
We have done our homework.
Report on the First Half 2007
PALFINGER

PALFINGER Financial Highlights [1)]

EUR '000	HY1 2007	HY1 2006	HY1 2005	HY1 2004	HY1 2003
Income statement					
Revenue	340,592	289,004	253,853	190,604	166,822
EBITDA	57,976	45,777	42,517	22,858	20,911
EBITDA margin	17.0%	15.8%	16.7%	12.0%	12.5%
EBIT	50,993	39,015	37,233	17,168	14,964
EBIT margin	15.0%	13.5%	14.7%	9.0%	9.0%
Profit before tax	53,111	39,025	37,372	16,012	14,427
Consolidated net profit for the period	39,235	28,450	27,513	11,081	9,597
Balance sheet					
Total assets	469,223	393,178	343,458	297,229	278,757
Non-current operating assets	184,547	144,934	125,892	114,186	112,284
Net working capital [2)]	115,170	93,184	82,958	60,480	65,327
Capital employed (as of the reporting date) [2)]	299,717	238,118	208,850	174,666	177,611
Liabilities	205,770	179,815	165,397	155,790	145,499
Equity	263,453	213,363	178,062	141,438	131,645
Equity ratio	56.1%	54.3%	51.8%	47.6%	47.2%
Net debt	36,264	23,271	30,788	32,853	45,735
Gearing	13.8%	10.9%	17.3%	23.2%	34.7%
Cash flow and investment					
Cash flows from operating activities	33,000	33,267	16,162	12,490	18,002
Free cash flow	1,496	28,339	10,405	7,464	13,777
Investment in property, plant, and equipment	33,969	7,382	6,321	4,988	6,206
Depreciation and amortisation	6,983	6,762	5,284	5,690	5,947
Payroll					
Average annual payroll [3)]	3,720	3,388	2,911	2,464	2,268

1) Reporting data of prior years were changed in the 2005 financial year in accordance with IFRS 3 adaptations.
2) The definitions used for the calculations of key indicators were modified according to internal reporting. Prior year comparable data were adapted.
3) Consolidated Group companies excluding equity shareholdings, as well as excluding apprentices, temporary workers, and workers employed for only very short periods.

Economic Background

The global state of the economy during the first half 2007 was relatively robust. The emerging markets were and continue to be a significant driver for the global economy. China went ahead of Germany and has become the world's strongest economic power after the US and Japan.

In the US, the economy recently started to pick up again after a significant slow-down during the first quarter; a growth rate of 2.1 percent is projected for 2007.
In spite of a slight slump, the economy in the euro zone recently regained momentum. Although a decline in building activity and industrial production was noticeable, the further economic trend is expected to be positive. Average growth rates of 6 percent in Eastern Europe remained significantly higher than those in the rest of Europe.
The soaring economic growth in Asia will flatten slightly in 2007. In Brazil, the positive economic figures confirm the projected continuation of the upward trend.

During the first half of 2007 the euro was at a very high level as compared to the US dollar. The exchange rate at the end of June was 1.35 with an upward trend. The Canadian dollar also rose against the US dollar to 1.06. The Chinese yuan recently levelled off to EUR 10.29, the Brazilian real appreciated and reached EUR 2.61.

In the second quarter, international stock markets profited from the positive global economic figures and from frequent merger and acquisition activities and again recorded strong stock price gains. The commodity markets were characterised by strong demand. The price booster remains China which is not only an important producer but also an important consumer. The oil price increased, in particular starting from early May, and reached USD 73.18 per barrel Brent at the end of June.

Performance of PALFINGER

The first half of the 2007 financial year at PALFINGER was characterised by continued growth and was the best half-year in the history of the Company both in terms of revenues and earnings. Revenues increased by 17.9 percent to EUR 340.6 million compared to the first half 2006. EBIT amounted to EUR 51.0 million, which is 30.7 percent above the figure for the same period of the previous year and the EBIT margin reached 15.0 percent, up from 13.5 percent in the previous year. As order intake grew significantly more than expected, PALFINGER succeeded in further expanding its market position.

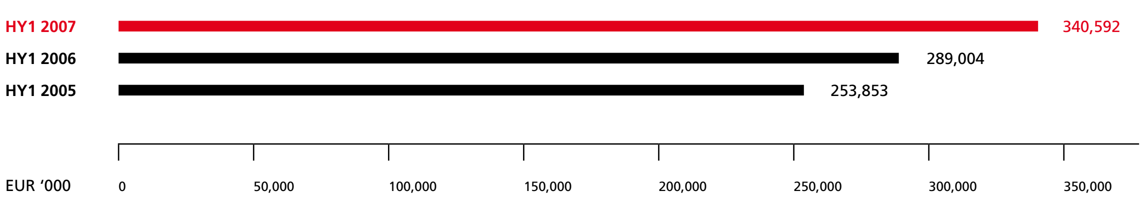
The supporting pillars of the increases in revenues and earnings continued to be the crane business in Europe and the high capacity utilisation in all production areas. The unbroken positive market situation, in particular in all core markets in Europe, the increased market penetration in Eastern Europe as well as in North and South America and the trend towards higher performance classes and fitting variants were the factors that contributed to achieving record revenues and earnings on the basis of increased capacities.

