013, the Group analyzes its performance on the basis of the new organizational structure, so in addition to showing economic and equity data by Business Area, it was necessary to reconstruct values as at 30 September 2012 for comparison purposes.

The third quarter of 2013 records an increase in consolidated turnover compared to same period of 2012 and in line with the trend of the current year. Profitability shows a significant improvement compared to the previous year, also in this case in line with the average of the first two quarters of 2013, thanks to the positive effects of the actions, defined in the Carraro Group Reorganization Plan, aimed at improvement of industrial processes, continuation of Partnership project with the main suppliers and containment of fixed costs.

In cumulative terms, consolidated turnover as at 30 September 2013 is declining compared to same period of 2012. This decrease is mainly due to a reduction in demand in the construction equipment sector. Profitability for the first nine months of 2013, both in terms of EBIT and EBITDA, is instead significantly better than as at 30 September 2012 as a result of the above actions and achievement of *break even* by the Elettronica Santerno Business Area.

Consolidated turnover for the quarter stood at 217.042 million Euros, up 4.1% compared to the third quarter of 2012 when it stood at 208.494 million Euros. The sales volume achieved during the period by the Elettronica Santerno Business Area contributed significantly to the growth of Group turnover.

Cumulative turnover as at 30 September 2013 reached 666.208 million Euros, a slight reduction (-2.4%) compared to the 682.834 million Euros of the same period in 2012. The business areas operating in the mechanics (Drive Tech Business Area and Agritalia Business Area) recorded an aggregate turnover of 618.809 million Euros, a decrease of 5.8% compared to 656.910 million Euros as at 30 September 2012.

Consolidated EBITDA for the third quarter was equal to 15.335 million Euros (7.1% of turnover), up 13.0% compared to 13.571 million Euros (6.5% of turnover) for the third quarter of 2012. Consolidated EBIT for the quarter was equal to 7.846 million Euros (3.6% of turnover), up 40.4% compared to the same period of 2012 which recorded a figure of 5.589 million Euros (2.7% of turnover).

Albeit with lower volumes, the cumulative Carraro Group EBITDA as at 30 September 2013 stood at 45.861 million Euros (6.9% of turnover) up 20.8% compared to 37.966 million Euros (5.6% of turnover) in 2012. Cumulative EBIT as at 30 September 2013 amounted to 23.171 million Euros (3.5% of turnover), an increase of 63.2% compared to the cumulative figure as at 30 September 2012 of 14.198 million Euros (2.1% of turnover).

Both in actual and year-to-date quarterly figures, the business areas operating in the mechanics sector achieved a significant improvement in profitability compared to the same period of the previous year. Also the Elettronica Santerno Business Area followed the same trend, achieving positive results both in terms of EBITDA and EBIT in the third quarter. For further details please refer to the specific tables contained in the following chapters.

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

The quarter closed with a profit of 177 thousand Euros (0.1% of turnover), a significant improvement compared to the loss of 1.019 million Euros (-0.5% of turnover) in the third quarter of 2012 and highlights that during the reporting period all three business areas (Drive Tech, Agritalia Division and Elettronica Santerno) achieved a positive net result.

In cumulative terms the net profit of the Carraro Group amounted to 329 thousand Euros compared to a loss of 6.515 million Euros as at 30 September 2012. Worthy of note is the improvement in profit before tax of 8.895 million Euros (1.3% of turnover) compared to 1.116 million Euros (0.2% of turnover) in the same period of 2012, while maintaining an excessively high tax burden, albeit lower than the previous year.

As expected, the trend in net working capital in the quarter, which suffered from a number of effects related to seasonality, particularly in Italy, had an impact on the net financial position which, with a debt of 268.455 million Euros, increased compared to 30 June 2013, when it stood at 258.190 million Euros. When compared to the figure as at 30 September 2012, amounting to 304.551 million Euros, there is a significant reduction in debt exposure.

ECONOMIC AND EQUITY DATA**Turnover**

The Group's consolidated turnover for the third quarter of 2013 amounted to 217.042 million Euros, an increase of 4.1% compared to turnover for the third quarter of 2012, equal to 208.494 million Euros. In cumulative terms, turnover as at 30 September 2013 amounted to 666.208 million Euros, a decrease of 2.4% compared to 682.834 as at 30 September 2012.

The following table breaks turnover down by market segment:

Figures for the third quarter of 2013 (amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	3rd Quarter 2013	3rd Quarter 2012	Diff. %	3rd Quarter 2013	3rd Quarter 2012	Diff. %	3rd Quarter 2013	3rd Quarter 2012	Diff. %
CARRARO DRIVE TECH	175,322	178,050	-1.53	170,867	175,420	-2.60	4,455	2,630	69.39
CARRARO AGRITALE DIV.	21,882	22,278	-1.78	20,983	21,125	-0.67	899	1,153	-22.03
ELETTRONICA SANTERNO	25,168	11,782		25,153	11,748		15	34	-55.88
NON-ALLOCATED BUSINESS	2,974	7,262	-59.05	39	201	-80.60	2,935	7,061	-58.43
TOTAL SEGMENTS	225,346	219,372	2.72	217,042	208,494	4.10	8,304	10,878	-23.66
INTRA-GROUP ELIMINATIONS	-8,304	-10,878	-23.66	-	-		-		
TOTAL CONSOLIDATED	217,042	208,494	4.10	217,042	208,494	4.10	8,304	10,878	-23.66

Cumulative figures as at 30 September 2013 (amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	30.09.2013	30.09.2012	Diff. %	30.09.2013	30.09.2012	Diff. %	30.09.2013	30.09.2012	Diff. %
CARRARO DRIVE TECH	543,737	585,378	-7.11	530,580	574,355	-7.62	13,157	11,023	19.36
CARRARO AGRITALE DIV.	75,072	71,532	4.95	72,289	68,014	6.29	2,783	3,518	-20.89
ELETTRONICA SANTERNO	62,743	39,860	57.41	62,668	39,539	58.50	75	321	-76.64
NON-ALLOCATED BUSINESS	9,688	27,869	-65.24	671	926	-27.54	9,017	26,943	-66.53
TOTAL SEGMENTS	691,242	724,639	-4.61	666,208	682,834	-2.43	25,032	41,805	-40.12
INTRA-GROUP ELIMINATIONS	-25,032	-41,805	-40.12	-	-				
TOTAL CONSOLIDATED	666,208	682,834	-2.43	666,208	682,834	-2.43	25,032	41,805	-40.12

The following table breaks down turnover by geographical area:

