INTERIM REPORT FOR THE FIRST HALF OF 2012

PALFINGER

FINANCIAL HIGHLIGHTS OF THE PALFINGER GROUP

EUR thousand	HY1 2012	HY1 2011	HY1 2010	HY1 2009	HY1 2008
Income					
Revenue	465,073	414,270	297,402	269,169	423,452
EBITDA	52,158	50,138	24,896	6,811	71,816
EBITDA margin	11.2%	12.1%	8.4%	2.5%	17.0%
EBIT	37,171	35,992	14,546	(4,197)	61,918
EBIT margin	8.0%	8.7%	4.9%	(1.6%)	14.6%
Result before income tax	31,827	30,068	11,901	(8,516)	59,240
Consolidated net result for the period	23,859	22,571	7,271	(8,013)	42,454
Balance sheet					
Total assets	798,759	723,662	629,349	629,797	594,224
Net working capital (average)	156,930	114,341	135,610	162,169	161,499
Capital employed (average)	542,237	487,642	457,510	469,131	444,608
Equity	360,707	327,886	313,309	288,435	309,942
Equity ratio	45.2%	45.3%	49.8%	45.8%	52.2%
Net debt	194,505	163,411	157,901	170,787	102,615
Gearing	53.9%	49.8%	50.4%	59.2%	33.1%
Cash flows and investments					
Cash flows from operating activities	11,807	15,138	23,405	18,568	31,513
Free cash flows	(8,148)	4,710	4,283	14,668	6,126
Investment	23,680	11,979	6,860	11,429	28,699
Depreciation, amortization and impairment	14,987	14,146	10,350	11,008	9,898
Payroll					
Average payroll during the reporting period*	6,071	5,449	4,400	4,658	4,578

* Consolidated Group companies excluding equity shareholdings, as well as excluding temporary workers.

CONSOLIDATED MANAGEMENT REPORT AS AT 30 JUNE 2012

ECONOMIC ENVIRONMENT

The global economy experienced muted growth in the first half of 2012 as fiscal uncertainties increasingly slowed down economic dynamics. The impact of the large sovereign debt of some countries and the related euro crisis was felt all over the world, manifesting as a lack of impetus for international trade. In the second quarter, several central banks lowered their key interest rates in order to stimulate economic activity. The International Monetary Fund (IMF) forecast global economic growth of 3.5 per cent in 2012 and – assuming effective policy action is taken – of 3.9 per cent in 2013.

In Europe, the debt crisis remained the central issue in the first half of 2012. In June, Spain and Cyprus sought EU aid, following the example of Greece, Ireland and Portugal. Italy, the third largest economy in the euro area, is considered to be a potential sixth candidate for the bailout programme. The outcome of the elections in Greece and of the EU summit at the end of June are indicative of a stabilization of the monetary union, but the need for reform in the countries hardest hit by the crisis nevertheless remains high. Faced with this augmentation of the risk of a downward development, the ECB cut its key interest rate to a record low of 0.75 per cent in early July. It remains to be seen whether this will be sufficient to boost investment. The IMF expects GDP in the euro area to contract by 0.3 per cent in 2012 and then expand by 0.7 per cent in 2013. The economy of Central and Eastern Europe is much influenced by the euro area countries; hence, growth is projected to slow down to 1.9 per cent in 2012 and 2.8 per cent in 2013.

The US economy continued its moderate growth. However, recent data and economic mood indicators suggest a further slowdown. The IMF expects that the US economy will grow by 2.0 per cent in 2012 and 2.3 per cent in 2013 thanks to the stabilization measures taken.

In Latin America, declining external demand cooled down economic growth as well. Brazil is one of the world's economic powerhouses; however, as investments and exports are low, the dent in growth is likely to persist longer than first expected. In May, the Brazilian central bank yet again lowered the key interest rate; a further cut followed in July. The IMF projects economic growth of 2.5 per cent in 2012 and 4.6 per cent in 2013.

The emerging economies of Asia continue to be marked by significantly higher economic growth, even though they are being increasingly affected by the growth slowdown experienced by the industrialized countries. The Chinese government recently lowered the key interest rate and announced additional infrastructure investments aimed at counteracting economic weakness. However, the IMF still projects that China's economy will expand by 8.0 per cent in 2012 and by 8.5 per cent in 2013. Growth also decelerated in India; apart from the global economic situation, this is also attributed primarily to the poor infrastructure and investment conditions in that country.

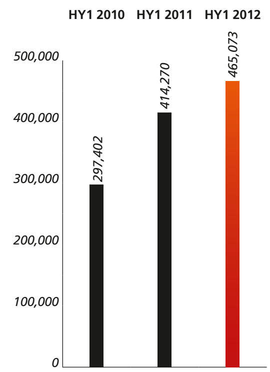
In the first half of 2012, the financial markets were volatile and strongly influenced by the respective political developments. After suffering tremendous losses in 2011, international stock markets showed a strong recovery in the first quarter but experienced an equally hefty decline in the second quarter. The prices of raw material also rose at first, but subsequently, for the most part, decreased again. On 29 June 2012, the price of a barrel of Brent crude was USD 97.10, approx. 10 per cent below the level recorded at the beginning of the year.

In the first half of 2012, the euro again depreciated approx. 3 per cent against the US dollar and approx. 2 per cent against the Chinese yuan, while appreciating almost 7 per cent against the Brazilian real. At the end of the quarter, the euro was trading at USD 1.26, CNY 8.00 and BRL 2.58.

PERFORMANCE OF THE PALFINGER GROUP

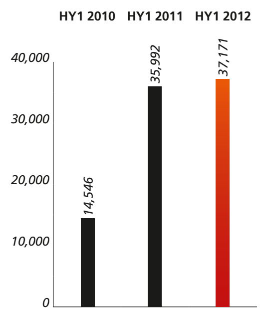
In the first half of 2012, despite the prevailing difficult economic situation, especially in Europe, the PALFINGER Group managed to continue its positive performance of previous quarters. Year on year, the Group continued to record a two-digit growth rate in revenue. This was based, on the one hand, on stable demand primarily in the core markets; on the other hand, the growth achieved in the areas North America, South America and CIS and in the globally operating business unit Marine Systems was a major contributor to this positive development. Earnings also increased slightly compared to the already satisfactory level achieved in the previous year.

The PALFINGER Group is continuing its focus on sustainable fixed cost management and management of capital employed and on increasing flexibility at all levels of value creation. The corresponding measures are designed to ensure sustainably profitable growth in the longer term. Moreover, a significant expansion of business operations, primarily in China, may be expected as a result of the partnership established with the Chinese Sany Group in the first quarter of 2012.