It continues to be a challenge to supply materials and components under these conditions. Furthermore, PALFINGER was not only faced with increases in material prices but also with higher contract awarding costs in order to work to capacity which, amongst other things, were caused by a lack in flexibility in the case of machine failures and delays in putting machines into operation. At the beginning of the year 2007 sales prices were raised in line with the increase in material prices, but due to the high order backlog and the resulting long delivery periods these price increases will not have an effect on the results before the second half 2007. Capacities have been and will continue to be expanded. The largest investment programme in the history of PALFINGER (approximately EUR 80 million) is scheduled to be completed by 2008. A subsequent extension programme is already being planned. These measures will contribute to a capacity increase and to the ongoing improvement of efficiency and quality.

Due to the capacity expansions, output figures in the knuckle boom crane division increased by about 10 percent in the first half-year 2007 as compared to the same period of the previous year. The measures of the investment programme, which is presently being implemented, will be reflected in further rises in sales numbers, although the chances for further revenue growth are currently limited due to the tight materials and capacity situation.

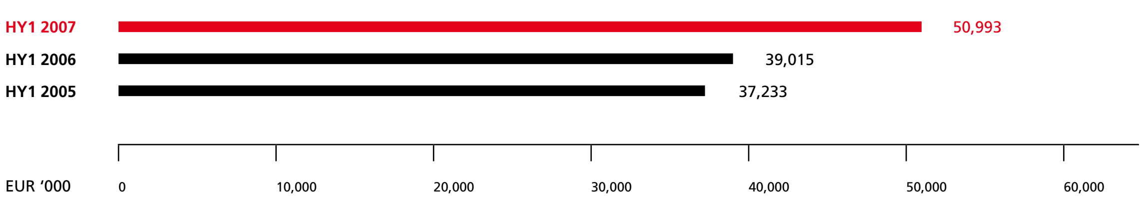
For the first time since the restructuring of the segments in 2004, positive results were achieved in all segments in the first half-year 2007. In particular the knuckle boom crane and the EPSILON as well as the SERVICES and the RAILWAY segments managed to step up revenues and earnings significantly in comparison with the previous year. Achieving a sustainable turnaround in the HYDRAULIC SYSTEMS segment continues to remain a focus of management. The results of the first half-year reflect the positive trend in this area.

Development of revenue



Taking a look at the individual quarters it shows that the second quarter 2007 matches the very strong first quarter. Both revenues (Q1: EUR 162.4 million; Q2: EUR 178.2 million) and EBIT (Q1: EUR 24.0 million; Q2: EUR 27.0 million) were raised in the course of the first half-year.

Development of EBIT



Group Assets, Finances, and Earnings

The development of the PALFINGER Group's assets, finances, and earnings in the second quarter 2007 was characterised by continued sales growth, which is also reflected in the high volume of orders at hand.

The increase in net working capital to EUR 115.2 million (6/2006: EUR 93.2 million) was mainly attributable to increased inventories required in order to be able to deal with the high order volume. It reflects process inefficiencies occurred along the entire value-creation chain as well as the higher trade receivables as a consequence of the increased sales volume. Investments in property, plant, and equipment totalled EUR 34.0 million and were primarily related to investments in capacity increases and the replacement of the Company's own aeroplane. As of the reporting date, capital employed amounted to EUR 299.7 million (6/2006: EUR 238.1 million; 12/2006: EUR 252.2 million).

The operating cash flow amounted to EUR 33.0 million in the period under review, up from EUR 33.3 million in the same period of the previous year. This development resulted from the increased net working capital and was not fully compensated for by the increased profit before tax. The high investment volume in 2007 resulted in a reduction of the free cash flow from EUR 28.3 million during the first half 2006 to EUR 1.5 million in the first half 2007. The cash flow from financing activities changed by EUR – 18.7 million as compared to the first quarter 2007, from EUR 7.4 million to EUR – 11.3 million, and basically reflects the distribution of dividends in the amount of EUR 21.7 million.

The gearing ratio increased slightly to 13.8 percent (6/2006: 10.9 percent 12/2006: 4.2 percent), among other reasons due to the fact that the lease financing of the Company's aeroplane was reported as a financial liability. The equity ratio during the period under review amounted to 56.1 percent compared to 54.3 percent in the same period of the previous year.

Risks and Uncertainties in the Second Half 2007

PALFINGER sees the most important risks for the further positive business development in the second half 2007 in the resources for capacity expansion, the quality of the services provided, the continuation of its turnaround projects, the introduction of ERP systems at production sites and the exchange rate development.