Figures for the third quarter of 2013 (amounts in Euro thousands)

<i>Geographical Area</i>	<i>3rd Quarter 2013</i>	<i>%</i>	<i>3rd Quarter 2012</i>	<i>%</i>	<i>Difference %</i>
North America	30,148	13.9	27,460	13.2	9.8
South America	28,214	13.0	26,401	12.7	6.9
Germany	25,348	11.7	24,931	12.0	1.7
Turkey	16,367	7.5	7,402	3.5	n.r.
United Kingdom	14,854	6.8	15,898	7.6	-6.6
France	11,487	5.3	9,506	4.6	20.8
China	10,878	5.0	17,551	8.4	-38.0
Switzerland	10,386	4.8	12,783	6.1	-18.8
India	11,438	5.3	11,853	5.7	-3.5
Poland	4,364	2.0	5,464	2.6	-20.1
South Africa	4,085	1.9	109	0.1	n.r.
Belgium	3,836	1.8	2,736	1.3	40.2
Sweden	3,507	1.6	3,214	1.5	9.1
Other E.U. areas	8,107	3.7	8,228	3.9	1.5
Other non-E.U. areas	10,415	4.8	6,389	3.1	63.0
Total Abroad	193,434	89.1	179,925	86.3	7.5
Italy	23,608	10.9	28,569	13.7	-17.4
Total	217,042	100.0	208,494	100.0	4.1
of which:					
Total E.U. area	95,111	43.8	98,546	47.3	-3.5
Total non-E.U. area	121,931	56.2	109,948	52.7	10.9

Cumulative figures as at 30 September 2013 (amounts in Euro thousands)

<i>Geographical Area</i>	<i>30.09.2013</i>	<i>%</i>	<i>30.09.2012</i>	<i>%</i>	<i>Difference %</i>
North America	89,538	13.4	79,088	11.6	13.2
South America	81,727	12.3	75,232	11.0	8.6
Germany	79,041	11.9	87,894	12.9	-10.1
Turkey	49,769	7.5	28,031	4.1	77.6
France	43,353	6.5	40,266	5.9	7.7
United Kingdom	42,232	6.3	59,384	8.7	-28.9
China	40,421	6.1	51,772	7.6	-21.9
India	37,410	5.6	40,250	5.9	-7.1
Switzerland	33,140	5.0	39,120	5.7	-15.3
Poland	14,930	2.2	17,860	2.6	-16.4
Belgium	12,607	1.9	10,701	1.6	17.8
Sweden	12,113	1.8	11,145	1.6	8.7
South Africa	11,487	1.7	335	0.1	n.r.
Other E.U. areas	24,531	3.7	22,186	3.2	10.6
Other non-E.U. areas	17,263	2.6	14,486	2.1	19.2
Total Abroad	589,562	88.5	577,750	84.6	2.0
Italy	76,646	11.5	105,084	15.4	-27.1
Total	666,208	100.0	682,834	100.0	-2.4
of which:					
Total E.U. area	305,453	45.8	354,520	51.9	-13.8
Total non-E.U. area	360,755	54.2	328,314	48.1	9.9

In analysing turnover by geographic segment, it should be noted that the Group sells to the production sites of OEMs that may reside in different countries from the nations of end users of their products.

In the light of the figures set out in the previous table, Group sales are increasingly focussed outside Europe, in particular on North America (+13.2% compared to 30 September 2012), Turkey (+77.5%) and South America (+8.6%). Worthy of note is the sales growth in South Africa (+11 million Euros) thanks to the turnover recorded by Elettronica Santerno in that country.

As at 30 September 2013, sales to non-European countries exceed 50% of total turnover. turnover in Italy continues to fall from an incidence of 15.4% as at 30 September 2012 to 11.5% as at 30 September 2013.

EBITDA and EBIT

Figures for the third quarter of 2013 (amounts in Euro thousands)

	3rd Quarter 2013	% of turnover	3rd Quarter 2012	% of turnover	Diff. %
EBITDA (a)	15,335	7.1	13,571	6.5	13.0
EBIT (b)	7,846	3.6	5,589	2.7	40.4

Figures as at 30.09.2013 (amounts in Euro thousands)

	30.09.2013	% of turnover	30.09.2012¹	% of turnover	Diff. %
EBITDA (a)	45,861	6.9	37,966	5.6	20.8
EBIT (b)	23,171	3.5	14,198	2.1	63.2

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

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

Consolidated EBITDA for the third quarter was equal to 15.335 million Euros (7.1% of turnover) an increase compared to 13.571 million Euros (6.5% of turnover) for the third quarter of 2012. The cumulative figure as at 30 September 2013, equal to 45.861 million Euros (6.9% of turnover), an increase of 20.8% compared to 37.966 million Euros (5.6% of turnover) of the previous year, benefits from the production reorganisation and cost containment mentioned in previous chapters.

EBIT for the quarter was equal to 7.846 million Euros (3.6% of turnover), up 40.4% compared to the same period of 2012 which recorded a figure of 5.589 million Euros (2.7% of turnover). Cumulative EBIT as at 30 September 2013 amounted to 23.171 million Euros (3.5% of turnover), an increase of 63.2% compared to the cumulative figure as at 30 September 2012 of 14.198 million Euros (2.1% of turnover).

As regards the analysis of profitability in business areas in the mechanics sector and in the Elettronica Santerno business area the situation is the following:

EBITDA	3rd quarter 2013	% of turnover	3rd quarter 2012	% of turnover	Diff. %
Carraro Drive Tech and Agritalia Div.	14,636	7.4	13,167	6.6	11.2
Elettronica Santerno	2,172	8.6	-112	-1.0	n.r.

EBIT	3rd quarter 2013	% of turnover	3rd Quarter 2012	% of turnover	Diff. %
Carraro Drive Tech and Agritalia Div.	8,258	4.2	6,062	3.0	36.2
Elettronica Santerno	1,553	6.2	-715	-6.1	n.r.

EBITDA	30.09.13	% of turnover	30.09.12¹	% of turnover	Diff. %
Carraro Drive Tech and Agritalia Div.	47,904	7.7	42,151	6.4	13.6
Elettronica Santerno	2,641	4.2	-3,107	-7.8	n.r.

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

EBIT	30.09.13	% of turnover	30.09.12¹	% of turnover	Diff. %
Carraro Drive Tech and Agritalia Div.	28,702	4.6	21,859	3.3	31.3
Electronica Santerno	802	1.3	-4,921	-12.3	n.r.