DEVELOPMENT OF REVENUE
(EUR thousand)

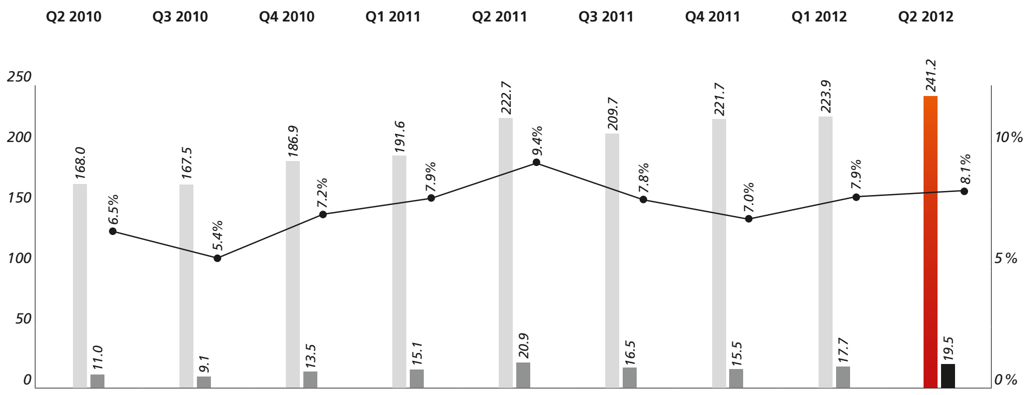
The revenue generated in the first half of 2012 reached another record figure, namely EUR 465.1 million, which is 12.3 per cent above the revenue of EUR 414.3 million reported for the first half of 2011. Organic growth was largely achieved in the non-European areas and the business unit Marine Systems. The acquisitions made in Russia in 2011 accounted for approx. one third of the increase in revenue.



DEVELOPMENT OF EBIT
(EUR thousand)

In the first six months of 2012, EBIT came to EUR 37.2 million; after EUR 36.0 million in the first half of 2011, this corresponds to an increase of 3.3 per cent. The increasingly challenging situation on the European markets was more than compensated by the excellent growth in earnings achieved in the AREA UNITS segment. Despite the necessity of stepping up resources in connection with the growth achieved in the areas outside Europe, the EBIT margin was kept at a stable level of 8.0 per cent as compared to the previous quarters. At EUR 23.9 million, the consolidated net result for the period under review was higher than the EUR 22.6 million recorded in the first half of 2011.

The performance over the individual quarters since 2010 quite impressively shows the continuous growth of the PALFINGER Group.



DEVELOPMENT OF REVENUE AND EBIT
(EUR million)

All in all, business development in Europe in the first half of 2012 was weaker than in the previous year, but the individual countries showed a mixed picture. While Germany and France, the countries accounting for the largest revenue contributions, still recorded growth, Spain, Portugal, Greece and Italy remained at extremely low levels.

The development of demand in Russia, North America and South America has been positive for several quarters now, which is highly satisfactory. PALFINGER expects the upward trend to be reinforced in these areas due to the upcoming investments in infrastructure – in Brazil especially those in connection with the FIFA World Cup in 2014 and the 2016 Summer Olympics – as well as the introduction of additional product groups.

Business performance in Asia remained below expectations in the period under review. However, PALFINGER managed to score a huge success for the future. With the signing of joint venture agreements with Sany Heavy Industry, the foundation was laid for additional growth in these markets. In addition, PALFINGER has been operating an assembly site in India since the end of 2010 and is thus well equipped to take on further growth in this region as well.

FINANCIAL POSITION, CASH FLOWS AND RESULT OF OPERATIONS

At 45.2 per cent, the equity ratio was still at a high level at the end of the first half of 2012 and slightly above the figure reported in the first quarter of 2012 (31 March 2012: 44.6 per cent). Due to the positive earnings recorded, equity increased from EUR 344.9 million as at 31 March 2012 to EUR 360.7 million as at 30 June 2012. At the same time, the satisfactory expansion of the business volume, primarily recorded in the AREA UNITS segment, led to an increase in total assets from EUR 774.0 million as at 31 March 2012 to EUR 798.8 million as at 30 June 2012.

The average net working capital increased compared to 31 March 2012 by EUR 14.2 million to EUR 156.9 million as at 30 June 2012. This was primarily related to the stepping up of inventories that became necessary in the areas boasting positive development and in the growing business unit Marine Systems, as well as to a necessary reclassification of assets from non-current assets to assets held for sale. Accordingly, average capital employed rose to EUR 542.2 million as at 30 June 2012.

Due to the positive development of earnings, net debt remained at the same level as in the first quarter of 2012 (31 March 2012: EUR 195.1 million) and amounted to EUR 194.5 million despite an increase in net working capital. As a consequence, the gearing ratio sank from 56.6 per cent to 53.9 per cent.

Non-current financial liabilities were raised by approx. EUR 21.8 million with a view to continuing the long-term approach of the finance structure. Hence, 88.6 per cent of PALFINGER's total capital employed has been secured on a long-term basis. The capital employed management programme initiated in 2010 will be continued in the financial year 2012 so as to further optimize the Group's financial structure.

Cash flows from operating activities decreased from EUR 15.1 million in the first half of 2011 to EUR 11.8 million due to the build-up of inventories in connection with business expansion outside the EMEA area. As a consequence of the investments made, free cash flows were negative in the reporting period, namely –EUR 8.1 million.

The year-on-year increase in revenue achieved in the first half of 2012, from EUR 414.3 million to EUR 465.1 million, was primarily an indication of the expansion of business in the AREA UNITS segment and the Marine Systems business unit. In the second quarter of 2012 there was also an increase in revenue, amounting to EUR 17.3 million, compared to the first quarter of the year. EBIT amounting to EUR 37.2 million (Jan–June 2011: EUR 36.0 million) and the Group's consolidated net result of EUR 23.9 million (Jan–June 2011: EUR 22.6 million) demonstrate that PALFINGER continues to be on a successful track. This positive performance was once again mainly attributable not only to the EUROPEAN UNITS segment but primarily also to the AREA UNITS segment.

MATERIAL RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2012

The risk situation at PALFINGER in the second half of 2012 will be shaped primarily by the volatility of the markets, with a decline in incoming orders being expected as a consequence of the uncertain economic situation. Current market conditions are taken into consideration in the rolling forecast and their impacts are increasingly cushioned through flexibility-increasing measures.

PALFINGER is pursuing a strategy of internationalization and roll-out of existing products to new markets in order to reduce its dependence on individual regions and industries. This approach does, however, harbour the risk of increasing complexity.

Moreover, in the individual business units this can lead to the following issues that might cause exposure to specific risks:

- Market entry and market penetration in new areas involve the inherent challenge of having to comply with various legal requirements and overcome entry barriers. In order to keep delivery times as short as possible, inventories have been built up in individual areas (e.g. India, Russia), which involves the risk of excessive capital lock-up and obsolete stocks.
- The successful introduction of new products and the related price quality depend to a large extent on how the customers in the market respond and accept such products.
- Depending on local circumstances, the availability of necessary, qualified employees for PALFINGER's value-creation sites might be limited.

China, as a powerful economic player, may exert influence on the European sales market and thus change the competitive situation. PALFINGER reduced the entry barriers to the strongly growing Chinese market by founding the joint venture with Sany. However, the establishment of the joint venture involves the risk of initial losses due to internal frictions. In addition, the management of the necessary knowledge transfer remains a central focus.

