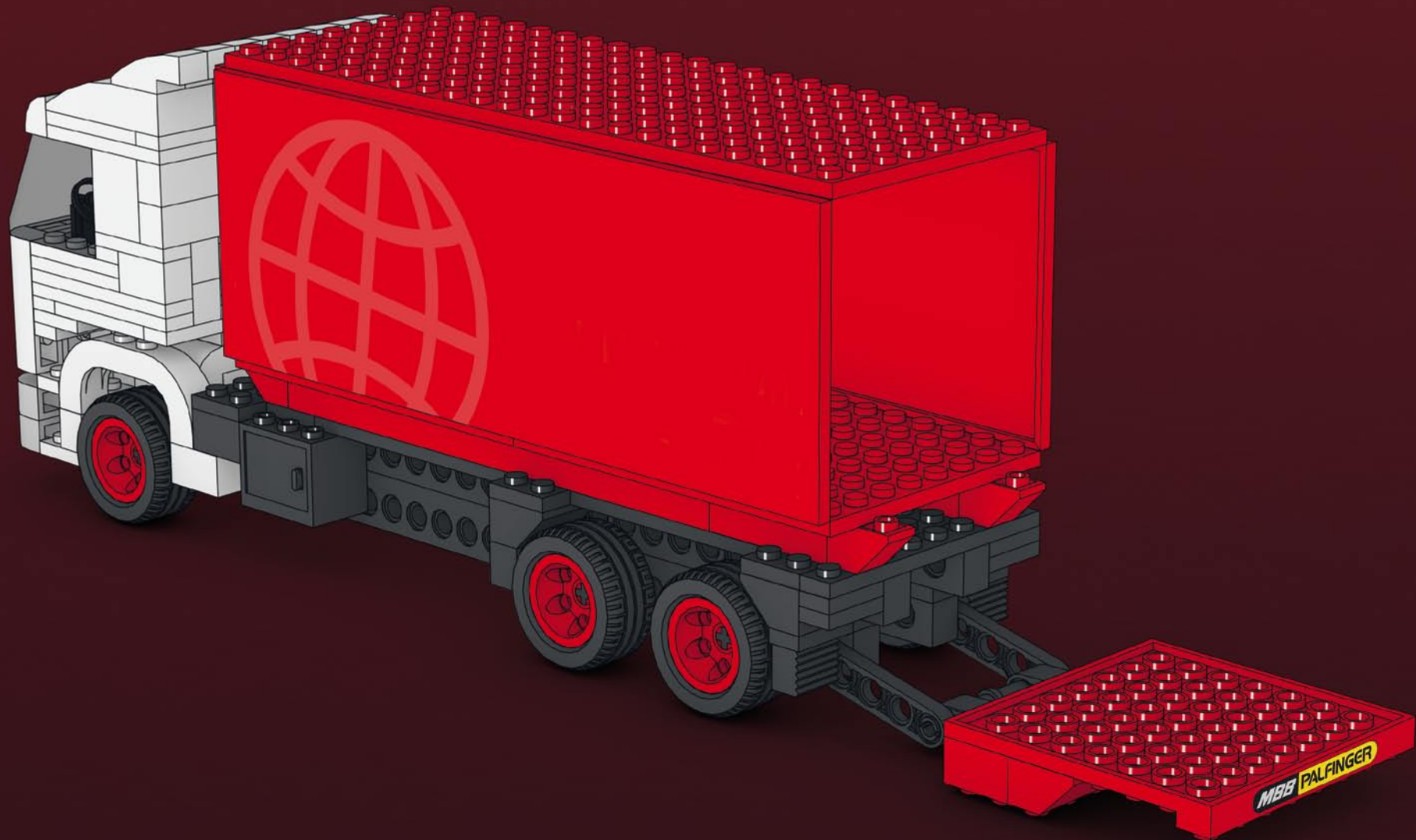


PALFINGER

QR-0108

Report on the
First Quarter 2008

The Building Blocks of Success



TEUR	Q1 2008	Q1 2007	Q1 2006	Q1 2005	Q1 2004
Income statement					
Revenue	208,944	162,396	140,108	121,736	86,391
EBITDA	34,333	27,203	20,687	19,707	8,856
EBITDA margin	16.4%	16.8%	14.8%	16.2%	10.3%
EBIT	29,639	23,969	17,468	17,107	6,062
EBIT margin	14.2%	14.8%	12.5%	14.1%	7.0%
Profit before tax	29,635	26,682	17,447	17,033	5,538
Consolidated net profit for the period	22,263	19,646	12,547	12,835	3,553
Balance sheet					
Total assets	570,832	451,404	389,280	334,060	288,566
Non-current operating assets	244,079	168,399	148,059	123,289	113,576
Net working capital (as of the reporting date)	126,427	95,081	80,503	68,305	60,073
Capital employed (as of the reporting date)	370,506	263,480	228,562	191,594	173,649
Liabilities	282,896	206,058	192,201	170,671	153,694
Equity	287,936	245,346	197,079	163,390	134,872
Equity ratio	50.4%	54.4%	50.6%	48.9%	46.7%
Net debt	82,570	18,134	31,482	27,311	38,039
Gearing	28.7%	7.4%	16.0%	16.7%	28.2%
Cash flow and investment					
Cash flows from operating activities	10,881	7,890	6,188	4,436	(2,328)
Free cash flow	2,809	(6,891)	4,888	1,872	(4,790)
Investment in property, plant, and equipment	12,523	15,712	3,648	3,346	1,941
Depreciation, amortisation, and impairment	4,694	3,234	3,219	2,600	2,794
Payroll					
Average payroll during the reporting period ¹⁾	4,462	3,666	3,371	2,858	2,412

¹⁾ Consolidated Group companies excluding equity shareholdings, as well as excluding apprentices, temporary workers, and workers employed for only very short periods.

Economic Background

In the first quarter 2008 the pace of global economic growth was slackened by the current financial crisis. The International Monetary Fund (IMF) currently estimates that the global economy will grow at a rate of 3.7 percent in 2008. The strongest deceleration was observed in the developed economies, in particular in the US, but Western Europe was affected as well. Although the emerging and developing markets, headed by China and India, have not yet been impacted too heavily by these developments, a slowdown is beginning to show in some countries.