Financial expenses

Figures for the third quarter of 2013 (amounts in Euro thousands)

	3rd Quarter 2013	% of turnover	3rd Quarter 2012	% of turnover	Diff. %
Financial expenses	4,323	2.0	3,700	1.8	16.8

Figures as at 30.09.2013 (amounts in Euro thousands)

	30.09.2013	% of turnover	30.09.2012¹	% of turnover	Diff. %
Financial expenses	12,940	1.9	12,776	1.9	1.3

Financial expenses for the third quarter of 2013 amount to 4.323 million Euros (2.0% of turnover) compared to 3.700 million Euros (1.8% of turnover) for the third quarter of 2012. The increase is attributable to the new loan conditions (*spread*) subject of the Reorganization Agreement, effective since April 2013.

Financial expenses as at 30 September 2013 amounted to 12.940 million Euros (1.9% of turnover) compared to 12.776 million Euros (1.9% of turnover) as at 30 September 2012. In cumulative terms the increase is less evident since the average financial debt in the period under review is less than that of the same period of 2012 and interest rates applied in the first quarter are in line with those of the first quarter 2012.

Exchange Differences

Figures for the third quarter of 2013 (amounts in Euro thousands)

	3rd Quarter 2013	% of turnover	3rd Quarter 2012	% of turnover	Diff. %
Exchange differences	-952	-0.4	-305	-0.1	n.r.

Figures as at 30.09.2013 (amounts in Euro thousands)

	30.09.2013	% of turnover	30.09.2012	% of turnover	Diff. %
Exchange differences	-1,336	-0.2	-155	-0.0	n.r.

Exchange differences for the third quarter of 2013 were negative, amounting to 952 thousand Euros, and were negative, amounting to 305 million Euros, for the third quarter of 2012.

In cumulative terms, as at 30 September 2013 were negative amounting to 1.336 thousand Euros and were negative amounting to 155 thousand Euros as at 30 September 2012. The deterioration is due to the important devaluation effects of certain currencies, such as Pesos and Rupees, limited to conversion of capital balances. These devaluation effects do not represent significant risk factors since revenues and purchases in foreign currency are adequately hedged with structured instruments in accordance with Group policy.

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

Net profit/(loss)

Figures for the third quarter of 2013 (amounts in Euro thousands)

	3rd Quarter 2013	% of turnover	3rd Quarter 2012	% of turnover	Diff. %
Net profit/(loss)	177	0.1	-1,019	-0.5	<i>n.r.</i>

Figures as at 30.09.2013 (amounts in Euro thousands)

	30.09.2013	% of turnover	30.09.2012¹	% of turnover	Diff. %
Net profit/(loss)	329	0.1	-6,515	-1.0	<i>n.r.</i>

(amounts in Euro thousands)	30.09.2013	% of turnover	30.09.2012¹	% of turnover	Diff. %
Earnings before tax	8,895	1.3	1,116	0.2	<i>n.r.</i>
Current and deferred income taxes	-7,987	-1.2	-7,963	-1.2	0.3
Profit/(loss) pertaining to minorities	-579	-0.1	332	0.1	<i>n.r.</i>
Net profit/(loss)	329	0.1	-6,515	-1.0	<i>n.r.</i>

Net profit for the quarter amounted to 177 thousand Euros (0.1% of turnover) with a significant improvement over the loss of 1.019 million Euros (-0.5% of turnover) in the third quarter of 2012. In cumulative terms net profit of the Carraro Group amounted to 329 thousand Euros compared to a loss of 6.515 million Euros as at 30 September 2012. There was a significant improvement in profit before tax which increased from 1,116 million Euros (0.2% of turnover) to 8.895 million Euros (1.3% of turnover), made possible by improved profitability as mentioned earlier. The *tax rate* for the period, albeit an improvement compared to 30 September 2012, is affected by the tax burden of companies with positive taxable income, by IRAP on Italian companies and by containment of deferred tax assets on tax losses to be carried forward in Group companies still posting a loss.

Amortisation, depreciation and impairment of fixed assets

Figures for the third quarter of 2013 (amounts in Euro thousands)

	3rd Quarter 2013	% of turnover	3rd Quarter 2012	% of turnover	Diff. %
Amortisation, depreciation and impairment	7,489	3.5	7,982	3.8	-6.2

Figures as at 30.09.2013 (amounts in Euro thousands)

	30.09.2013	% of turnover	30.09.2012	% of turnover	Diff. %
Amortisation, depreciation and impairment	22,690	3.4	23,768	3.5	-4.5

Investments

Figures for the third quarter of 2013 (amounts in Euro thousands)

	3rd Quarter 2013	3rd Quarter 2012
Investments	9,505	17,732

Figures as at 30.09.2013 (amounts in Euro thousands)

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

	30.09.2013	30.09.2012
Investments	22,642	31,190

Investments as at 30 September 2013 were equal to 22.642 million Euros compared to 31.190 million Euros as at 30 September 2012. The lower value is due to a temporal shift since investments for the year exceeding those of last year are confirmed. In particular, investments have and will be focussed, in the Drive Tech Business Area, on supporting the project for *insourcing* of activities previously carried out externally, on maintaining efficiency and ensuring modernisation of facilities, while in Headquarters on the development of the new SAP management system.

Research and Development

Research and Development expenditure as at 30 September 2013 was equal to 14.201 million Euros (2.1% of turnover) in line with the a figure of 13.068 million Euros (1.9% of turnover) as at 30 September 2012, confirming the Group's steadfast commitment to technological innovation.

Net financial position

Figures as at 30.09.2013 (amounts in Euro thousands)

	30.09.2013	31.12.2012	30.09.2012
Net financial position*	-268,455	-213,703	-304,551

* 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 268.455 million Euros, while it amounted to 258.190 million Euros as at 30 June 2013, 213.703 million Euros as at 31 December 2012 and 304.551 million Euros as at 30 September 2012.

Compared to 30 June 2013 there is a slight deterioration caused by the trend of net working capital that suffers from a seasonal effect, especially in Italian factories (summer closure).

PERSONNEL

Workforce trend

Figures as at 30.09.2013

	30.09.2013	31.12.2012	30.09.2012
Executives	50	58	59
Clerical staff	1,025	1,044	1,055
Factory workers	2,965	2,865	2,866
Temporary workers	139	43	115
Total	4,179	4,010	4,095

Group personnel as at 30 September 2013 amounted to 4,179 resources (including temporary workers, trainees and interim workers, where present), compared to 4,010 as at 31 December 2012 and 4,095 as at 30 September 2012.