Given that a multitude of options for pursuing further internationalization are available, there is an inherent risk that resources may be unevenly spread or excessively used due to a lack of prioritization. A deterioration of the relevant financial indicators could result in higher financing costs.

In the second half of 2012, great importance will still have to be attached to optimizing the relation between flexibility and necessary fixed structures. In order to minimize complexity costs, further process enhancements and the use of synergies will be given priority. Increasing the flexibility of working hours remains another important issue. What counts here is to retain human capital in the strategic project area.

In the field of development, PALFINGER is faced with the challenge of confirming its innovation leadership. Therefore, research and development is a priority issue for PALFINGER in order to put innovative new products on the market. Communication with the PALFINGER dealers is essential in order to be able to generate customer-oriented solutions and consequently advantages in the market in the context of this sales model.

As the economic situation deteriorates, particularly in Europe, there is the risk of bad debts and funding requirements of dealers and suppliers. Any lack of exchange with these stakeholders could result, on the one hand, in a loss of market shares and, on the other hand, in difficulties in the procurement of materials.

Natural disasters and their economic impact highlight the interrelations of a globalized economy. An interruption of production would have a significant impact on PALFINGER's earnings, given that major levels of value creation are to be found in manufacturing and assembly. The risk of possible bottlenecks in procurement is reduced by optimizing supply structures and processes.

RISKS RELATING TO BALANCE SHEET PREPARATION

Errors in estimates regarding potential resources would require an adjustment of the capitalized development expenditure.

The necessary use of estimates and judgements in the fields of non-financial assets, deferred tax assets, measurements of inventories and receivables, provisions for pensions, severance payments and anniversary bonuses, as well as provisions for guarantees and warranties, have a direct impact on the presentation of the Group's assets and earnings.

The inclusion of acquisitions into accounting and the assessment of facts necessitated by such inclusions could lead to additional evaluation risks. The combination of different accounting logics bears a certain risk of incorrect disclosure.

According to the draft of an IFRIC interpretation regarding puttable non-controlling interests (comments to be received by 1 October 2012) put options written on non-controlling interests would have to be recognized in the income statement retrospectively.

With its continuously developing risk management and control system, which has been uniformly organized throughout the Company, PALFINGER ensures that adequate risk control strategies are developed and implemented. At the moment, there are no discernable risks that might jeopardize the continued existence of the Company.

OTHER EVENTS

In the first quarter of 2012, PALFINGER achieved a milestone in its growth strategy that is going to play an important role in shaping the Group's future. In late February, an agreement was entered into with Sany Heavy Industry Co., Ltd, on the establishment of two joint venture companies. Sany is the largest heavy equipment manufacturer in China and the seventh-largest in the world.

The Sany Palfinger joint venture will – subject to the approval of the competent authorities – produce and sell PALFINGER products in Changsha for the Chinese market. The Palfinger Sany joint venture, with its registered office in Salzburg, will distribute mobile cranes produced by Sany in Europe and CIS. Sany and PALFINGER will each hold 50 per cent of the shares in both companies.

This partnership will significantly contribute to PALFINGER's being able to expand its leadership position in the global market. China, the world's third largest country, is seen as an important future market for truck bodies and will thus become a second domestic market for PALFINGER in the long term.

Under the purchase agreement of 5 March 2012, PALFINGER raised its interest in Ned-Deck Marine B.V. from 75 per cent to 99 per cent, a step that enabled the company's further integration into the PALFINGER Group. Following the successful turnaround of the Guima Group together with the French partner Group Vincent, all shares in the company Guima France S.A.S. were sold to Palfinger France S.A. in the second quarter of 2012.

The reorganization of the Group's corporate law structure, launched in the 2011 financial year, was continued: Palfinger USA, Inc. was sold to Palfinger North America GmbH by Palfinger Marine- und Beteiligungs-GmbH, and Madal Palfinger S.A. was sold to Palfinger South America GmbH.

The strategic projects launched in recent years were also continued in the period under review. The targeted management of capital employed has resulted in process improvements, which will be continued throughout the Group in accordance with newly defined objectives. Moreover, attention is being paid to further optimizing the fixed cost structure, with the aim of allowing the implementation of further investment projects in support of the planned growth.

In order to obtain long-term balanced diversification in geographical terms, internationalization will continue to be at the core of the Group's strategy.

Core innovation targets in the first half of 2012 included the continued development of a new crane series, enhancements in large-scale cranes and access platforms, the revision of the North American truck mounted forklift model and regional adjustment of PALFINGER's products to the Asian market. In electronics and mechatronics, the further development of which is a substantial success factor for PALFINGER, new structures have been established and first successes achieved.

The Sustainability Report 2010/2011, published in June, impressively illustrates that sustainability and social responsibility have always been an integral part of PALFINGER's management policy and at the core of all activities of the PALFINGER Group. The PALFINGER Group's fifth Sustainability Report – entitled "We have put a lot of energy into saving energy" – not only provides a comprehensive overview of the events of the past two years; it also presents, for the first time, indicators collected over a four-year period, thus making developments before, during and after the economic crisis transparent as well. The current Sustainability Report is available for download on the Company's website at www.palfinger.ag and will also be sent in hard copy form upon request.

In order to promote the (further) training of its employees, in particular with a view to expanding its business areas, PALFINGER initiated and started further staff development programmes such as the continued Palfinger Global Leadership Programme and additional training programmes for the production sector.

In June, the international PALFINGER dealer meeting took place in Salzburg, Austria. The meeting was attended by 95 sales and service partners from 76 countries. On this occasion, the 80th anniversary of the PALFINGER Group was celebrated with long-standing business partners, friends and employees from all over the world – an impressive illustration of the great importance attributed to cooperation with international dealers and suppliers on a partnership basis.

On 21 June 2012, PALFINGER launched its new web presence. The first two steps included the country websites for Austria, Germany, Europe in general, Canada, the USA and Latin America, as well as a separate corporate site. A gradual international roll-out to other countries is planned.

The country websites are available at www.palfinger.com. Through integrated geolocation, users are automatically directed to the website for their respective country. Moreover, it is also possible to switch to the website of another country. The country websites are characterized by their focus on the end customers, with the presentation of products being given priority. Another major new feature, in addition to modernized product presentations, is the option to search for dealers using the Google Maps route planner.

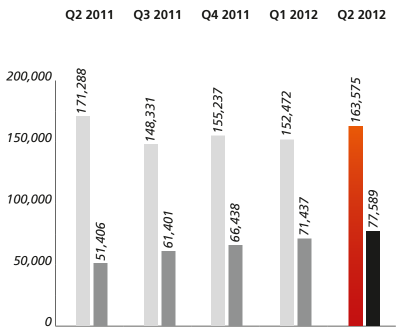
The corporate site can be accessed from all country websites as well as via its separate domain www.palfinger.ag. It provides specific information about the Company, pertaining, for instance, to investor relations, sustainability, brands, services, purchasing and careers, as well as a virtual plant tour.