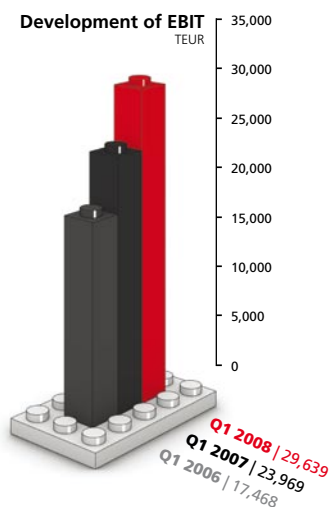
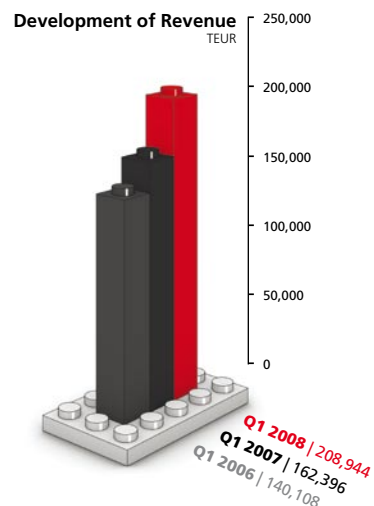
The economy in the US recorded a distinct decline in domestic demand, in particular in the housing sector, as compared to the previous quarter and is approaching a mild recession. However, according to the IMF the US economy is expected to pick up slightly in 2009. The eurozone performed relatively well in spite of the massive crisis in the financial markets and the stagnation in the US, but economic forecasts have nevertheless been lowered. Developments in some of Europe's national markets such as Ireland, Spain, and Great Britain raised the question as to what extent the US subprime debacle might be carried over to Europe. It is possible that its impacts could be absorbed by the heterogeneity of the EU market and the resulting financial stability.

After a very strong performance in 2007, signs of a slight slowdown were observed in Asia from the end of the year onwards, but growth remained at a high level and domestic demand was robust. All in all, China's economy is expected to once again record double-digit growth figures for this year.

It seems as if the economic crisis in the US is not going to have particularly strong repercussions on the Latin American markets. On the basis of the relatively strong diversification of foreign trade and the robust domestic demand, Brazil expects an economic growth rate of 4.8 percent for 2008.

While the US dollar was under pressure due to the US economic situation, the euro benefited from the dampened expectations for the federal funds rate and continued to rise against the US dollar, reaching 1.58 on 31 March 2008. The Chinese yuan and the Brazilian real showed similar developments in the first quarter 2008. International stock markets recorded further losses and only in the US were declines in prices moderate. Stock market volatility remained high.

After a temporary drop in February, the oil price continued its upward trend. At the end of the quarter the price for one barrel of Brent was USD 104.86, a long-term correction of the current excessive prices is not expected to take place before around the end of 2008.