During the first nine months of 2013, the number of temporary workers increased (+96 compared to 31 December 2012), in particular in production facilities in Italy, as did the number of factory workers (+100 compared to 31 December 2012), in particular in production sites abroad in India, Argentina and China.

As at 30 September 2013, 1,912 employees (46% of the total) worked in the Italian production sites of the Group and 2,267 employees (54% of the total) worked in sites abroad.

As from November 2012, Elettronica Santerno started a 12 month temporary lay-off period for restructuring.

Performance and results of the Carraro Group Business Areas

Drivelines & Components - Drive Tech Business Area¹

Starting from the beginning of 2013, the previous Drivelines and Components Business Units are integrated in the new business area called Carraro Drive Tech. It should be pointed out that, in order to ensure comparability of results, it has been necessary to reconstruct them as at 30 September 2012, aligning them to the new organization.

The demand trend in the first nine months of 2013 was characterised by different dynamics in the two main target sectors of the Business Area: while the agricultural sector maintained a positive trend with substantial continuity in all geographical areas, the construction equipment market suffered a slow down, which was already evident in the latter half of 2012. During 2013 demand has not suffered further decrease, albeit remaining at average levels lower than in the first part of the previous year.

All this is reflected in the sales of the Drive Tech Business Area. In the third quarter of 2013, it reported a turnover of 175.322 million Euros compared to 178.050 million Euros in the third quarter of 2012. Cumulative turnover as at 30 September 2013 amounted to 543.737 million Euros, down 7.1% compared to turnover for the first nine months of 2012 (equal to 585.378 million Euros).

Turnover as at 30 September 2013 in European Union countries accounted for 47.3% while the remaining 52.7% was generated in countries outside the EU; the Italian market in the first nine months of the year, represented 10.8% of sales compared to 12.4% for the same period of 2012.

It is pointed out that turnover in Europe concerns the local production sites of clients who in turn generate sales mainly on non-European markets.

Agricultural market

Sales of products for tractors in the first nine months of 2013 increased by 11.4% with particular success deriving from the introduction of the new transmissions range (T10 series).

Driving the favourable trend were mainly transmissions (+ 31% compared to the first nine months of 2012) and axles (+5.3% compared to 30 September 2012).

With reference to the analysis by geographical area, demand in the Turkish market (as regards both axles and transmissions), in the Argentine market for transmissions and axles in Brazil had a positive impact on turnover.

Construction Equipment Market:

The decrease in the sales of products for construction machinery amounted to -22.4%, linked to the significant reduction in the Chinese market both for construction machinery as well as in *mining*, and to a lesser extent to a reduction in demand in the United Kingdom, Italy, Germany and the United States.

Replacement parts

Sale of replacement parts declined compared to the first nine months of 2012 (-3%).

Automotive Market

In an unstable and fragmented market context, turnover for the first nine months of 2013 recorded a decline of 20.3% compared to the same period in 2012. The Business Area is present in this market with the miniGears brand and operates in the *premium* segment. The reduction, due to the phase out of certain products, was concentrated in the first half of the year. Subsequently, the launch of new offers in the high-end segment for the European market allowed sales volumes to recover. Turnover for third-quarter increased by 12.8% compared to the same period of 2012.

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

Powertools and Gardening Market

Sales in the Powertools and Gardening segments suffered a decrease of 13.2% compared to 30 September 2012, particularly in Germany and the United States.

The Powertools market in Q3 2013 recorded a decrease of 2.4% compared to the same period of 2012, mainly linked to the difficulties of a number of our major customers in their efforts to penetrate the Southeast Asia market and a simultaneous slowdown in the European market

The Gardening sector decreased by 2.0% linked to termination of a one-time supply for Northern European market.

* * * *

The variable margin for the third quarter of 2013 is an improvement over the same period of the previous year thanks to optimisation of the *supply chain* and continuation of *insourcing* of certain components. Consolidated EBITDA for the third quarter 2013 amounted to 14.027 million Euros (8.0% of turnover), up 14.1% compared to 12.297 million Euros (6.9% of turnover) in 2012. EBIT amounted to 7.975 million Euros (4.6% of turnover), up 38.9% compared to 5.743 million (3.2% of turnover) for the third quarter of 2012.

In terms of cumulative results, profitability as at 30 September 2013 increased thanks to the aforementioned improvements and to the general containment of costs in absolute terms compared to the previous year. Cumulative EBITDA as at 30 September 2013 amounted to 45.442 million Euros (8.4% of turnover), up 13.2% compared to 40.134 million Euros (6.9% of turnover) in the same period of 2012. Cumulative EBIT as at 30 September 2013 amounted to 27.168 million Euros (5.0% of turnover), up 31.4% compared to 20.676 million Euros (3.5% of turnover) as at 30 September 2012.

Net profit also benefited from the profitability improvement with profits increasing from 103 thousand Euros (0.1% of turnover) in the third quarter of 2012 to 2.000 million Euros (1.1% of turnover) in the reporting period. The cumulative result as at 30 September 2013 was positive amounting to 8.830 million Euros (1.6% of turnover) compared to 2.846 million Euros (0.5% of turnover) recorded for the same period in 2012.

The net financial position as at 30 September 2013, negative at -169.955 million Euros, recorded a slight decrease compared to 30 June 2013 when it stood at -161.730 million Euros as a result of seasonality of working capital in the third quarter. On the contrary, there is an improvement compared to 30 September 2012, when there was a debt of 224.013 million Euros.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2013 - QUARTER ANALYSIS
DRIVELINES & COMPONENTS BUSINESS AREA – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2013	%	3rd Quarter 2012	%	Changes 3Q 2013 3Q 2012
REVENUES FROM SALES	175,322	100.00%	178,050	100.00%	-1.53%
Purchases of goods and materials (net of changes in inventories)	-102,983	-58.74%	-109,746	-61.64%	-6.16%
Services and Use of third-party goods and services	-30,427	-17.35%	-29,958	-16.83%	1.57%
Personnel costs	-27,005	-15.40%	-26,317	-14.78%	2.61%
Amortisation, depreciation and impairment of assets	-6,103	-3.48%	-6,789	-3.81%	-10.10%
Provisions for risks	-1,387	-0.79%	-1,208	-0.68%	14.82%
Other income and expenses	174	0.10%	1,232	0.69%	-85.88%
Internal construction	384	0.22%	479	0.27%	-19.83%
OPERATING COSTS	-167,347	-95.45%	-172,307	-96.77%	-2.88%
OPERATING PROFIT/(LOSS) (EBIT)	7,975	4.55%	5,743	3.23%	38.86%
Other financial income	712	0.41%	635	0.36%	11.97%
Financial costs and expenses	-3,888	-2.22%	-3,894	-2.19%	-0.15%
Net gains/(losses) on foreign exchange	-822	-0.47%	-182	-0.10%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-3,998	-2.28%	-3,441	-1.93%	16.19%
PROFIT/(LOSS) BEFORE TAXES	3,977	2.27%	2,302	1.29%	72.76%
Current and deferred income taxes	-2,058	-1.17%	-2,144	-1.20%	-4.01%
NET PROFIT/(LOSS)	1,919	1.09%	158	0.09%	
Profit/(loss) pertaining to minorities	81	0.05%	-55	0.03%	
CONSOLIDATED RESULT OF THE BUSINESS AREA	2,000	1.14%	103	0.06%	
EBITDA	14,027	8.00%	12,297	6.91%	14.07%