Resources for the Planned Capacity Expansion

The successful implementation of the planned growth in terms of revenues and earnings requires a sustainable development of the resources supply. Investment projects have to be implemented efficiently, materials have to be purchased in real-time and highly qualified personnel has to be bonded to the Company. PALFINGER controls these issues via professional project management, supplier management systems and future-oriented staff schemes.

Quality of the Services Provided

The vital factor of PALFINGER's success is the high quality of its products and processes. It is essential that the quality level keeps up with the growth of the Group. For this reason, motivated staff, both wage-earner and salaried employees, have to be bonded to the Company, adequate structures have to be created to this end and quality has to be guaranteed when capacity utilisation is high.

Continuation of Turnaround Projects

The successful continuation of PALFINGER's turnaround projects is decisive for the Group's further positive development. The success achieved so far shows that the path chosen was right. Consistent implementation and control mechanisms at all milestones are vital.
Another risk is that strategic decisions may be delayed due to sudden changes in market conditions. For this reason, PALFINGER maintains a clear focus on real-time Group controlling.

ERP Introduction

In the second half 2007, a new ERP system will be put into operation in Bulgaria. Intense preparations and previous experience with this system should guarantee the success of its go-live.

Exchange Rate Fluctuations

Given the international orientation of PALFINGER, the Company is exposed to an exchange rate risk that depends primarily on the further development of the US dollar. Expecting a sideways movement, PALFINGER has only hedged part of the exposure expected in the future.

A Company-wide uniform risk management system that is continuously being developed further guarantees that counter-measures are worked out and implemented. At the moment, no individual risks that might jeopardise the continued existence of the Company are identifiable.

Other events

The dividend in the amount of EUR 2.20 (previous year: EUR 1.80) per share prior to the stock split resolved in the Annual General Meeting held on 28 March 2007 was distributed on 4 April 2007. As of 29 June 2007 PALFINGER carried out a four-for-one stock split which resulted in a quadrupling of the number of shares to 37,135,000 no-par-value shares. At the same time, the stock price quotation was changed to a fourth of the last quote.

In May, the PALFINGER Group celebrated its 75th anniversary and the 65th birthday of Mr. Hubert Palfinger, senior.

In late April, PALFINGER presented numerous new product models at the BAUMA fair in Munich, Germany, Europe's largest trade fair for construction machinery. The products found the approval of many interested customers and the high number of visitors reflects the currently positive economic situation in Europe.

In the first half-year, international dealer meetings were successfully held in Europe, North and South America and Asia.

On 2 March 2007, the Company's new production hall was opened at Cherven Brjag, Bulgaria, in the presence of the Bulgarian Prime Minister Sergei Stanishev. This expansion resulted in a doubling of capacities at this location.

At the end of May, PALFINGER announced that negotiations about the complete take-over of the Croatian supplier PiR metal d.o.o. had been taken up. This acquisition is expected to contribute to a further optimisation of the value-creation chain in the area of production.

In the course of investor relations services during the first half 2007, PALFINGER organised numerous road shows and attended investors' meetings. The outstanding results of the Group together with the comprehensive investor relations activities led to continued great interest in the PALFINGER share. The share price reached an all-time-high of EUR 171.38 (corresponding to EUR 42.85 after the stock split) on 1 June 2007, corresponding to an increase of about 85 percent in comparison with the price achieved at the end of the year 2006.

Performance by Region

EUROPE and the REST of the WORLD

The segment EUROPE and the REST of the WORLD remains the solid foundation of the Group's pleasing growth in revenues and earnings. Markets in Spain, Germany, France, and Scandinavia continue to be strong. Excessive growth rates were recorded in Eastern Europe, in particular in Russia, as well as in Australia, New Zealand, and South Africa. The positive development in these markets was due in particular to knuckle boom crane and EPSILON products.

In the Asia & Pacific area, especially in China and India, PALFINGER was able to reap the first fruits from its market strategy through strategic alliances. In the first quarter 2007 the first hook loaders left the assembly plant in Shenzhen, China. As planned, the market is being entered in small steps but offers interesting strategic perspectives in the medium- and long-term.

Revenue in this segment rose by 18.4 percent, from EUR 255.3 million to EUR 302.3 million, while EBIT increased by 30.3 percent, from EUR 38.3 million to EUR 49.9 million.

NORTH and SOUTH AMERICA

In North America investments to increase assembly capacities in the CRAYLER segment were completed and in the CRANES segment continued to be stepped up. The order backlog for CRANES was reduced by about 40 percent in the first half-year 2007 and resulted in new record revenues in

North America. The continued weak exchange rate of the US dollar underlines the strategic significance of localisation in purchasing and assembly. A pleasing order volume from Mexico and Canada was achieved in the CRANES business despite the decline in the US real property market. The market decline in the CRAYLER area makes the planned intensification of the market strategy difficult.

In South America, PALFINGER's focus was on the stabilisation of the process chain and the consistent implementation of the projects initiated in 2006, including the entire value-creation chain and products. First successes are reflected in the figures for the first half-year.