Group Performance

The PALFINGER Group continued to pursue its growth strategy in the first quarter 2008 and once again reported a record quarter both in terms of revenues and earnings. Sales revenue rose by 28.7 percent, from EUR 162.4 million in the first quarter 2007 to EUR 208.9 million. EBIT rose to EUR 29.6 million and exceeded the previous year's figure by 23.7 percent. The EBIT margin amounted to 14.2 percent as compared to 14.8 percent in the first quarter of the previous year. Around two thirds of this gain in revenues was due to organic growth. Around EUR 16 million of the increase were generated by the acquisition of MBB, which took place at the end of 2007.

The increase in revenues reflected PALFINGER's stronger market position. The crane business in Europe and the high capacity utilisation in the production areas still form a solid basis for the improvement of revenues and earnings. In addition, output in the crane area was augmented due to the fact that the Company's investment programme is at an advanced stage.

Delivery times were reduced in the first quarter 2008 and now correspond to those of large trucks on which the PALFINGER products are mounted. This was made possible both by the capacity expansion and the market developments. The performance of the individual markets on which PALFINGER is active varied greatly. While Spain and Great Britain suffered declines and the US market remained at a very low level, demand continued to rise in South America. In Asia, where PALFINGER is currently setting up a production location, a positive trend was evident. Another market with high potential is Eastern Europe, which is still recording double-digit growth rates and contributes to compensating for the declines in other markets. All in all, the demand situation in the market continues to be positive although the economic climate is no longer as overheated as in 2007.

Material prices continued to rise in the first quarter 2008, which caused PALFINGER to adjust most of its sales prices accordingly at the beginning of the year. Given the high number of orders on hand, this increase in prices will, however, have a delayed impact on results. In the period under review results were also influenced by the transfer of all tail lift activities to MBB. By the middle of the year 2008 the PALGATE product division will be fully merged into MBB and the capacities released will be used for expansion in the field of crane assembly. Management regards the EBIT margin of 14.2 percent at Group level as another confirmation of the Company's profitable growth strategy.

Group Assets, Finances, and Earnings

The consistent growth of PALFINGER was also continued in the first quarter 2008. **Revenue** rose by EUR 46.5 million to EUR 208.9 million (Q1 2007: EUR 162.4 million), corresponding to an increase of 28.7 percent.

Net working capital amounted to EUR 126.4 million (31 December 2007: EUR 134.7 million) and was primarily impacted by the stepping up of inventories along the value-creation chain as well as an increase in trade receivables resulting from the fact that revenue grew significantly. The 42.2-percent increase in other current liabilities as compared to the year end 2007 is largely attributable to dividend payments in the amount of EUR 24.7 million as approved by the Annual General Meeting on 26 March 2008 and distributed on 2 April 2008. Hence the **capital employed** was EUR 370.5 million on the reporting date (31 December 2007: EUR 373.1 million).

In the period under review the **operating cash flow** went up to EUR 10.9 million from EUR 7.9 million in the same period of the previous year, which was primarily due to the positive development of earnings in the first quarter 2008.

At 50.4 percent as of the end of the quarter (31 December 2007: 55.8 percent), the **equity ratio** continued to be on a high level. The **gearing ratio** went up due to the utilisation of short-term credit limits as increased funds were required in connection with the comprehensive investment programme, but at 28.7 percent (31 December 2007: 26.7 percent) it is still at a very low level.

Other Events

With the acquisition of MBB, PALFINGER has entered the market for tail lifts in additional countries such as, for instance, the US, in which the Group had not yet been present with this product area before. Since the beginning of 2008 PALFINGER, in cooperation with the MBB Group, has consistently implemented the international growth strategy of this division.

Under its current investment programme PALFINGER plans further investments worth around EUR 60 million in 2008, part of which is to be spent on further capacity expansion. In recent months the agreed extension programme was put into final form. This second stage will become effective primarily outside the existing core markets. It will not start before the end of 2008 with the exact starting date depending on economic development.

The Annual General Meeting held on 26 March 2008 resolved to distribute a dividend in the amount of EUR 0.70 (previous year: EUR 0.55) per share, which corresponds to a dividend yield of 2.1 percent relative to the average price for 2007. Moreover, it was resolved to cancel 1,405,000 shares owned by the Company with a carrying amount

of EUR 6.5 million in order to adjust the Company's capital structure. PALFINGER AG will retain 400,000 shares, which will be used for the purposes of existing and future stock option programmes. The cancellation of the shares is scheduled for the end of May 2008. The Annual General Meeting also approved a change in auditor. From 2008 onwards the financial statements will be audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Investor-relations services continued consistently in the first quarter 2008. In spite of the excellent business ratios and an intensive investor-relations strategy with international road shows, investors' meetings, stock exchange information days, and investors' fairs the PALFINGER share could not completely avoid the turbulence in the stock exchange world and thus in the period under review recorded a loss of more than 10 percent. As of 25 March 2008, the share was re-included in the ATX, the leading stock market index of the Vienna Stock Exchange, and on 31 March 2008 the share closed at EUR 22.53.