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2013
DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30.09.13	%	31.12.12	%	30.09.12	%	Changes	
					<i>restated⁽¹⁾</i>		30.09.13	30.09.12
REVENUES FROM SALES	543,737	100.00%	750,571	100.00%	585,378	100.00%	-41,641	-7.11%
Purchases of goods and materials (net of changes in inventories)	-321,038	-59.04%	-459,128	-61.17%	-359,242	-61.37%	38,204	-10.63%
Services and Use of third-party goods and services	-91,829	-16.89%	-128,133	-17.07%	-102,672	-17.54%	10,843	-10.56%
Personnel costs	-86,032	-15.82%	-108,852	-14.50%	-83,210	-14.21%	-2,822	3.39%
Depreciation and amortisation and impairment of assets	-18,467	-3.40%	-28,943	-3.86%	-20,132	-3.44%	1,665	-8.27%
Provisions for risks	-3,558	-0.65%	-10,376	-1.38%	-3,897	-0.67%	339	-8.70%
Other income and expenses	3,061	0.56%	6,022	0.80%	3,122	0.53%	-61	-1.95%
Internal construction	1,294	0.24%	1,770	0.24%	1,326	0.23%	-32	-2.41%
OPERATING COSTS	-516,569	-95.00%	-727,640	-96.94%	-564,705	-96.47%	48,136	-8.52%
OPERATING PROFIT/(LOSS) (EBIT)	27,168	5.00%	22,931	3.06%	20,676	3.53%	6,492	31.40%
Income from equity investments	-	0.00%	-		-		-	
Other financial income	1,664	0.31%	2,178	0.29%	1,353	0.23%	310	22.91%
Financial costs and expenses	-12,095	-2.22%	-16,990	-2.26%	-12,665	-2.16%	570	-4.50%
Net gains/(losses) on foreign exchange	-975	-0.18%	-86	-0.01%	244	0.04%	-1,219	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-11,406	-2.10%	-14,898	-1.98%	-11,068	-1.89%	-338	3.05%
PROFIT/(LOSS) BEFORE TAXES	15,762	2.90%	8,033	1.07%	9,608	1.64%	6,154	64.05%
Current and deferred income taxes	-6,836	-1.26%	-6,955	-0.93%	-6,349	-1.08%	-487	7.67%
NET PROFIT/(LOSS)	8,926	1.64%	1,078	0.14%	3,259	0.56%	5,667	
Profit/(loss) pertaining to minorities	-96	0.02%	1,371	0.18%	-413	0.07%	317	-76.76%
CONSOLIDATED RESULT OF THE BUSINESS AREA	8,830	1.62%	2,449	0.33%	2,846	0.49%	5,984	
EBITDA	45,442	8.36%	51,013	6.80%	40,134	6.86%	5,308	13.23%

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30.09.2013 DRIVELINES & COMPONENTS BUSINESS AREA – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Property, plant and equipment	154,771	164,148	170,409
Intangible fixed assets	49,545	49,106	49,148
Real estate investments	172	169	170
Holdings in subsidiaries and associates	-	-	-
Financial assets	3,500	3,526	4,757
Deferred tax assets	19,397	19,877	18,835
Trade receivables and other receivables	1,114	1,282	4,036
NON-CURRENT ASSETS	228,499	238,108	247,355
Closing inventory	133,586	120,477	139,751
Trade receivables and other receivables	128,419	107,393	140,739
Financial assets	5,073	3,747	4,317
Cash and cash equivalents	41,538	73,051	34,603
CURRENT ASSETS	308,616	304,668	319,410
TOTAL ASSETS	537,115	542,776	566,765
Share Capital	30,102	58,902	58,902
Reserves	36,354	4,994	8,755
Foreign currency translation reserve	-17,045	-9,159	-5,923
Profit/(Loss) for the period	8,830	2,449	2,846
Minority interests	2,798	3,649	3,747
SHAREHOLDERS' EQUITY	61,039	60,835	68,327
Financial liabilities	30,110	34,031	37,262
Trade payables and other payables	1,037	20	20
Deferred tax liabilities	3,093	3,441	6,002
Provision for severance indemnity and retirement benefits	17,015	17,003	14,768
Provisions for risks and liabilities	1,564	1,564	2,104
NON-CURRENT LIABILITIES	52,819	56,059	60,156
Financial liabilities	190,823	187,258	229,968
Trade payables and other payables	212,579	217,596	191,515
Current taxes payables	7,669	7,589	8,537
Provisions for risks and liabilities	12,186	13,439	8,262
CURRENT LIABILITIES	423,257	425,882	438,282
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	537,115	542,776	566,765

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

CASH FLOW AS AT 30.09.2013
DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Opening Net Financial Position	-140,655	-188,562	-188,562
<i>Group profit/(loss)</i>	8,830	2,449	2,846
<i>Profit/(loss) pertaining to minorities</i>	96	-1,371	413
<i>Amortisation, depreciation and impairment of fixed assets</i>	18,274	28,082	19,462
Cash flow before Net Working Capital	27,200	29,160	22,721
Change in Net Working Capital	-38,468	25,938	-47,861
Investments in fixed assets	-17,299	-24,451	-21,900
Disinvestments in fixed assets	450	653	519
Operating Free Cash Flow	-28,117	31,300	-46,521
Other operating flows	28	20,024	9,278
Other investing flows	7,511	4,319	4,223
Other equity flows	-8,722	-7,736	-2,431
Free Cash Flow	-29,300	47,907	-35,451
Closing Net Financial Position	-169,955	-140,655	-224,012

ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2013
DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12
Trade Receivables	85,501	69,798	98,194
Inventory	133,586	120,477	139,752
Trade Payables	-186,767	-196,423	-170,293
Net Working Capital (NWC)	32,320	-6,148	67,653

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

Vehicles – Agritalia Business Area¹

Cumulative turnover of Agritalia as at 30 September 2013 amounted to 75.072 million Euros, deriving from the sale of tractors (2,701), *powertrains* and engineering services revenues, and increased by 5.0% compared to 30 September 2012 which recorded a turnover of 71.532 million Euros from the sale of 2,768 tractors.