With revenue increasing from EUR 33.7 million to EUR 38.3 million, EBIT in this segment came to EUR 1.1 million in the first half 2007 and was thus above the EUR 0.7 million of the previous-year period.

Performance by Product Group

CRANES

The CRANES segment was characterised by the positive market development, in particular in Europe, which is reflected in the continuation of the extremely satisfactory development in terms of new orders. Due to this growth, it was not possible to shorten delivery times in the second quarter 2007 as compared to the beginning of the year despite the fact that capacity and productivity were increased. Although the tight supply situation improved slightly due to counter-measures, such as taking on additional suppliers, bottlenecks still occurred in this area. Increasing personnel capacities is an additional challenge, in particular in Bulgaria against the backdrop of the positive economic trend and Bulgaria's accession to the European Union.

The trend towards higher performance classes and higher quality fittings in the case of replacement investments in the area of knuckle boom cranes was continued but was only partly reflected in an improvement of the EBIT margin because of process inefficiencies.

In the area of telescope cranes for the South-American market, the first Sennebogen products were delivered. The focus on further cost-optimisation programmes will be continued in the second half 2007.

The EPSILON business also benefited from the favourable market conditions. This was reflected in the exceedingly high number of new orders particularly in Austria, Germany, France, and Great Britain in the traditional on-road area. The fairly young off-road business, however, achieved its first sales successes in the first half 2007. The tight materials supply in connection with a high order volume also led to longer delivery times in the EPSILON segment.

Revenue of the CRANES segment was stepped up by 22.9 percent in the first half 2007, from EUR 202.1 million to EUR 248.5 million. EBIT increased from EUR 42.0 million to EUR 50.4 million, which corresponds to an increase in the amount of 20.1 percent.

HYDRAULIC SYSTEMS and SERVICES

In the HYDRAULIC SYSTEMS and SERVICES segment revenue was raised by 6.0 percent to EUR 92.1 million while profitability increased. The positive EBIT of EUR 0.6 million was the best result ever achieved in this segment so far.

The PALIFT division managed to consistently stabilise and/or increase output and quality in the first half-year 2007. Measures aimed at increasing efficiency were implemented in a consistent manner and proved successful in particular in the second quarter. The strong European market reinforced management in its goal to achieve a sustainable turnaround this year. After the successful development of assembly services in China, prompt localisation of the procurement of product components will now be essential in order to be able to efficiently utilise the potential of the Asian market in the next five to ten years.

There was a diverging development of TAIL LIFT products in the first half 2007: After a difficult year in 2006, which brought a market decline of approximately 25 percent in Great Britain, the order volume in the first quarter 2007 was encouraging, thanks to annual framework contracts. However, this development was not continued during the second quarter, periods of fine weather in Great Britain contributed to lower revenues from the sale of spare parts. The development in the area of the PALGATE continental European tail lift continued to be tight like in the previous months.

In the RAILWAY business, existing orders were executed successfully during the entire period under review and new projects initiated, which led to a significant plus in revenue as well as a pleasing EBIT development.

In the CRAYLER product area, the strong market position in Germany led to a very satisfactory order intake and revenues as well as improved results in Europe. In North America efforts were hampered by the general decline of the market. Due to the fact that the relocation of assembly was completed, the same results were achieved as in the comparable period of the previous year. The measures to step up local purchasing and on-site developments are expected to be reflected in the results starting from the second half of this year.

In the BISON division output figures were increased and the current investment programme was continued. Despite a slight stabilisation in materials supply, problems with subcontracted supply in this area prevented a further increase in revenues. The success of the BAUMA fair was reflected in a high order intake during the second quarter 2007. The planned serial production of the new TA series will be delayed due to numerous tests that are being required. It will contribute to the implementation of efficiency-increasing potentials at all stages of the value-creation chain.

The SERVICES segment is not only marked by an increase in revenue and earnings but also by the constant expansion of PALFINGER's dealer and service network. The product-oriented services organisation has already been implemented in Europe and further training capacities have been created. In North and South America the further expansion of the service network for the entire region was promoted and an exchange of experience intensified. The establishment of the local services organisation for Asia was successfully started in the second quarter 2007.

Outlook

On the basis of the continuous positive development in terms of new orders, management again expects record revenues and earnings in the 2007 financial year although the growth rates in the next months will have a flatter tendency as compared to the already very strong second half 2006.

The successful implementation of the capacity-raising measures together with a stable materials supply set the framework for the 2007 financial year. The availability of skilled labour at the production sites increasingly poses a material challenge for the required increase in output.
In addition, achieving a sustainable turnaround in HYDRAULIC SYSTEMS in the months to come remains an important strategic goal of the Group's management.