To meet the continued strong interest in PALFINGER shares, the Management Board and the investor relations team of PALFINGER participated in international road shows and investor conferences in the first half of 2012. In early May, PALFINGER, in cooperation with voestalpine AG, organized a Capital Markets Day in Salzburg. Around 60 analysts and investors took this opportunity to acquaint themselves with the two companies and learn about their strategic alignments, products and production sites.

After sharply declining in 2011, PALFINGER shares were among the top performers on the Vienna Stock Exchange during the period under review. As at the end of the first half of 2012, the share price was EUR 17.95, 45.6 per cent above 2011's year-end figure of EUR 12.33, clearly outperforming the ATX, the leading index of the Austrian Stock Exchange.

PERFORMANCE BY SEGMENT

The segment figures reported by the PALFINGER Group are broken down into the segments EUROPEAN UNITS and AREA UNITS and the VENTURES unit.



DEVELOPMENT OF REVENUE BY SEGMENT*
(EUR thousand)

EUROPEAN UNITS
AREA UNITS

* No revenues are generated in the VENTURES unit.

EUROPEAN UNITS

The EUROPEAN UNITS segment comprises the area EMEA (Europe, Middle East, Africa and Australia) under which the business units Loader Cranes, EPSILON Timber and Recycling Cranes, Tail Lifts, Access Platforms, Container Handling Systems, Truck Mounted Forklifts, Railway Systems, Production, the distribution company in Germany and the associated subsidiaries are subsumed, and the Marine Systems business unit.

In the first half of 2012, the EUROPEAN UNITS segment reported revenue of EUR 316.0 million, nearly reaching the revenue level of EUR 318.2 million recorded in the first half of 2011.

The upward trend that was noticeable in previous quarters thus only continued in some fields, namely in the business units Access Platforms, Tail Lifts and Railway Systems and the business unit Marine Systems. The business unit Loader Cranes and the distribution company in Germany remained roughly at the same level as in the previous year. Declines were recorded in the product areas EPSILON Timber and Recycling Cranes, Container Handling Systems and Truck Mounted Forklifts.

At EUR 43.5 million, the segment's EBIT was 2.6 per cent lower than in the first half of 2011, when it came to EUR 44.6 million. At 13.8 per cent, the segment's EBIT margin remained at the satisfactory level recorded in previous quarters.

Loader Cranes

The revenue level in the Loader Cranes product segment remained stable in all major sales markets in the first half of 2012. Markets in Southern Europe continued to be weak, and strong declines were recorded primarily in Italy. Earnings in Northern Europe and in the Middle East increased and, as order intake is high, the outlook for these markets is positive. Western and Eastern Europe remained at the previous year's level in the reporting period; the decline in incoming orders was a reflection of uncertainties among end customers. All in all, prospects for the second half of 2012 dimmed as a consequence of a slight decline in incoming orders.

EPSILON Timber and Recycling Cranes

After revenue in EPSILON Timber and Recycling Cranes doubled in 2011, a decline was recorded in the first half of 2012. The level of margins generated in this product segment continues to be remarkably good. The British market performed particularly well, and PALFINGER was awarded several large orders from the municipal sector. The highly promising regions of Brazil, Russia and North America are being developed in cooperation with the respective area units and in the first half of 2012 already generated a positive contribution to earnings. In North America, PALFINGER opened up new sales markets through its cooperation with Caterpillar.

Tail Lifts

The Tail Lifts business recorded stable revenue in the first half of 2012. The service business of Ross & Bonnyman in Great Britain had positive effects on this business unit's development.

Access Platforms

In Access Platforms, an enormous improvement in revenue was recorded compared to the same period in the previous year. The satisfactory order intake from 2011 continued into the first half of 2012 across the entire product portfolio. On the basis of the restructuring measures launched in 2011, a substantial improvement in earnings was registered.

Container Handling Systems

In Container Handling Systems the turnaround was sustainably stabilized in the first half of 2012, albeit at a lower revenue level. This result was supported by PALFINGER's focus on product quality and the ensuing increase in customer satisfaction and reduction in guarantee expenses. The current market environment suggests, however, that the prospects for the ongoing financial year will not meet prior expectations.

Truck Mounted Forklifts

The Truck Mounted Forklifts business unit recorded a slight decline in revenue compared to the same period in 2011; however, order intake showed very positive development in the first half of 2012. PALFINGER plans to broaden its customer base, also beyond Germany, in order to further boost this product group and to be able to better counterbalance the volatility of the individual geographical markets.

Railway Systems

Following a weak 2011, the positive development of revenue in the field of Railway Systems was also reflected in earnings in the first half of 2012. PALFINGER continues to be the innovation leader in the global market for this product. Although the economic situation will remain uncertain throughout 2012, it is nevertheless likely that the growth sought will be achieved due to expected investments and product enhancements as well as increased service competence.

Marine Systems

The Marine Systems business unit is composed of the four sub-units Marine Cranes, Launch & Recovery Systems, Wind Cranes and After Sales & Service. This business unit recorded outstanding growth in revenue and, as expected, good operating results. PALFINGER will continue to focus intensively on the offshore wind energy sector in order to make the most of this growth market's potential.

Production

The Production business unit made a satisfactory contribution to earnings on the basis of stable capacity utilization. The consolidation of the production sites and the optimization of component manufacturing are expected to further increase efficiency and effectiveness. Despite the difficult market environment, manufacturing for third parties remained at the same level as in 2011.

AREA UNITS

The AREA UNITS segment comprises the areas North America, South America, Asia and Pacific, India and CIS together with their respective regional business units.

Most of the areas outside Europe are still being developed, reinforced by the Group's acquisitions and own initiatives. By integrating and further expanding its strategic initiatives, PALFINGER aims to establish the AREA UNITS segment as a sustainably profitable area on the basis of continued growth.

Revenue generated by the AREA UNITS segment rose by 55.1 per cent from EUR 96.1 million in the first half of 2011 to EUR 149.0 million in the period under review. Consequently, areas outside Europe now account for 32.0 per cent of consolidated revenue. This outstanding growth was boosted by the areas North America, South America and CIS with all of their product areas.

As a result of these extremely positive developments, PALFINGER has reported a positive operating result for this segment since the fourth quarter of 2011. In the first half of 2012, the segment's EBIT was improved further to EUR 3.0 million, compared to –EUR 4.3 million in the previous year, in spite of additional investments into less-developed areas such as India or Asia and Pacific.

North America

In North America, the positive trend recorded in 2011 continued into the first half of 2012. Clear growth was achieved not only in revenue but in particular also in terms of earnings. This satisfactory development was primarily supported by the good sales figures in loader cranes and access platforms and the high order volume in the field of container handling systems. For the first time, an access platform of the type WT 1000, adapted to the American market, was sold in the USA. The integration of the business units in terms of distribution and dealer networks, which remains a central focus of PALFINGER, is already reflected in the results.

South America

In the first half of 2012, South America proved itself as a growth market, and additional increases are to be expected, for instance as a result of the upcoming large-scale sports events. Moreover, PALFINGER is consistently pursuing the introduction of additional products such as EPSILON timber and recycling cranes and the further improvement of the local loader crane series.