The number of tractors sold in the nine months of 2013 is less than that of the same period in 2012, due to difficulties in procurement of materials. Solution of these problems will allow volumes exceeding those of 2012 to be achieved for the full year.

In particular, this effect is evident in the turnover for the third quarter 2013, amounting to 21.882 million Euros, down 1.8% compared to 22.278 million Euros for the same period in 2012.

The results on the single quarter, in terms of profitability, were affected by the abovementioned reduction in turnover. EBITDA for the third quarter 2013 amounted to 609 thousand Euros (2.8% of turnover) compared to 870 thousand Euros (3.9% of turnover) as at 30 September 2012. EBIT amounted to 283 million Euros (1.3% of turnover), down 52.0% compared to 589 thousand Euros (2.6% of turnover) for the same period in 2012.

In cumulative terms profitability benefited from the positive effect of the production improvement and cost monitoring process started in 2012 and fully implemented in 2013. EBITDA as at 30 September 2013 amounted to 2.462 million Euros (3.3% of turnover), up 22.1% compared to 2.017 million Euros (2.8% of turnover) as at 30 September 2012. EBIT for the period amounted to 1.534 million Euro (2.0% of turnover), an increase of 29.7% compared to 1.183 million Euro (1.7% of turnover) in the same period of 2012.

The quarter closed with a profit of 117 thousand Euros (0.5% of turnover) compared to 498 thousand Euros (2.2% of turnover) for the third quarter of 2012. The cumulative figure as at 30 September 2013 amounted to 1.220 million Euros (1.6% of turnover), up 21.3% compared to 1.006 million Euros (1.4% of turnover) as at 30 September 2012.

The net financial position as at 30 September 2013, positive at 10.141 million Euros, recorded a slight decrease compared to 30 June 2013 when it stood at 14.875 million Euros as a result of seasonality of working capital in the third quarter. On the contrary, there is an improvement compared to 30 September 2012, when it stood at 9.022 million Euros.

¹ *Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.*

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2013 - QUARTER ANALYSIS
CARRARO DIVISIONE AGRITALIA BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2013	%	3rd Quarter 2012	%	Changes 3Q 2013 3Q 2012
REVENUES FROM SALES	21,882	100.00%	22,278	100.00%	-1.78%
Purchases of goods and materials (net of changes in inventories)	-16,137	-73.75%	-16,695	-74.94%	-3.34%
Services and Use of third-party goods and services	-1,946	-8.89%	-2,001	-8.98%	-2.75%
Personnel costs	-2,864	-13.09%	-2,448	-10.99%	16.99%
Amortisation, depreciation and impairment of assets	-329	-1.50%	-282	-1.27%	16.67%
Provisions for risks	-266	-1.22%	-253	-1.14%	5.14%
Other income and expenses	-57	-0.26%	-10	-0.04%	
OPERATING COSTS	-21,599	-98.71%	-21,689	-97.36%	-0.41%
OPERATING PROFIT/(LOSS) (EBIT)	283	1.29%	589	2.64%	-51.95%
Other financial income	-		12	0.05%	
Financial costs and expenses	-17	-0.08%	-42	-0.19%	-59.52%
Net gains/(losses) on foreign exchange			8	0.04%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-17	-0.08%	-22	-0.10%	-22.73%
PROFIT/(LOSS) BEFORE TAXES	266	1.22%	567	2.55%	-53.09%
Current and deferred income taxes	-149	-0.68%	-69	-0.31%	
CONSOLIDATED RESULT OF THE BUSINESS AREA	117	0.53%	498	2.24%	-76.51%
EBITDA	609	2.78%	870	3.91%	-30.0%

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2013 CARRARO
DIVISIONE AGRITALIA BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30.09.13		31.12.12		30.09.12		Changes	
		%		%	<i>restated⁽¹⁾</i>	%	30.09.13	30.09.12
REVENUES FROM SALES	75,072	100.00%	91,777	100.00%	71,532	100.00%	3,540	4.95%
Purchases of goods and materials (net of changes in inventories)	-55,429	-73.83%	-68,288	-74.41%	-53,439	-74.71%	-1,990	3.72%
Services and Use of third-party goods and services	-6,575	-8.76%	-8,673	-9.45%	-6,791	-9.49%	216	-3.18%
Personnel costs	-9,427	-12.56%	-11,010	-12.00%	-8,362	-11.69%	-1,065	12.74%
Amortisation, depreciation and impairment of assets	-938	-1.25%	-1,083	-1.18%	-840	-1.17%	-98	11.67%
Provisions for risks	-1,085	-1.45%	-1,274	-1.39%	-1,019	-1.42%	-66	6.48%
Other income and expenses	-84	-0.11%	198	0.22%	102	0.14%	-186	
Internal construction	-	0.00%	-	-0.00%	-	0.00%	-	
OPERATING COSTS	-73,538	-97.96%	-90,131	-98.21%	-70,349	-98.35%	3,189	4.53%
OPERATING PROFIT/(LOSS) (EBIT)	1,534	2.04%	1,646	1.79%	1,183	1.65%	351	29.67%
Other financial income	-	0.00%	48	0.05%	36	0.05%	-36	100.00%
Financial costs and expenses	-81	-0.11%	-135	-0.15%	-67	-0.09%	-14	20.90%
Net gains/(losses) on foreign exchange	-4	-0.01%	11	0.01%	6	0.01%	-10	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-85	-0.11%	-76	-0.08%	-25	0.00%	-60	
PROFIT/(LOSS) BEFORE TAXES	1,449	1.93%	1,570	1.71%	1,158	1.62%	291	25.13%
Current and deferred income taxes	-229	-0.31%	-59	-0.06%	-152	-0.21%	-77	50.66%
CONSOLIDATED RESULT OF THE BUSINESS AREA	1,220	1.63%	1,511	1.65%	1,006	1.41%	214	21.27%
EBITDA	2,462	3.28%	2,722	2.97%	1,978	2.77%	484	24.47%