Consolidated Balance Sheet

EUR '000	Note	30 June 2007	31 Dec 2006	30 June 2006
ASSETS				
Non-current assets				
Property, plant, and equipment	1	126,688	98,130	92,622
Intangible assets		30,275	31,420	32,058
Interests in associated companies	2	10,559	8,054	8,128
Deferred tax assets		15,159	14,043	9,935
Other non-current assets		2,685	2,942	3,437
		185,366	**154,589**	**146,180**
Current assets				
Inventories	3	135,748	114,249	110,938
Receivables and other current assets	4	122,050	104,004	109,335
Current tax receivables		7,258	5,988	4,628
Cash and cash equivalents		18,801	30,536	22,097
		283,857	**254,777**	**246,998**
Total assets		**469,223**	**409,366**	**393,178**
EQUITY AND LIABILITIES				
Equity				
Issued capital [1)]		37,135	18,568	18,568
Capital reserves [1)]		35,190	53,757	53,757
Retained earnings		190,111	171,034	139,446
IAS 39 reserves		585	776	86
Foreign currency translation reserve		(3,055)	(6,053)	(5,728)
		259,966	**238,082**	**206,129**
Minority interests	5	3,487	3,882	7,234
		263,453	**241,964**	**213,363**
Non-current liabilities				
Non-current financial liabilities		31,156	31,566	35,960
Non-current provisions		15,458	15,426	15,398
Deferred tax liabilities		245	259	64
Other non-current liabilities		4,087	4,174	4,689
		50,946	**51,425**	**56,111**
Current liabilities				
Current financial liabilities		24,751	15,241	12,139
Current provisions [2)]	6	16,919	16,402	14,159
Current tax liabilities [2)]	6	15,498	8,133	18,503
Other current liabilities [2)]	6	97,656	76,201	78,903
		154,824	**115,977**	**123,704**
Total equity and liabilities		**469,223**	**409,366**	**393,178**

1) Capital increase – see Consolidated Statement of Changes in Equity
2) Adaptation of prior year comparable data

Consolidated Income Statement

EUR '000	Note	Apr–June 2007	Apr–June 2006	Jan–June 2007	Jan–June 2006
Revenue	7	**178,196**	**148,896**	**340,592**	**289,004**
Changes in inventories		4,298	(751)	11,322	12,224
Own work capitalised		12	44	36	67
Other operating income		1,654	2,815	3,813	4,586
Materials and services		(96,155)	(77,171)	(185,264)	(160,972)
Staff costs		(34,075)	(29,543)	(68,360)	(60,866)
Depreciation and amortisation expense		(3,749)	(3,543)	(6,983)	(6,762)
Other operating expenses		(23,157)	(19,200)	(44,163)	(38,266)
Earnings before interest and taxes (EBIT)		**27,024**	**21,547**	**50,993**	**39,015**
Income from associated companies		976	832	4,069	1,576
Interest and other financial expenses		(1,571)	(801)	(1,951)	(1,566)
Net financial result		**(595)**	**31**	**2,118**	**10**
Profit before tax		**26,429**	**21,578**	**53,111**	**39,025**
Income tax expense		**(5,934)**	**(4,733)**	**(11,996)**	**(8,818)**
Profit for the period		**20,495**	**16,845**	**41,115**	**30,207**
attributable to					
Minority interests		**906**	**942**	**1,880**	**1,757**
Shareholders of PALFINGER AG (consolidated net profit for the period)		**19,589**	**15,903**	**39,235**	**28,450**

Earnings per share in EUR		
Earnings per share (undiluted and diluted)	1.11	0.81 [1)]
Average number of shares outstanding (undiluted and diluted)	35,329,356	35,267,568 [1)]

1) Comparable date was adapted acc. to the stock split.

Consolidated Cash Flow Statement

EUR '000	Jan–June 2007	Jan–June 2006
Profit before tax	**53,111**	**39,025**
Cash flows from operating activities	33,000	33,267
Cash flows from investing activities	(33,393)	(6,102)
Free cash flow	1,496	28,339
Cash flow from financing activities	(11,342)	(6,622)
Decrease/increase in funds	**(11,735)**	**20,543**
Funds		
Cash and cash equivalents at beginning of period	30,536	1,554
Cash and cash equivalents at end of period	18,801	22,097
Decrease/increase in funds	**(11,735)**	**20,543**

Consolidated Statement of Changes in Equity

The Annual General Meeting of 28 March 2007 resolved on a profit distribution in the amount of EUR 19,409,000 from the earnings 2006. This corresponds to a dividend of EUR 2.20 (previous year: EUR 1.80) per share prior to the stock split.

The issued share capital of PALFINGER AG was increased by EUR 18,567,500 from previously EUR 18,567,500 to EUR 37,135,000 by means of a conversion of the corresponding partial amount of the appropriated capital reserves recorded in the financial statements as of 31 December 2006 pursuant to the provisions of the (Austrian) "Kapitalberichtigungsgesetz" (Act on Capital Adjustments). According to the resolution passed at the Annual General Meeting of 28 March 2007 no additional no-par-value bearer shares were issued.

As of 29 June 2007 the four-for-one stock split resolved upon at the Annual General Meeting of 28 March 2007 was implemented, resulting in an increase in no-par-value shares from previously 9,283,750 to 37,135,000.