Asia and Pacific

In the area Asia and Pacific, following huge increases in 2011, a slight decline in revenue compared to the first half of the previous year was recorded. In recent months, activities focused on the preparation of the joint ventures with Sany Heavy Industry. The start-up of these businesses will continue to have a negative impact on results for several quarters, but PALFINGER expects a clearly positive trend in further development, in particular on the basis of the market potential available in China.

India

In India, the many years of market development brought about further growth in revenue. However, the slowdown of economic growth has caused the market situation to deteriorate, and the development of the local market is proving to be more difficult than expected. Sales opportunities are limited by delays and liquidity bottlenecks. PALFINGER expects additional revenue from the introduction of a telescopic crane adapted to local needs. The local organization structure is being steadily expanded and the related costs still impacted earnings in the first half of 2012.

CIS

The area CIS has recently established itself as one of the regions with the highest growth rates in the field of loader cranes. In addition, PALFINGER is striving to establish its other products on the Russian market as well. Cooperation with the local truck manufacturers is also progressing well. The acquisition of INMAN in 2011 brought about a sustainably positive development of revenue and earnings. The integration project is progressing as planned and is scheduled to be concluded before the end of 2012.

VENTURES

The VENTURES unit is composed of all major strategic projects for the future pursued by the PALFINGER Group up to their operational maturity. As the projects included in the VENTURES unit do not generate revenue, the costs of such projects are reported.

In the first half of 2012, priority was placed on activities related to the establishment and implementation of the partnership with the Chinese Sany Group. In addition, projects were devised for the further development of the Indian, South American and Russian regions and the Marine Systems business unit as well as for related potential acquisitions or partnerships. The EBIT for this unit for the first half of 2012 was –EUR 7.6 million, as compared to –EUR 4.3 million for the same period in 2011. This development reflects the investments in growth markets and the enhancement of existing products. All this underlines PALFINGER's strategic alignment with a view to internationalization, innovation and flexibility.

OUTLOOK

In the first half of 2012, the expansion of the debt crisis in Europe had a weakening effect on the real economy in some of the European markets that are of importance to PALFINGER. The Group's global orientation was one of the factors that enabled PALFINGER to record further growth nevertheless.

PALFINGER's consistent strategy of internationalization, especially outside Europe, is therefore being continued. In recent years, the strategic decision to grow not only in North America but also towards the BRIC countries has already proven its worth. After taking the first important step eleven years ago with the acquisition of Madal in Brazil, PALFINGER opened a manufacturing and assembly plant in China a few years later, and subsequently an assembly plant in India. In August 2011, another major step was achieved with the acquisition of INMAN, the leading producer of knuckle boom cranes in Russia. In the first quarter of 2012, PALFINGER reported the largest project since its IPO in 1999, namely the establishment of two joint ventures with Sany Heavy Industry, one of China's industrial giants. PALFINGER plans to have these companies start operations before the end of the third quarter of 2012, after the approval of the competent authorities has been obtained. The foundation for a successful entry into the Chinese market has thus been laid in time to celebrate the 80th anniversary of the PALFINGER Group in 2012, and it is assumed that the Group's leading position worldwide has been sustainably safeguarded through this step.

The Group's flexibility will be continuously developed in all fields, as this is becoming increasingly important in view of the more rapidly changing market environment. Order-based procurement, manufacturing and assembly have enabled PALFINGER to respond to order fluctuations quickly without locking up excessive capital by increasing inventories. PALFINGER will therefore continue to pursue its flexibility course consistently.

The diversity of the Group's products, its expansion through acquisition and the promotion of internationalization make it essential that the Group concentrate more intensively on complexity management. This is a challenge that PALFINGER has met by stepping up activities and resources within the scope of a Group-wide value-creation project with the object of enhancing the Group's major competitive advantage – its global organization – for the future.

Despite the uncertain development of the economy and of demand, particularly in Europe, the management expects a moderate increase in revenue, coming from the areas outside Europe, for the 2012 financial year. In addition, it is estimated that the areas outside Europe will make even more substantial contributions to earnings.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2012

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	30 June 2012	31 Dec 2011	30 June 2011
Non-current assets				
Intangible assets		150,685	150,372	125,641
Property, plant and equipment	1	195,694	196,774	191,823
Investment property		395	404	412
Investments in associated companies	2	14,061	13,060	14,650
Deferred tax assets		22,238	23,219	33,310
Non-current financial assets		5,635	6,049	5,621
Other non-current assets		1,794	1,917	2,666
		390,502	**391,795**	**374,123**
Current assets				
Inventories		218,470	198,578	185,915
Trade receivables		143,177	120,875	136,308
Other current assets		24,674	13,083	14,277
Tax receivables		1,506	306	151
Cash and cash equivalents		12,468	15,137	12,888
		400,295	**347,979**	**349,539**
Non-current assets held for sale	3	7,962	0	0
		408,257	**347,979**	**349,539**
Total assets		**798,759**	**739,774**	**723,662**
Equity				
Share capital		35,730	35,730	35,730
Additional paid-in capital		30,600	30,477	30,448
Treasury stock		(1,858)	(2,009)	(1,509)
Retained earnings*	4	293,622	285,476	265,814
Foreign currency translation reserve		(1,972)	(3,065)	(6,567)
		356,122	**346,609**	**323,916**
Non-controlling interests*		4,585	6,171	3,970
		360,707	**352,780**	**327,886**
Non-current liabilities				
Liabilities from puttable non-controlling interests*	5	13,210	16,045	11,674
Non-current financial liabilities		131,386	86,328	81,937
Non-current provisions		48,578	47,457	41,801
Deferred tax liabilities		7,742	7,287	15,102
Other non-current liabilities		3,428	3,917	4,575
		204,344	**161,034**	**155,089**
Current liabilities				
Current financial liabilities		83,973	102,783	103,288
Current provisions		13,517	12,286	11,697
Tax liabilities		5,136	3,088	8,394
Trade payables and other current liabilities		125,253	107,803	117,308
		227,879	**225,960**	**240,687**
Liabilities associated with non-current assets held for sale	3	5,829	0	0
		233,708	**225,960**	**240,687**
Total equity and liabilities		**798,759**	**739,774**	**723,662**

* Due to the change in the presentation of puttable non-controlling interests, corrections with retrospective effect were made. (For explanations go to “Adjustments with retrospective effect”.)