In the first quarter 2008 PALFINGER formed a new segment called VENTURES, which comprises all strategic initiatives of the Group – both regional and product-oriented – from their development phase up to operational maturity. At the same time, segment reporting was focused on the product divisions and the newly created segment, thereby harmonising the external reporting with the internal controlling structure. The previous year's figures for the segments CRANES and HYDRAULIC SYSTEMS & SERVICES have been adjusted accordingly.

Performance by Segment

CRANES

The high order backlog at the beginning of the quarter in combination with increased capacity and productivity as compared to the previous year, made yet another record quarter possible in this segment. In the first quarter 2008 revenues in the CRANES segment increased by 21.9 percent as compared to the same quarter of the previous year, from EUR 117.9 million to EUR 143.7 million. EBIT rose from EUR 24.4 million to EUR 31.4 million, which corresponds to an increase of 28.7 percent. These excellent results reflect the continued trend towards higher performance classes and higher fitting variants in the case of replacement investments and have resulted in a further improvement of the EBIT margin.

Even though all regions made their contributions to the growth achieved, increases in revenues in France, Germany, Scandinavia, Eastern Europe, and Russia were particularly noteworthy. As bottlenecks in the truck trailer industry and extensions of delivery times for trucks became more frequent, PALFINGER encouraged dealers to reconsider their wildcard orders in the first quarter 2008. This measure, in combination with the capacity increases achieved, resulted in a clear shortening of delivery periods. As a consequence, capacity planning for the upcoming quarters of 2008 has been adapted to the changed market situation, with figures ranging above the previous year's level.

The EPSILON business continued to be characterised by good market conditions, as reflected by the high number of new orders particularly in Austria, Germany, and France in the traditional on-road area. In spite of increases in capacity no substantial reduction in delivery times has been achieved in the EPSILON area so far.

HYDRAULIC SYSTEMS & SERVICES

In the HYDRAULIC SYSTEMS & SERVICES segment revenue went up by 46.7 percent as compared to the first quarter 2007, from EUR 44.5 million to EUR 65.2 million. Around EUR 16 million of this increase were contributed by the acquisition of the MBB Group at the end of 2007. EBIT came to EUR – 1.1 million, which is below the previous year's figure of EUR – 0.3 million. This decrease was caused primarily by the transfer of all former tail lift activities to the MBB site in Germany and the subsequent discontinuation of PALGATE production in Austria. This concentration is scheduled to be completed by the middle of 2008.

The PALIFT division recorded a 50-percent increase in earnings as compared to the same quarter of the previous year. The projects to increase output, which are being implemented at the moment, were supported in the first quarter by a stronger focus on market development.

In the TAIL LIFT product division the implementation of the internationalisation strategy is in full swing with the initial consolidation of MBB. The phase-out of assembly of the former product line PALGATE and the poor development of the US dollar prevented the results from being more pronounced.

In the RAILWAY business, existing orders were executed in the first quarter 2008 and new projects initiated. Due to changes in the project mix regarding both products and countries pre-production costs were incurred, which resulted in a considerable short-term decrease of the EBIT margin in spite of an increase in revenues.

As in the previous quarters the CRAYLER product area saw a different development in Europe than in North America. While in Europe the same level of revenues and earnings as in the previous year was achieved, business in North America was still affected by the decline of the market.

In the BISON division the first aerial platforms from the trend-setting 3.5 t TA series were delivered. Short-term bottlenecks in the supply of telescopes dampened expected revenues. Nevertheless the success of the newly introduced measures – including in the framework of the restructuring processes within the PALFINGER organisation – was seen in the improvement of results as compared to the same quarter of the previous year.

In spite of the early Easter and the poor development of the US dollar, revenues in the SERVICES area reached the same level as in the previous year. The current development and expansion of the supporting service activities, in particular in Asia and South America, led to the results in this area staying slightly below the figures achieved in the previous year.

VENTURES

In its newly created VENTURES segment PALFINGER bundles all future projects at their development stages. The aim of separating this area from the operating business is to guarantee a targeted focus on building up new fields of business and continuing market development. Moreover, a special pool of employees, composed of internal and external members, will be set up for the strategic activities, which amongst other things will closely cooperate with external educational institutes. This is done primarily to ensure the availability of sufficient personnel in order to meet PALFINGER's growth targets.