Consolidated Statement of Changes in Equity

	Equity attributable to the		
EUR '000	**Issued capital**	**Capital reserves**	**Retained earnings**
At 1 Jan 2006	**18,568**	**53,757**	**126,647**
Earnings reported during the period under review			
Earnings reported directly in equity			
Earnings-neutral changes in financial instruments	0	0	0
Stock options as per IFRS 2	0	0	102
IAS 19 social capital reserve	0	0	203
Other changes	0	0	0
	0	**0**	**305**
Result for the period	**0**	**0**	**56,603**
	0	**0**	**56,908**
Transactions with shareholders			
Dividends	0	0	(15,862)
Other changes	0	0	3,341
	0	**0**	**(12,521)**
At 31 Dec 2006	**18,568**	**53,757**	**171,034**
At 1 Jan 2007	**18,568**	**53,757**	**171,034**
Earnings reported during the period under review			
Earnings reported directly in equity			
Earnings-neutral changes in financial instruments	0	0	0
Stock options as per IFRS 2	0	0	34
IAS 19 social capital reserve	0	0	0
Other changes	0	0	0
	0	**0**	**34**
Result for the period	**0**	**0**	**39,235**
	0	**0**	**39,269**
Transactions with shareholders			
Dividends	0	0	(19,409)
Capital increase	18,567	(18,567)	0
Other changes	0	0	(783)
	18,567	**(18,567)**	**(20,192)**
At 30 June 2007	**37,135**	**35,190**	**190,111**

shareholders of PALFINGER AG			Minority interests	Equity
IAS 39 reserves	Foreign currency translation reserve	Total		
(1,955)	**(4,495)**	**192,522**	**5,477**	**197,999**
2,731	0	**2,731**	0	2,731
0	0	**102**	0	102
0	0	**203**	0	203
0	0	**0**	0	0
2,731	**0**	**3,036**	**0**	**3,036**
0	**0**	**56,603**	**3,076**	**59,679**
2,731	**0**	**59,639**	**3,076**	**62,715**
0	0	**(15,862)**	(2,800)	(18,662)
0	(1,558)	**1,783**	(1,871)	(88)
0	**(1,558)**	**(14,079)**	**(4,671)**	**(18,750)**
776	**(6,053)**	**238,082**	**3,882**	**241,964**
776	**(6,053)**	**238,082**	**3,882**	**241,964**
(191)	0	**(191)**	0	(191)
0	0	**34**	0	34
0	0	**0**	0	0
0	0	**0**	0	0
(191)	**0**	**(157)**	**0**	**(157)**
0	**0**	**39,235**	**1,880**	**41,115**
(191)	**0**	**39,078**	**1,880**	**40,958**
0	0	**(19,409)**	(2,275)	(21,684)
0	0	**0**	0	0
0	2,998	**2,215**	0	2,215
0	**2,998**	**(17,194)**	**(2,275)**	**(19,469)**
585	**(3,055)**	**259,966**	**3,487**	**263,453**

Segment Reporting

EUR '000	EUROPE / REST of the WORLD		NORTH / SOUTH AMERICA	
Primary segmentation	**HY1 2007**	**HY1 2006**	**HY1 2007**	**HY1 2006**
Revenue	302,282	255,342	38,310	33,662
EBIT	49,881	38,272	1,112	743

EUR '000	CRANES		HYDRAULIC SYSTEMS / SERVICES	
Secondary segmentation	**HY1 2007**	**HY1 2006**	**HY1 2007**	**HY1 2006**
Revenue	248,467	202,121	92,125	86,883
EBIT	50,419	41,965	574	(2,950)

Notes to the Interim Consolidated Financial Statements

General
PALFINGER AG is a public listed company headquartered in Bergheim / Salzburg, Austria, whose main business activity is the production of innovative hydraulic lifting, loading, and handling solutions along the interfaces of the transport chain.

Reporting Bases
In principle, the same accounting and valuation methods as used in the consolidated financial statements for the 2006 financial year were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 30 June 2007, which were prepared on the basis of IAS 34. The consolidated financial statements as of 31 December 2006 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 applied, reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2006.

The interim consolidated financial statements of PALFINGER AG were reviewed by the Group's auditor Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH, Vienna.

Changes in Accounting and Valuation Methods
In the consolidated balance sheet, the accruals for current obligations to employees were reclassified from current provisions to other current liabilities. The comparable data from the previous year were also adapted to this new structure. This change in reporting did not have any effect on earnings and did not change equity in the comparison periods. The presentation was changed for the sake of providing comprehensible and clear information.

Scope of Consolidation
The number of companies included in the interim consolidated financial statements has not changed since the last balance sheet date.

Notes to the Consolidated Balance Sheet

(1) Property, Plant, and Equipment

Investments into property, plant, and equipment included primarily capacity-expanding investments and the capitalisation in connection with the financing lease for the Company's aeroplane required according to IAS 17.