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	Apr–June 2012	Apr–June 2011	Jan–June 2012	Jan–June 2011
Revenue		**241,164**	**222,694**	**465,073**	**414,270**
Changes in inventory and own work capitalized		8,355	13,867	18,114	26,148
Other operating income	6	4,445	2,842	9,206	4,575
Material and external services		(133,307)	(129,533)	(256,891)	(236,782)
Employee benefits expenses		(62,387)	(55,552)	(124,102)	(107,907)
Depreciation, amortization and impairment expenses		(7,674)	(7,985)	(14,987)	(14,146)
Other operating expenses		(32,471)	(29,105)	(61,867)	(54,769)
Income from associated companies		1,328	3,631	2,625	4,603
Earnings before interest and taxes – EBIT		**19,453**	**20,859**	**37,171**	**35,992**
Interest income		100	49	196	135
Interest expenses		(2,332)	(2,978)	(5,337)	(5,582)
Exchange rate differences		(110)	225	(203)	(477)
Net financial result		**(2,342)**	**(2,704)**	**(5,344)**	**(5,924)**
Result before income tax		**17,111**	**18,155**	**31,827**	**30,068**
Income tax expense		(2,299)	(6,892)	(5,358)	(4,944)
Result after income tax		**14,812**	**11,263**	**26,469**	**25,124**
attributable to					
shareholders of PALFINGER AG (consolidated net result for the period)		**13,188**	**10,001**	**23,859**	**22,571**
non-controlling interests		**1,624**	**1,262**	**2,610**	**2,553**
EUR					
Earnings per share (undiluted and diluted)	4	0.37	0.28	0.67	0.64
Average number of shares outstanding		35,376,609	35,402,000	35,376,609	35,402,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Apr–June 2012	Apr–June 2011	Jan–June 2012	Jan–June 2011
Result after income tax	**14,812**	**11,263**	**26,469**	**25,124**
Unrealized profits (+)/losses (–) from foreign currency translation	1,634	(611)	1,261	(5,650)
Unrealized profits (+)/losses (–) from cash flow hedge				
Changes in unrealized profits (+)/losses (–)	(761)	174	(273)	613
Deferred taxes thereon	(8)	(216)	30	(226)
Effective taxes thereon	198	(51)	38	(152)
Realized profits (–)/losses (+)	(158)	(223)	(249)	(299)
Deferred taxes thereon	(6)	0	(6)	22
Effective taxes thereon	45	56	68	56
Other comprehensive income	**944**	**(871)**	**869**	**(5,636)**
Total comprehensive income	**15,756**	**10,392**	**27,338**	**19,488**
attributable to				
shareholders of PALFINGER AG	**14,127**	**9,225**	**24,561**	**17,345**
non-controlling interests	**1,629**	**1,167**	**2,777**	**2,143**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Note	Equity attributable to the shareholders of PALFINGER AG Share capital	Additional paid-in capital	Treasury stock
As at 1 Jan 2011		**35,730**	**30,423**	**(1,509)**
Total comprehensive income				
Result after income tax		0	0	0
Other comprehensive income after income tax				
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0
		0	**0**	**0**
Transactions with shareholders				
Dividends		0	0	0
Reclassification non-controlling interests	5	0	0	0
Other changes		0	25	0
		0	**25**	**0**
As at 30 June 2011		**35,730**	**30,448**	**(1,509)**
As at 1 Jan 2012		**35,730**	**30,477**	**(2,009)**
Total comprehensive income				
Result after income tax		0	0	0
Other comprehensive income after income tax				
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0
		0	**0**	**0**
Transactions with shareholders				
Dividends	4	0	0	0
Reclassification non-controlling interests	5	0	0	0
Disposal non-controlling interests		0	0	0
Buyback of own shares		0	0	(6)
Other changes		0	123	157
		0	**123**	**151**
As at 30 June 2012		**35,730**	**30,600**	**(1,858)**

Equity attributable to the shareholders of PALFINGER AG						
Retained earnings						
Other retained earnings	Actuarial gains/losses acc. to IAS 19	Valuation reserves acc. to IAS 39	Foreign currency translation reserve	Total	Non-controlling interests	Equity
252,510	(894)	(444)	(1,236)	314,580	5,311	319,891
22,571	0	0	0	22,571	2,553	25,124
0	0	0	(5,240)	(5,240)	(410)	(5,650)
0	0	14	0	14	0	14
22,571	0	14	(5,240)	17,345	2,143	19,488
(7,788)	0	0	0	(7,788)	(3,515)	(11,303)
(244)	0	0	0	(244)	39	(205)
89	0	0	(91)	23	(8)	15
(7,943)	0	0	(91)	(8,009)	(3,484)	(11,493)
267,138	(894)	(430)	(6,567)	323,916	3,970	327,886
287,194	(1,054)	(664)	(3,065)	346,609	6,171	352,780
23,859	0	0	0	23,859	2,610	26,469
0	0	0	1,094	1,094	167	1,261
0	0	(392)	0	(392)	0	(392)
23,859	0	(392)	1,094	24,561	2,777	27,338
(13,437)	0	0	0	(13,437)	(3,850)	(17,287)
(1,822)	0	0	0	(1,822)	(389)	(2,211)
0	0	0	0	0	(116)	(116)
0	0	0	0	(6)	0	(6)
(62)	0	0	(1)	217	(8)	209
(15,321)	0	0	(1)	(15,048)	(4,363)	(19,411)
295,732	(1,054)	(1,056)	(1,972)	356,122	4,585	360,707

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Jan–June 2012	Jan–June 2011
Result before income tax	**31,827**	**30,068**
Cash flows from operating activities	11,807	15,138
Cash flows from investing activities	(23,886)	(14,718)
Cash flows from financing activities	9,373	(2,923)
Total cash flows	**(2,706)**	**(2,503)**
Free cash flows	**(8,148)**	**4,710**

EUR thousand	2012	2011
Funds as at 1 Jan	**15,137**	**15,865**
Effects of foreign exchange differences	37	(474)
Total cash flows	(2,706)	(2,503)
Funds as at 30 June	**12,468**	**12,888**

SEGMENT REPORTING

	External revenue		Internal revenue		EBIT	
EUR thousand	Jan–June 2012	Jan–June 2011	Jan–June 2012	Jan–June 2011	Jan–June 2012	Jan–June 2011
EUROPEAN UNITS	316,047	318,171	33,762	24,785	43,471	44,637
AREA UNITS	149,026	96,099	28	2	3,019	(4,171)
VENTURES	–	–	–	–	(7,554)	(4,311)
Segment consolidation	–	–	(33,790)	(24,787)	(1,765)	(163)
PALFINGER Group	**465,073**	**414,270**	**0**	**0**	**37,171**	**35,992**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

PALFINGER AG is a publicly listed company headquartered in Salzburg, Austria. The main business activity is the production and sale of innovative lifting, loading and handling solutions.

REPORTING BASES

In principle, the same accounting and valuation methods used in the consolidated financial statements for the financial year 2011 were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as at 30 June 2012, which were prepared on the basis of IAS 34. The consolidated financial statements for the year ended 31 December 2011 were prepared in line with the International Financial Reporting Standards (IFRS) valid at the reporting date and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied within the European Union (EU). For further information on the individual accounting and valuation methods used, please refer to the consolidated financial statements of PALFINGER AG for the year ended 31 December 2011.

The interim consolidated financial statements of PALFINGER AG were reviewed by the Group's auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Salzburg, Austria.

CHANGES IN ACCOUNTING AND VALUATION METHODS

No changes in accounting and valuation methods were made in the first half of 2012.

ADJUSTMENTS WITH RETROSPECTIVE EFFECT

No adjustments with retrospective effect were made to the consolidated financial statements for the year ended 31 December 2011. As described in detail in the 2011 consolidated financial statements, changes were made, in comparison with the interim consolidated financial statements as at 30 June 2011, relating to the reporting of puttable non-controlling interests.