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2013
CARRARO DIVISIONE AGRITALIA BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Property, plant and equipment	11,061	10,992	12,224
Intangible fixed assets	258	334	351
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	1,698	1,510	2,684
Trade receivables and other receivables	7	7	5
NON-CURRENT ASSETS	13,024	12,843	15,264
Closing inventory	11,878	13,204	13,309
Trade receivables and other receivables	8,795	2,880	4,924
Financial assets	-	7	14
Cash and cash equivalents	10,141	12,994	9,020
CURRENT ASSETS	30,814	29,085	27,267
TOTAL ASSETS	43,838	41,928	42,531
Share Capital	-	-	-
Reserves	9,436	7,930	8,044
Profit/(Loss) for the period	1,220	1,511	1,066
SHAREHOLDERS' EQUITY	10,656	9,441	9,050
Financial liabilities	-	-	-
Trade payables and other payables	-	-	-
Deferred tax liabilities	15	17	69
Provision for severance indemnity and retirement benefits	1,224	1,222	1,079
Provisions for risks and liabilities	615	578	533
NON-CURRENT LIABILITIES	1,854	1,817	1,681
Financial liabilities	-	-	12
Trade payables and other payables	29,250	28,482	29,452
Current taxes payables	27	28	9
Provisions for risks and liabilities	2,051	2,160	2,327
CURRENT LIABILITIES	31,328	30,670	31,800
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	43,838	41,928	42,531

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

CASH FLOW AS AT 30.09.2013 CARRARO DIVISIONE AGRITALIA OF BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Opening Net Financial Position	13,001	11,083	11,083
<i>Group profit/(loss)</i>	<i>1,220</i>	<i>1,511</i>	<i>1,006</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>928</i>	<i>1,076</i>	<i>834</i>
Cash flow before Net Working Capital	2,148	2,587	1,840
Change in Net Working Capital	-4,365	-1,080	-3,057
Investments in fixed assets	-948	-1,244	-665
Disinvestments in fixed assets	27	1,599	11
Operating Free Cash Flow	-3,138	1,862	-1,893
Other operating flows	283	181	-181
Other investing flows	-	-1	-
Other equity flows	-5	-124	9
Free Cash Flow	-2,860	1,918	-2,061
Closing Net Financial Position	10,141	13,001	9,022

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2013
CARRARO DIVISIONE AGRITALIA**

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12
Trade Receivables	8,443	2,330	5,131
Inventory	11,878	13,204	13,309
Trade Payables	- 27,209	- 26,787	- 27,716
Net Working Capital (NWC)	- 6,888	-11,253	- 9,276

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

Electronics Business Area – Elettronica Santerno¹

The Santerno Business Area recorded a positive third quarter.

Regarding the photovoltaic market, growth in foreign sales was confirmed driven by those countries investing in the renewable energy sector, such as the United States (+35.4%), South Africa (+18.1%) and the Far East (+11.7%) with a more significant presence in Thailand, where the largest photovoltaic plant in the country is in the start-up phase.

The industrial applications sector, which by its nature is more stable than that of renewable energies, in the third quarter of 2013 recorded a slight slowdown following a positive first half. Also in this case sales are addressed mainly to foreign markets, particularly in Asia and South America.

Turnover for the third quarter of 2013 amounted to 25.168 million Euros compared to 11.782 million Euros for the same period of 2012. The cumulative figure as at 30 September 2013 amounted to 62.743 million Euros, an increase of 57.4% compared to 30 September 2012 when it stood at 39.860 million Euros. Foreign turnover at 30 September 2013 represented more than 82% of total turnover while that in Italy had an incidence of less than 18%, unlike in the same period in 2012 when turnover in Italy accounted for more than 72% of the total turnover of the business area.

Profitability improved significantly, with a positive EBITDA in the third quarter of 2013 of 2.172 million Euros (8.6% of turnover) compared to a negative value of 112 thousand Euros (-1.0% of turnover) in the same period of 2012. EBIT was equal to 1.553 million Euros (6.2% of turnover) while it was negative amounting to 715 million Euros (-6.1% of turnover) in the third quarter of 2012.

EBITDA as at 30 September 2013 was positive amounting to 2.641 million Euros (4.2% of turnover) compared to a negative value of 3.107 million Euros (-7.8% of turnover) as at 30 September 2012. EBIT for the nine months of 2013 was positive at 802 thousand Euros (1.3% of turnover) compared to a negative value of 4.921 million Euros (-12.4% of turnover) for the same period of 2012.

The quarter closed with a profit of 600 thousand Euros (2.4% of turnover) compared to a loss of 566 thousand Euros (-4.8% of turnover) for the third quarter of 2012. On the other hand, a cumulative net loss of 793 thousand Euros (-1.3% of turnover) was recorded, compared to a loss of 5.510 million Euros (-13.8% of turnover) as at 30 September 2012.

The net financial position as at 30 September 2013 was negative at -13.312 million Euros, an improvement compared to -17.379 million Euros as at 30 June 2013. Compared to 30 September 2012, when the net financial position stood at -8.179 million Euros, the situation has deteriorated due to the trend of net working capital linked to higher sales volumes.

¹ Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2013 - QUARTER ANALYSIS
ELETTRONICA SANTERNO BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2013	%	3rd Quarter 2012	%	Changes 3Q 2013 3Q 2012
REVENUES FROM SALES	25,168	100.00%	11,782	100.00%	
Purchases of goods and materials (net of changes in inventories)	-14,453	-57.43%	-6,143	-52.14%	
Services and Use of third-party goods and services	-5,632	-22.38%	-2,770	-23.51%	
Personnel costs	-2,921	-11.61%	-2,665	-22.62%	9.61%
Amortisation, depreciation and impairment of assets	-791	-3.14%	-775	-6.58%	2.06%
Provisions for risks	-190	-0.75%	-267	-2.27%	-28.84%
Other income and expenses	-46	-0.18%	-623	-5.29%	-92.60%
Internal construction	418	1.66%	746	6.33%	-43.97%
OPERATING COSTS	-23,615	-93.83%	-12,497	-106.07%	88.97%
OPERATING PROFIT/(LOSS) (EBIT)	1,553	6.17%	-715	-6.07%	
Other financial income	74	0.29%	19	0.16%	
Financial costs and expenses	-327	-1.30%	-167	-1.42%	95.81%
Net gains/(losses) on foreign exchange	-150	-0.60%	-164	-1.39%	-8.54%
GAINS/(LOSSES) ON FINANCIAL ASSETS	-403	-1.60%	-312	-2.65%	29.17%
PROFIT/(LOSS) BEFORE TAXES	1,150	4.57%	-1,027	-8.72%	
Current and deferred income taxes	-550	-2.19%	461	3.91%	
CONSOLIDATED RESULT OF THE BUSINESS AREA	600	2.38%	-566	-4.80%	
EBITDA	2,172	8.63%	- 112	-0.95%	