(2) Interests in Associated Companies

EUR '000	Jan–June 2007	Jan–Dec 2006
At 1 Jan	**8,054**	**7,921**
Additions	0	70
Proportional results for the period	4,071	2,106
Dividends	(1,566)	(2,043)
At 30 June / 31 Dec	**10,559**	**8,054**

(3) Inventories

EUR '000	30 June 2007	31 Dec 2006
Materials and production supplies	53,180	42,035
Work in progress	25,268	20,294
Finished goods	56,999	50,616
Services rendered, not yet chargeable	0	0
Prepayments	301	1,304
Total	**135,748**	**114,249**

(4) Receivables and Other Current Assets

EUR '000	30 June 2007	31 Dec 2006
Trade receivables	109,154	89,987
Receivables from associated companies	4,393	2,730
Other receivables and assets	6,700	5,405
Deferred assets	1,781	873
Securities	22	5,009
Total	**122,050**	**104,004**

(5) Minority Interests

EUR '000	in %	30 June 2007	31 Dec 2006
Palfinger Industrieanlagen GmbH, Bergheim / Salzburg	5.00%	104	96
Palfinger Europe GmbH, Bergheim / Salzburg	0.03%	45	29
EPSILON Kran GmbH, Bergheim / Salzburg	35.00%	3,273	3,687
Madal Palfinger S.A., Brazil	1.00%	65	70

(6) Other Current Liabilities
As a consequence of the reclassification of the accruals for current obligations to employees from other current provisions to other current liabilities the balance sheet values as of 31 December 2006 changed as follows:

EUR '000	31 Dec 2006	Adjustment	31 Dec 2006 adjusted
Current provisions	32,532	(16,130)	16,402
Current tax liabilities	0	8,133	8,133
Other current liabilities	68,204	7,997	76,201

EUR '000	30 June 2007	31 Dec 2006
Trade payables	69,723	51,253
Liabilities to associated companies	123	6
Prepaid orders	2,056	2,047
Liabilities on accepted bills of exchange	712	598
Other liabilities	24,977	21,806
Deferred income	65	491
Total	**97,656**	**76,201**

Notes to the Consolidated Income Statement

(7) Revenue and Seasonal Differences
The revenues of PALFINGER AG during the financial year spread almost evenly over the four quarters.

Contingent Assets and Liabilities
There were no contingent assets as of 30 June 2007. The contingent liabilities have not changed considerably as compared to 31 December 2006. For further information reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2006.

Stock Options
In 2003, PALFINGER AG implemented a stock option programme for members of the Management Board. For further information on this stock option programme reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2006.

The stock options developed as follows:

Number of options	before stock split	after stock split
At 1 Jan 2007	**38,000**	**152,000**
Options granted in 2007	0	0
Options expired in 2007	0	0
Options exercised in 2007	10,000	40,000
Options lapsed in 2007	0	0
At 30 June 2007	**28,000**	**112,000**

By means of exercise declaration of 2 April 2007, Mr. Wolfgang Anzengruber exercised his option right and had 10,000 shares (before stock split) from the own shares of PALFINGER AG transferred to him for a purchase price of EUR 39.35 per share.

	Number of stock options 1)	Exercise price in EUR 1)	Exercise period 2)	Price of a Bermudan option in EUR 1) 3)	Underlying volatility	Valuation date ("Key Date")	Price at valuation date in EUR 1)
Mr. Schreiner	24,000	3.82	2008	0.25	31.0%	16 Mar 2003	3.11
Mr. Ortner	24,000	5.78	2009	1.77	28.0%	16 Apr 2004	6.93
Mr. Pilz	24,000	5.78	2009	1.77	28.0%	16 Apr 2004	6.93
Mr. Anzengruber	40,000	9.84	2010	3.18	27.1%	13 Apr 2005	11.50

1) after stock split
2) always within 12 weeks after the Annual General Meeting
3) valuation model used at the key date: binomial model

Related Parties
No substantial changes as compared to 31 December 2006 have occurred regarding related parties. Transactions with related parties were made at arm's length. For further information on individual business relationships reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2006.

Subsequent Events
By means of the Merger Agreement of 14 May 2007, Palfinger Industrieanlagen GmbH was merged into PALFINGER AG as the absorbing company with retroactive effect as of 31 December 2006 for the sake of simplifying internal structures. Palfinger Consult AG was compensated for its 5-%-minority interest in Palfinger Industrieanlagen GmbH by being granted shares of corresponding value.
The merger was registered in the Register of Companies on 25 July 2007.

Declaration by the Statutory Representatives

In the opinion of the Management Board, these interim consolidated financial statements as of 30 June 2007 contain all adaptations required in order to present the actual situation as concerns earnings at the date of the interim financial statements. The results for the period ended on 30 June 2007 do not necessarily allow conclusions to the development of future results.