The change in the consolidated balance sheet as at 30 June 2011, made with retrospective effect, resulted in the following adjustments:

EUR thousand	30 June 2011	Adjustment	30 June 2011 adjusted
Retained earnings	268,837	(3,023)	265,814
Non-controlling interests	12,621	(8,651)	3,970
Equity	**339,560**	**(11,674)**	**327,886**
Liabilities from puttable non-controlling interests	0	11,674	11,674
Non-current liabilities	**143,415**	**11,674**	**155,089**

This change had no impact on the consolidated income statement and the consolidated statement of cash flows.

SCOPE OF CONSOLIDATION

On 28 February 2012, the agreements on the establishment of two joint venture companies with the Chinese heavy equipment manufacturer Sany Group Co., Ltd. were signed:

Sany Palfinger SPV Equipment Ltd. in Changsha, China, will develop and produce truck mounted knuckle boom cranes and telescopic cranes for the Chinese market on the basis of the technologies of PALFINGER and Sany. For this purpose, a new plant near Sany's facilities, with production capacities for approx. 10,000 cranes, will be established and a dense sales and service network set up in China. The company will start operations in 2012 and will have reached full operational effectiveness by 2013.

Palfinger Sany International Mobile Cranes Sales GmbH, to be established as an international sales and service company with its registered seat in Salzburg, will distribute Sany's mobile cranes in Europe and CIS. The company will have reached full operational effectiveness by the end of the year.

Given that the approval of the authorities has not been fully obtained, the companies have to date not been established and are not operating on the market.

Under the articles of association dated 13 February 2012, Palfinger Marine- und Beteiligungs-GmbH, Salzburg, founded Palfinger Marine Services B.V., Elst, Netherlands, as a wholly-owned subsidiary. The company was entered into the commercial register at the Commercial Court on 15 February 2012. The purpose of founding this company was to promote the expansion of the service business in the business unit Marine Systems.

Under the articles of association dated 6 June 2012, PALFINGER AG, Salzburg, founded the wholly-owned subsidiary PalAir GmbH, Salzburg. The company was entered into the commercial register at the Provincial Court acting as the Commercial Court on 22 June 2012. The object of the company will be the purchase and sale and/or the leasing and chartering of aircraft as well as their operation. As the economic environment for aircraft is predominantly influenced by the US dollar, the functional currency of this company will be the US dollar.

On 22 June 2012, Guima Palfinger S.A.S. sold all its shares in Guima France S.A.S. to the associated company Palfinger France S.A. The positive effect on earnings resulting from the deconsolidation of the company, amounting to EUR 240 thousand, was recorded under EBIT.

Under PALFINGER's project to optimize the Group's structure, its organizational structure under company law has been adjusted to the current management structure and the Group has been subdivided into investment companies and operating companies. For this reason, on 25 June 2012, Palfinger Marine- und Beteiligungs-GmbH, Salzburg, transferred Palfinger USA, Inc., Tiffin (USA), and its subsidiaries to Palfinger North America GmbH, Salzburg, and also transferred Madal Palfinger S.A., Caxias do Sul (BR), to Palfinger South America GmbH, Salzburg.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(1) Property, plant and equipment

For the construction of new Group headquarters, properties with a total area of approx. 21,000 m² were acquired in the vicinity of the present location. Acquisition costs amounted to EUR 5,309 thousand as at the reporting date.

In addition, a purchase option agreement was concluded, obligating and/or authorizing PALFINGER to acquire additional plots of land, amounting to approx. 19,000 m² in total, after five or ten years, respectively, following the planned rezoning of the plots of land. The financial obligation to acquire these additional properties amounts to EUR 4,353 thousand plus an adjustment for inflation up to the date of exercise of the purchase option.

(2) Investments in associated companies

Changes in investments in associated companies are shown in the following table:

EUR thousand	2012	2011
As at 1 Jan	**13,060**	**15,459**
Share in net result for the period	2,456	4,823
Dividends	(1,401)	(3,017)
Foreign currency translation	(54)	(220)
Disposals	0	(3,985)
As at 30 June/31 Dec	**14,061**	**13,060**

(3) Non-current assets held for sale

Due to the planned construction of new Group headquarters and the related plan to sell the old property, it was classified as a non-current asset held for sale.

In addition, when the sales process was initiated, the company aircraft was reclassified as a non-current asset held for sale in the context of a replacement investment. A financial liability of EUR 5,829 thousand directly attributable to the asset was also shown separately in the balance sheet.

The non-current assets held for sale were reclassified at their carrying amounts, totalling EUR 7,962 thousand, as the sales proceeds less costs to sell will be higher than their carrying amounts.

Both non-current assets held for sale are reported under the EUROPEAN UNITS segment and will probably be sold in the third quarter of 2012.

(4) Equity

The Annual General Meeting held on 8 March 2012 approved a resolution for payment of a dividend in the amount of EUR 13,437 thousand (previous year: EUR 7,788 thousand) out of the 2011 profits. This dividend – paid to PALFINGER AG shareholders on 14 March 2012 – was equivalent to a dividend of EUR 0.38 per share (previous year: EUR 0.22 per share).

The amount of EUR 3,850 thousand (previous year: EUR 3,500 thousand) was paid to the non-controlling shareholders of EPSILON Kran GmbH on 14 March 2012.

The movements in shares outstanding are shown below:

Shares	2012	2011
As at 1 Jan	**35,361,160**	**35,402,000**
Buyback of own shares	(500)	(40,840)
Exercise of stock option	28,750	0
As at 30 June/31 Dec	**35,389,410**	**35,361,160**

On the basis of a consolidated net result for the period of EUR 23,859 thousand (Jan–June 2011: EUR 22,571 thousand), undiluted earnings per share were EUR 0.67 (Jan–June 2011: EUR 0.64). Due to the low dilution effect of the stock option programme, diluted earnings per share were identical to undiluted earnings per share.

(5) Liabilities from puttable non-controlling interests

As at 31 December 2011, PALFINGER held 75 per cent of the ordinary share capital and preferred share capital of the NDM Group, with preferred share capital representing 90 per cent and ordinary share capital 10 per cent of the total share capital and the voting rights. On 5 March 2012, the remaining preferred share capital as well as another 15 per cent of the ordinary share capital of the NDM Group were acquired. Thus, PALFINGER now holds 100 per cent of the preferred share capital and 90 per cent of the ordinary share capital, hence 99 per cent of the share capital. The voting rights of the remaining 10 per cent of the share capital are held by PALFINGER under a trust structure; hence PALFINGER holds 100 per cent of the voting rights. The preferred share capital amounts to EUR 14,425 thousand and carries a coupon of 7 per cent. Any exceeding participation in the net result for the year is allocated to the stakes in the ordinary share capital, which means that PALFINGER participates in the exceeding amount at 90 per cent.

20 per cent in Fast RSQ B.V., Barneveld, Netherlands, were transferred to the management.