SUBCONSOLIDATED INCOME STATEMENT AS AT 30.09.2013
ELETTRONICA SANTERNO BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30.09.13	%	31.12.12	%	30.09.12	%	Changes	
					<i>restated⁽¹⁾</i>		30.09.13	30.09.12
REVENUES FROM SALES	62,743	100.00%	49,683	100.00%	39,860	100.00%	22,883	57.41%
Purchases of goods and materials (net of changes in inventories)	-32,634	-52.01%	-29,796	-59.97%	-22,505	-56.46%	-10,129	45.01%
Services and Use of third-party goods and services	-17,965	-28.63%	-14,789	-29.77%	-10,877	-27.29%	-7,088	65.12%
Personnel costs	-9,241	-14.73%	-11,814	-23.78%	-8,764	-21.99%	-477	5.44%
Amortisation, depreciation and impairment of assets	-2,154	-3.43%	-4,804	-9.67%	-2,186	-5.48%	32	-1.46%
Provisions for risks	-1,117	-1.78%	-1,278	-2.57%	-999	-2.51%	-118	11.81%
Other income and expenses	15	0.02%	-1,290	-2.60%	-919	-2.31%	934	
Internal construction	1,155	1.84%	2,002	4.03%	1,469	3.69%	-314	-21.38%
OPERATING COSTS	-61,941	-98.72%	-61,179	-124.33%	-44,781	-112.35%	-17,160	38.32%
OPERATING PROFIT/(LOSS) (EBIT)	802	1.28%	-12,086	-24.33%	-4,921	-12.35%	5,723	
Other financial income	97	0.15%	139	0.28%	70	0.18%	27	38.57%
Financial costs and expenses	-905	-1.44%	-757	-1.52%	-543	-1.36%	-362	66.67%
Net gains/(losses) on foreign exchange	-357	-0.57%	-469	-0.94%	-362	-0.91%	4	-1.11%
Profit/(loss)	-1,165	-1.86%	-1,087	-2.19%	-834	-2.09%	-331	39.69%
FINANCIAL ASSETS:								
PROFIT/(LOSS) BEFORE TAXES	-363	-0.58%	-13,173	-26.51%	-5,755	-14.44%	5,392	-93.69%
Current and deferred income taxes	-430	-0.69%	1,649	3.32%	245	0.61%	-675	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-793	-1.26%	-11,524	-23.20%	-5,510	-13.82%	4,717	-85.61%
EBITDA	2,641	4.21%	-9,507	-19.14%	-3,107	-7.79%	5,748	

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.09.2013
ELETTRONICA SANTERNO BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Property, plant and equipment	5,645	5,634	5,849
Intangible fixed assets	29,395	29,593	29,400
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	3,833	4,124	2,994
Trade receivables and other receivables	199	200	216
NON-CURRENT ASSETS	39,072	39,551	38,459
Closing inventory	16,471	14,626	19,084
Trade receivables and other receivables	36,526	24,089	26,784
Financial assets	163	22	66
Cash and cash equivalents	2,826	2,404	1,804
CURRENT ASSETS	55,986	41,141	47,738
TOTAL ASSETS	95,058	80,692	86,197
Share Capital	2,500	2,500	2,500
Reserves	33,663	45,345	45,410
Foreign currency translation reserve	341	163	121
Profit/(Loss) for the period	-793	-11,524	-5,510
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	35,711	36,484	42,521
Financial liabilities	-	-	-23
Trade payables and other payables	191	293	-
Deferred tax liabilities	23	9	9
Provision for severance indemnity and retirement benefits	658	627	537
Provisions for risks and liabilities	63	59	80
NON-CURRENT LIABILITIES	935	988	603
Financial liabilities	16,266	8,906	10,082
Trade payables and other payables	39,975	32,470	29,879
Current taxes payables	270	-	957
Provisions for risks and liabilities	1,901	1,844	2,155
CURRENT LIABILITIES	58,412	43,220	43,073
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	95,058	80,692	86,197

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

CASH FLOW AS AT 30.09.2013 BUSINESS AREA ELETTRONICA SANTERNO

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12 <i>restated⁽¹⁾</i>
Opening Net Financial Position	-6,444	1,583	1,583
<i>Group profit/(loss)</i>	<i>-793</i>	<i>-11,524</i>	<i>-5,510</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>1,839</i>	<i>2,579</i>	<i>1,814</i>
Cash flow before Net Working Capital	1,046	-8,945	-3,696
Change in Net Working Capital	-8,160	10,353	1,593
Investments in fixed assets	-1,598	-3,054	-2,275
Disinvestments in fixed assets	168	30	1
Operating Free Cash Flow	-8,544	-1,616	-4,377
Other operating flows	1,878	-6,572	-5,562
Other investing flows	-222	21	14
Declared dividends	-	-	-
Other equity flows	20	140	163
Free Cash Flow	-6,868	-8,027	-9,762
Closing Net Financial Position	-13,312	-6,444	-8,179

**ANALYSIS OF NET WORKING CAPITAL AS AT 30.09.2013
ELETTRONICA SANTERNO BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30.09.13	31.12.12	30.09.12
Trade Receivables	32,660	20,920	22,438
Inventory	16,471	14,626	19,084
Trade Payables	- 33,363	- 27,938	- 25,154
Net Working Capital (NWC)	15,768	7,608	16,368

1 Comparative values for September, 30 2012 have been restated following the application of IAS 19 revised, which changes, among others, the principle of the recognition of actuarial gains and losses relative to termination and post-employment benefits.

Significant events in the quarter

Within the scope of the process of reorganization of the Carraro Group, on 27 July 2013 the shareholders' meetings of Carraro Drive Tech S.p.A. and M.G. Mini Gears S.p.A. resolved to merge M.G. Mini Gears S.p.A. into Carraro Drive Tech S.p.A. which wholly owns the same.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

In addition to that presented in detail concerning the market trends, to date the indications coming from both mechanics and electronics confirm a fourth quarter in line with the trend of the third, in terms of both turnover and profitability.

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 paragraph 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 paragraph 1 of the aforementioned Art. 36 on the subject of accounting situations, articles of association, 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 26 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 2013

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

Subject: Interim Report on Operations as at 30.09.2013

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 2013

Carraro SpA
Chief Financial Officer

Enrico Gomiero