In the first quarter 2008 PALFINGER started to expand its assembly plant in Shenzhen, China, into a production location. On the basis of the market experience gained during the previous year, the Company decided to not only continue with the assembly but also start manufacturing components for hook loaders in this promising market. This step was in line with PALFINGER's strategy to build up local production sites for the respective markets in the medium-term. The advantage is that specific features of the market can be taken into account, dependency on third-party suppliers is reduced, and at the same time independence from exchange rates is gained, and long transport routes are no longer necessary.

As the projects included in this segment do not generate revenues, only their costs are reported. In the first quarter 2008 EBIT in the VENTURES segment amounted to EUR – 0.7 million.

Outlook

From today's point of view, the trend of the market is positive in spite of weaknesses in individual markets even though no overheating as in the previous year is recognisable. Declines in the US or in Spain are expected to be compensated by the strongly growing markets in Eastern Europe and Asia. Nevertheless, the macro-economic development in 2008 will remain a substantial factor. If the European real economy should become more heavily affected by the present financial crisis, this would also have a negative impact on the business development of the PALFINGER Group.

The continued strong demand for PALFINGER products and the related high order backlog guarantee the good visibility of the Company for the months to come. On this basis, management expects continued growth throughout 2008.

The business development over the course of the year will probably reflect seasonal differences with higher growth figures in the first half and slowed down growth in the second half – due to the weaker summer months and fewer working days. From today's point of view an increase in revenues of around 15 percent is expected for the total year. Approximately half of this growth is to be generated organically and the other half as a result of the acquisition of the MBB Group.

After completion of the tail lift transfer, turnaround in HYDRAULIC SYSTEMS should also support the development of results throughout 2008. At the same time, however, it is to be borne in mind that with the acquisition of MBB, PALFINGER has given more weight within the Group to the tail lift area, which compared to the crane sector is lower in margins.

The investment programme currently still underway will be completed in 2008. On the basis of the increase in capacities already achieved, the focus will now be increasingly on exploiting the potential for optimisation of the effectiveness and efficiency of the production processes. This will put PALFINGER in a position to continue to shorten delivery periods and strengthen and expand its strong position as a market leader.

Consolidated Balance Sheet

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TEUR	Note	31 March 2008	31 Dec 2007	31 March 2007
ASSETS				
Non-current assets				
Intangible assets		53,099	54,609	30,497
Property, plant, and equipment		155,825	149,990	111,356
Investment properties	1	1,124	0	0
Investments in associated companies	2	12,879	11,951	11,148
Deferred tax assets		19,018	19,663	13,554
Other non-current assets		2,683	2,732	2,734
		244,628	238,945	169,289
Current assets				
Inventories	3	167,013	151,894	125,784
Receivables and other current assets	4	153,745	133,112	125,893
Current tax receivables		1,464	1,121	113
Cash and cash equivalents		3,299	2,559	30,325
		325,521	288,686	282,115
Non-current assets held for sale	5	683	683	0
		326,204	289,369	282,115
Total assets		570,832	528,314	451,404
EQUITY AND LIABILITIES				
Equity				
Share capital		37,135	37,135	18,568
Capital decrease, resolved but not yet implemented	6	(1,405)	0	0
Additional paid-in capital		35,190	35,190	53,757
Retained earnings	6	220,585	221,607	173,379
Revaluation reserve		(112)	(112)	0
Valuation reserves pursuant to IAS 39		789	519	865
Foreign currency translation reserve		(7,445)	(4,923)	(6,079)
		284,737	289,416	240,490
Minority interests		3,199	5,640	4,856
		287,936	295,056	245,346
Non-current liabilities				
Non-current financial liabilities		32,940	38,315	31,786
Non-current provisions		21,601	21,103	9,810
Deferred tax liabilities		5,569	5,668	5,569
Other non-current liabilities		1,080	1,176	3,775
		61,190	66,262	50,940
Current liabilities				
Current financial liabilities		54,234	43,598	22,573
Current provisions		13,518	14,063	22,751
Current tax liabilities		12,775	10,059	352
Other current liabilities	7	141,179	99,276	109,442
		221,706	166,996	155,118
Total equity and liabilities		570,832	528,314	451,404