Through the acquisition of own shares to the amount of EUR 15 thousand, the direct interest in Composite Works, LLC, Oklahoma City (USA), was increased from 56.75 per cent to 63.48 per cent, thus raising PALFINGER's indirect interest from 45.40 per cent to 50.78 per cent.

The following table shows the movement in liabilities from puttable non-controlling interests:

EUR thousand	2012	2011
As at 1 Jan	**16,045**	**11,469**
Allocation	213	411
Interest costs	127	0
Addition	0	4,165
Use	(3,175)	0
As at 30 June/31 Dec	**13,210**	**16,045**

Due to the new measurement of liabilities from puttable non-controlling interests arising from the acquisition of the NDM Group, an amount of EUR 2,016 thousand was presented under retained earnings.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(6) Other operating income

Other operating income to the amount of EUR 2,090 thousand relates to the reversal of a purchase price obligation from acquisitions.

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 June 2012.

RELATED PARTIES

There were no substantial changes compared to 31 December 2011 with respect to business transactions with related parties. All transactions with related parties are carried out at generally acceptable market conditions. Please refer to the consolidated financial statements of PALFINGER AG for the year ended 31 December 2011 for further information on individual business relations.

STOCK OPTION PROGRAMME

The development of the stock option programmes of PALFINGER AG can be seen in the following table:

	Herbert Ortner		Christoph Kaml		Wolfgang Pilz		Martin Zehnder		Alexander Exner		Alexander Doujak		Total	
Development of stock options	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
As at 1 Jan	80,000	80,000	50,000	50,000	50,000	50,000	50,000	50,000	10,000	40,000	30,000	30,000	270,000	300,000
Options exercised	(10,000)	0	0	0	(6,250)	0	(6,250)	0	(2,500)	0	(3,750)	0	(28,750)	0
Options lapsed	(30,000)	0	0	0	(18,750)	0	(18,750)	0	(7,500)	(30,000)	(11,250)	0	(86,250)	(30,000)
As at 30 June/31 Dec	40,000	80,000	50,000	50,000	25,000	50,000	25,000	50,000	0	10,000	15,000	30,000	155,000	270,000
Exercise price of options exercised	10.12				10.12		10.12		10.12		10.12			
Share price at exercise date	18.01				18.01		18.01		19.71		17.72			

Please refer to the consolidated financial statements of PALFINGER AG for the year ended 31 December 2011 for further information on these stock option programmes.

KEY EVENTS AFTER THE REPORTING DATE

No material post-reporting events occurred after the end of the interim reporting period.

STATEMENT OF LEGAL REPRESENTATIVES

We confirm, to the best of our knowledge, that the interim consolidated financial statements as at 30 June 2012 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and that the consolidated management report as at 30 June 2012 gives a true and fair view of important events that have occurred during the first six months of the 2012 financial year and their impact on the interim consolidated financial statements as at 30 June 2012, of the principal risks and uncertainties for the remaining six months of the 2012 financial year and of the major related party transactions to be disclosed.

Salzburg, 25 July 2012

Herbert Ortner m.p.
Chief Executive Officer

Christoph Kaml m.p.
Chief Financial Officer

Wolfgang Pilz m.p.
Chief Marketing Officer

Martin Zehnder m.p.
Chief Operating Officer

REPORT ON THE AUDIT REVIEW

INTRODUCTION

We have reviewed the accompanying interim consolidated financial statements of PALFINGER AG, Salzburg, Austria, for the six-month period from 1 January 2012 to 30 June 2012. These interim consolidated financial statements comprise the consolidated balance sheet as at 30 June 2012, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Our responsibility is to issue a conclusion on this interim financial information based on our review. Our responsibility and liability in connection with the review and with reference to sec. 275 para. 2 of the Business Code (UGB) towards the Company as well as third parties shall be limited to a total of EUR 12 million.

SCOPE OF THE AUDIT REVIEW

We conducted our review in accordance with the statutory provisions and professional principles applicable in Austria and in compliance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group as at 30 June 2012, and of its financial performance and its cash flows for the six-month period then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

REPORT ON THE INTERIM CONSOLIDATED MANAGEMENT REPORT

We are required to perform review procedures to check whether the interim consolidated management report is consistent with the interim consolidated financial statements and whether the other disclosures made in the interim consolidated management report do not give rise to misconception of the position of the Group.

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated management report for the Group is not consistent with the interim consolidated financial statements.

Salzburg, 25 July 2012

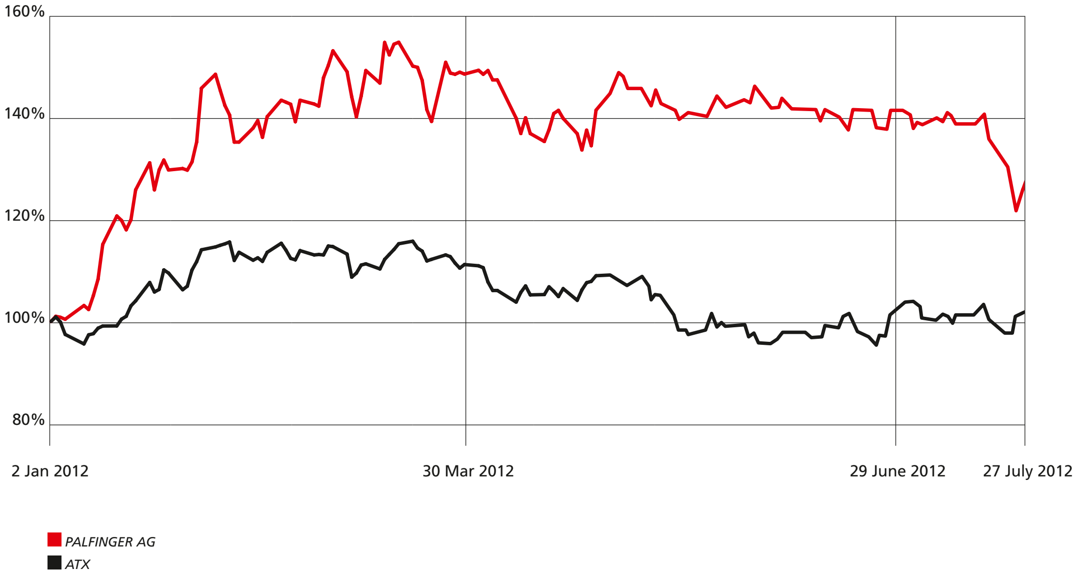
Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Anna Flotzinger m.p.	Christoph Fröhlich m.p.
Chartered accountant	Chartered accountant

Shareholder information

HY1 2012	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares	35,730,000
of which own shares	340,590
Price as at 29 June 2012	EUR 17.95
Earnings per share (HY1 2012)	EUR 0.67
Market capitalization as at 29 June 2012	EUR 641,353.5 thousand

Share price development



INVESTOR RELATIONS

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FINANCIAL CALENDAR

9 November 2012	Publication of results for the first three quarters of 2012
11 February 2013	Balance sheet press conference
6 March 2013	Annual General Meeting

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