In the course of the preparation of interim consolidated financial statements in accordance with IAS 34, the Management Board has to make assessments, estimates, and assumptions which have an influence on the application of accounting principles within the Group and on the reporting of assets and liabilities as well as income and expenses. The actual values of these amounts might differ from these estimates.

Bergheim / Salzburg, 8 August 2007

The Management Board of PALFINGER AG

Wolfgang Anzengruber m.p.
Eduard Schreiner m.p.

Wolfgang Pilz m.p.
Herbert Ortner m.p.

Report on the Audit Review

We have reviewed the attached half-year consolidated balance sheet of PALFINGER AG, Bergheim / Salzburg, Austria, as of 30 June 2007 and the half-year consolidated income statement, the consolidated statement on changes in equity and the consolidated cash flow statement for the half-year ended on this reporting date. The preparation and content of these half-year consolidated financial statements are the responsibility of the Company's Management Board. In addition, it has to be pointed out that the level of exactness required for the preparation of half-year consolidated financial statements is lower than that for annual consolidated financial statements. Our responsibility is to issue a report on these half-year consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. These principles require that we plan and perform the review to obtain a moderate assurance about whether the half-year financial statements are free of material misstatement. A review is limited primarily to the interrogation of employees of the Company and to analytical procedures 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.

In the course of the performance of our review, nothing has come to our attention that causes us to believe that the attached half-year consolidated financial statements do not in all material respects fairly present the actual position of the Company in conformity with the International Financial Reporting Standards.

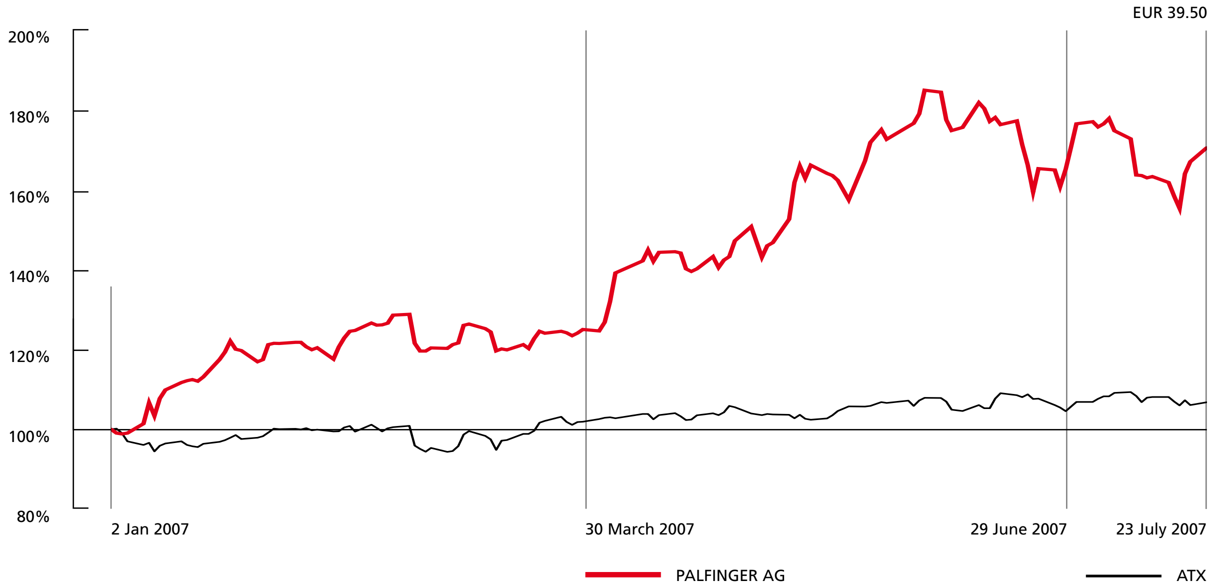
Vienna, 8 August 2007

Grant Thornton
Wirtschaftsprüfungs- und Steuerberatungs-GmbH
Member Firm of Grant Thornton International

Walter Platzer m.p.
Chartered Accountant

HY1 2007	after 4-for-1 stock split	before 4-for-1 stock split
International Securities Identification Number (ISIN)	AT0000758305	AT0000758305
Number of shares issued	37,135,000	9,283,750
Number of own shares	1,805,644	451,411
Price as of 29 June 2007	EUR 40.90	EUR 163.60
Earnings per share (HY1 2007)	EUR 1.11	EUR 4.44
Market capitalisation as of 29 June 2007 (excl. own shares)	EUR 1,444,971,000	EUR 1,444,971,000

PALFINGER AG Share Price



Investor Relations

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Financial Calendar

8 November 2007	Publication of results for the third quarter 2007
26 March 2008	Balance sheet press conference
26 April 2008	Annual General Meeting
6 May 2008	Publication of results for the first quarter 2008
6 August 2008	Publication of results for the first half 2008
6 November 2008	Publication of results for the third quarter 2008

Minimal arithmetical differences may arise from the application of commercial rounding to individual items and percentages in the half-year report.
The English translation of the Palfinger report is for convenience. Only the German text is binding.