Consolidated Income Statement

TEUR	Note	Jan–March 2008	Jan–March 2007
Revenue	8	208,944	162,396
Changes in inventories		11,936	7,024
Own work capitalised		10	24
Other operating income		3,035	2,159
Materials and external services		(118,038)	(89,109)
Staff costs		(43,698)	(34,285)
Depreciation, amortisation, and impairment expenses		(4,694)	(3,234)
Other operating expenses		(27,856)	(21,006)
Earnings before interest and taxes (EBIT)		29,639	23,969
Income from associated companies		1,050	3,093
Interest and other financial expenses		(1,054)	(380)
Net financial result		(4)	2,713
Profit before income tax		29,635	26,682
Income tax expense	9	(6,313)	(6,062)
Profit after income tax		23,322	20,620
attributable to			
Minority interests		1,059	974
Shareholders of PALFINGER AG (consolidated net profit for the period)		22,263	19,646

Earnings per share in EUR

Earnings per share (undiluted and diluted)	6	0.63	0.56 ¹⁾
Average number of outstanding shares (undiluted and diluted)		35,330,000	35,289,356 ¹⁾

¹⁾ Previous year's figures were converted pursuant to the stock split.

Consolidated Cash Flow Statement

TEUR		Jan–March 2008	Jan–March 2007
Profit before income tax		29,635	26,682
Cash flows from operating activities		10,881	7,890
Cash flows for investing activities		(11,787)	(15,474)
Cash flows from financing activities		1,678	7,373
Total cash flows		772	(211)
Free cash flow		2,809	(6,891)
Funds			
At 1 January		2,559	30,536
Effects of exchange rate fluctuations		(32)	0
At 31 March		3,299	30,325

Equity attributable to the shareholders of PALFINGER AG										
TEUR	Share capital	Capital decrease, resolved but not yet implemented	Additional paid-in capital	Retained earnings	Revaluation reserve	Valuation reserves pursuant to IAS 39	Foreign currency translation reserve	Total	Minority interests	Equity
At 1 Jan 2007	18,568	0	53,757	171,034	0	776	(6,053)	238,082	3,882	241,964
Total recognised income and expense for the period										
Income and expense directly recognised in equity										
Valuation gains/(losses)										
from cash flow hedges	0	0	0	0	0	(257)	0	(257)	0	(257)
Stock options acc. to IFRS 2	0	0	0	57	0	0	0	57	0	57
Actuarial gains/(losses) acc. to IAS 19	0	0	0	(2,183)	0	0	0	(2,183)	0	(2,183)
Other changes	0	0	0	(2,269)	(112)	0	1,130	(1,251)	0	(1,251)
	0	0	0	(4,395)	(112)	(257)	1,130	(3,634)	0	(3,634)
Profit after income tax	0	0	0	73,978	0	0	0	73,978	4,090	78,068
	0	0	0	69,583	(112)	(257)	1,130	70,344	4,090	74,434
Transactions with shareholders										
Dividends	0	0	0	(19,409)	0	0	0	(19,409)	(2,275)	(21,684)
Capital increase	18,567	0	(18,567)	0	0	0	0	0	0	0
Other changes	0	0	0	399	0	0	0	399	(57)	342
	18,567	0	(18,567)	(19,010)	0	0	0	(19,010)	(2,332)	(21,342)
At 31 Dec 2007	37,135	0	35,190	221,607	(112)	519	(4,923)	289,416	5,640	295,056
At 1 Jan 2008	37,135	0	35,190	221,607	(112)	519	(4,923)	289,416	5,640	295,056
Total recognised income and expense for the period										
Income and expense directly recognised in equity										
Valuation gains/(losses)										
from cash flow hedges	0	0	0	0	0	270	0	270	0	270
Stock options acc. to IFRS 2	0	0	0	11	0	0	0	11	0	11
Other changes	0	0	0	30	0	0	(2,522)	(2,492)	0	(2,492)
	0	0	0	41	0	270	(2,522)	(2,211)	0	(2,211)
Profit after income tax	0	0	0	22,263	0	0	0	22,263	1,059	23,322
	0	0	0	22,304	0	270	(2,522)	20,052	1,059	21,111
Transactions with shareholders										
Dividends	0	0	0	(24,731)	0	0	0	(24,731)	(3,500)	(28,231)
Simplified capital decrease	0	(1,405)	0	1,405	0	0	0	0	0	0
	0	(1,405)	0	(23,326)	0	0	0	(24,731)	(3,500)	(28,231)
At 31 March 2008	37,135	(1,405)	35,190	220,585	(112)	789	(7,445)	284,737	3,199	287,936

In accordance with the management approach as provided for by IFRS 8, financials are presented for the three segments CRANES, HYDRAULIC SYSTEMS & SERVICES, as well as VENTURES. The segment VENTURES was added to the previous secondary segments, and the values of the previous period modified accordingly.

The VENTURES segment contains in particular product development and strategic projects outside the previous segments as well as strategic human resource development for the implementation of PALFINGER's strategic objectives.

TEUR	Revenue	Revenue	EBIT	EBIT
	Jan–March 2008	Jan–March 2007	Jan–March 2008	Jan–March 2007
CRANES	143,726	117,941	31,434	24,417
HYDRAULIC SYSTEMS & SERVICES	65,218	44,455	(1,107)	(256)
VENTURES	–	–	(688)	(192)

Notes to the Interim Consolidated Financial Statements

General

PALFINGER AG is a public listed company headquartered in 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 2007 financial year were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 31 March 2008, which were prepared on the basis of IAS 34. The consolidated financial statements as of 31 December 2007 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 2007.

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

IFRS 8 was introduced as of 1 January 2008, i.e. sooner than required, and segment reporting adjusted to internal reporting. This change in reporting did not have any effect on earnings and did not change equity in the comparison period. Apart from that no changes in accounting and valuation methods were made.

Scope of Consolidation

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

On 3 March 2008, the company name of PIR metal d.o.o., Croatia, was changed to Palfinger proizvodna tehnologija Hrvatska d.o.o.

Notes to the Consolidated Balance Sheet**(1) Investment Properties**

The business site at Rijeka, Croatia, leased by Palfinger proizvodna tehnologija Hrvatska d.o.o., Croatia, to a related party has been recognised as investment property since January 2008.

Property held as investment property is measured at cost less accumulated depreciation. The depreciation on buildings is performed on a straight-line basis over a period ranging from eight to 50 years. The fair value of property held as investment property is determined by expert opinions that are prepared internally and using an income-cost approach.

(2) Investments in Associated Companies

The changes in investments in associated companies are shown in the following table:

TEUR	2008	2007
At 1 Jan	11,951	8,054
Share in the net profit or loss for the period	1,050	5,755
Dividends	0	(1,564)
Foreign currency translation	(122)	(45)
Change in consolidation method	0	(249)
At 31 March / 31 Dec	12,879	11,951

(3) Inventories

Inventories are broken down as follows:

TEUR	31 March 2008	31 Dec 2007
Materials and production supplies	60,291	59,123
Work in progress	34,620	30,687
Finished goods and goods for resale	71,344	61,769
Prepayments	758	315
Total	167,013	151,894

(4) Receivables and Other Current Assets

Receivables and other current assets comprise the following:

TEUR	31 March 2008	31 Dec 2007
Trade receivables	126,790	113,918
Receivables from associated companies	10,403	5,658
Receivables from derivative financial instruments	1,227	917
Receivables relating to social security and other taxes	9,841	7,515
Other receivables	3,049	3,065
Deferred expenses	2,363	1,957
Securities	72	82
Total	153,745	133,112

Receivables from associated companies in the amount of TEUR 10,403 (31 December 2007: TEUR 5,658) are due for merchandise sold or services performed.

Based on experience, allowances for doubtful debts were made in the amount of TEUR 3,841 (31 December 2007: TEUR 3,649).

(5) Non-current Assets Held for Sale

The properties in Weng, Austria, are expected to be sold in the 2008 financial year.

(6) Equity

In the Annual General Meeting on 26 March 2008, a dividend distribution from the consolidated net profit for the year of TEUR 24,731 was proposed and paid to the shareholders of PALFINGER AG on 2 April 2008. This corresponds to a dividend of EUR 0.70 (2007: EUR 0.55 after the stock split) per share.

The Annual General Meeting on 26 March 2008 also resolved on, but has not yet carried out, the simplified decrease of the issued share capital of PALFINGER AG pursuant to section 192 paragraph 3 (2) and section 192 paragraph 4 of the Austrian Stock Corporation Act (AktG) by TEUR 1,405, from TEUR 37,135 to TEUR 35,730, by cancelling 1,405,000 own shares. The purpose of this simplified capital decrease is to reduce the number of own shares.

On the basis of the consolidated net profit for the period in the amount of TEUR 22,263 (Jan–March 2007: TEUR 19,646) undiluted earnings per share were EUR 0.63 (Jan–March 2007: EUR 0.56 after the stock split). Diluted earnings per share were identical with undiluted earnings per share.

(7) Other Current Liabilities

Other current liabilities are broken down as follows:

TEUR	31 March 2008	31 Dec 2007
Trade payables	76,451	65,036
Liabilities to associated companies	1,809	888
Prepaid orders	2,081	2,479
Liabilities on accepted bills of exchange	348	392
Liabilities to employees	21,042	17,841
Liabilities relating to social security and other taxes	11,972	8,733
Other liabilities	27,295	3,588
Deferred income	181	319
Total	141,179	99,276

Liabilities due to associated companies in the amount of TEUR 1,809 (31 December 2007: TEUR 888) resulted from the provision of goods and services.

Notes to the Consolidated Income Statement

(8) Revenue and Seasonal Differences

Seasonal fluctuations in the revenues of PALFINGER AG occur due to the company holiday in the third quarter and the shutdown during the Christmas break in the fourth quarter.

(9) Income Tax Expense

The Group's effective tax rate, in other words, the total income tax expense expressed as a percentage of the profit before income tax, was 21.3 percent (Jan-March 2007: 22.7 percent).

TEUR	Jan-March 2008	Jan-March 2007
Profit before income tax	29,635	26,682
Income tax expense	(6,313)	(6,062)
Effective tax rate (percent)	21.3%	22.7%

Contingent Assets and Liabilities

There were no contingent assets as of 31 March 2008. The contingent liabilities have not changed considerably as compared to 31 December 2007. For further information reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2007.

Related Parties

As regards business transactions with related parties, no substantial changes occurred in comparison to 31 December 2007, with the exception of the leasing of the site in Rijeka, Croatia. All transactions with related parties are carried out on generally accepted market conditions. For further information on the individual business relations please see the consolidated financial statements of PALFINGER AG as of 31 December 2007 and note 1 to the interim consolidated financial statements.

Subsequent Events

There have been no material post-reporting period events which would require disclosure.

Introduction

We have reviewed the accompanying interim consolidated financial statements of PALFINGER AG, Salzburg, Austria for the three-month period from 1 January 2008 to 31 March 2008. These interim consolidated financial statements comprise the balance sheet as of 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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.

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 2400 "Engagements to Review Financial Statements". 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 at 31 March 2008, and of its financial performance, and its cash flows for the three-month period then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on Other Legal and Regulatory Requirements

We are required to perform review procedures whether the interim consolidated management report is consistent with the interim consolidated financial statements and whether the other disclosures made in the 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, 22 April 2008

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Anna Flotzinger m.p.
Chartered accountant

ppa. Christoph Fröhlich m.p.
Chartered accountant

Shareholder Information

First Quarter 2008

International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	37,135,000
Number of own shares	1,805,000
Price as of 31 March 2008	EUR 22.53
Earnings per share (Q1 2008)	EUR 0.63
Market capitalisation as of 31 March 2008 (excl. own shares)	TEUR 795,985

Investor Relations

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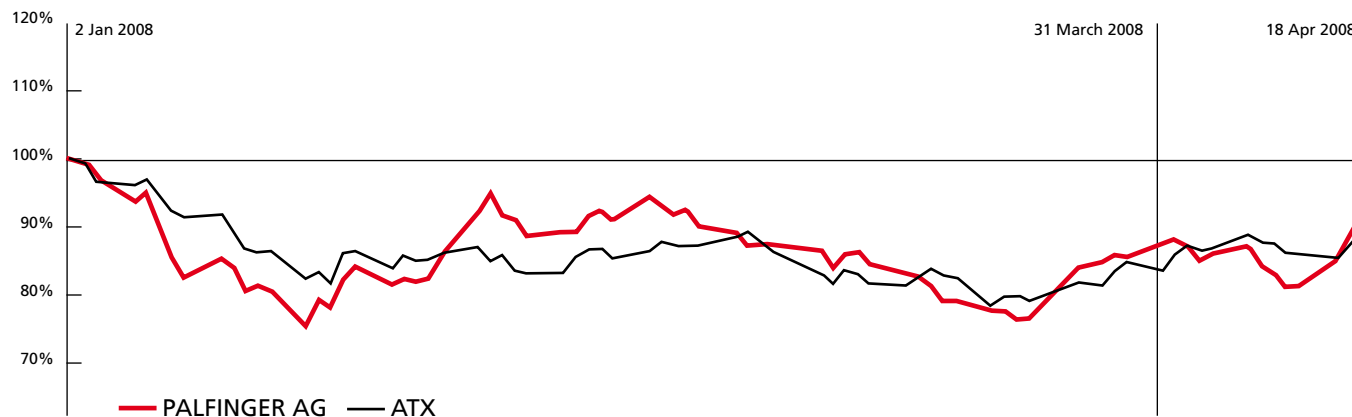
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Share Price Development



Financial Calendar

6 August 2008

Publication of results for the first half 2008

6 November 2008

Publication of results for the first three quarters 2008



Minimal arithmetical differences may arise from the application of commercial rounding to individual items and percentages in the interim report.

The English translation of the PALFINGER report is for convenience. Only the German text is binding.

The product illustrated is not part of the LEGO® range. We would like to point out that this model is not available for purchase and that the LEGO Group has not marketed or produced this product.