Q3 09

INTERIM REPORT

PALFINGER

Financial Highlights of the PALFINGER Group

TEUR	Q1–Q3 2009	Q1–Q3 2008 [2]	Q1–Q3 2007	Q1–Q3 2006	Q1–Q3 2005
Income statement					
Revenue	387,903	607,170	504,608	437,174	386,008
EBITDA	9,782	90,332	84,020	69,137	60,849
EBITDA margin	2.5%	14.9%	16.7%	15.8%	15.8%
EBIT	(6,345)	74,660	73,348	59,270	52,581
EBIT margin	(1.6%)	12.3%	14.5%	13.6%	13.6%
Profit/loss before income tax	(10,943)	73,338	75,801	58,984	51,687
Consolidated net result for the period	(11,916)	51,323	53,070	41,778	37,583
Balance sheet					
Total assets	611,541	629,987	479,619	398,896	371,044
Non-current operating assets	302,064	283,908	200,019	149,102	141,445
Net working capital (as of the reporting date)	144,368	169,674	116,620	94,271	97,852
Capital employed (as of the reporting date)	446,432	453,582	316,639	243,373	239,297
Liabilities	326,633	310,152	202,335	170,946	181,109
Equity	284,908	319,835	277,284	227,950	189,936
Equity ratio	46.6%	50.8%	57.8%	57.1%	51.2%
Net debt	161,525	133,459	39,355	15,423	46,361
Gearing	56.7%	41.7%	14.2%	6.8%	24.4%
Cash flow and investment					
Cash flows from operating activities	33,552	31,840	49,012	38,166	20,661
Free cash flow	28,520	(20,177)	3,719	26,879	(6,414)
Investment in property, plant, and equipment	5,999	38,592	48,324	12,990	9,990
Depreciation, amortisation, and impairment	16,127	15,672	10,672	9,867	8,268
Payroll					
Average payroll during the reporting period [1]	4,504	4,486	3,781	3,414	3,006

[1]) Consolidated Group companies excluding equity shareholdings, as well as excluding temporary workers and workers employed for only very short periods. The figures for the previous years were adjusted with retrospective effect to take into account the change in internal reporting.

[2]) In the course of the final purchase price allocation for the MBB Group adjustments with retrospective effect were made.

Interim Report for the Period Ended 30 September 2009

ECONOMIC BACKGROUND

After the highly pessimistic picture painted at the beginning of the year, the global economy seemed to be recovering from the economic and financial crisis at the beginning of the second half 2009. In numerous industrialised countries the recession was kept in check and/or ended thanks to the implemented monetary and fiscal policy measures. On this basis, the International Monetary Fund (IMF) recently revised its projections slightly upwards, forecasting a 1.1-percent drop in world output for 2009 and growth – from today's point of view at a rate of + 3.1 percent – in the global economy for 2010.

The stabilisation of the US economy has been sustained in the course of 2009 although industrial production continued to decline and unemployment rates hit new highs. The IMF expects a decline of 2.7 percent in gross domestic product for 2009 and a slight increase of 1.5 percent for 2010. The high unemployment rate is, however, likely to cause a slowdown in domestic consumption over a longer period and consequently also put the brakes on a cyclical upturn in the US.

In the euro zone the situation continued to be heterogeneous, and results posted in the third quarter are expected to be positive on average. A clear improvement of the economic climate was felt primarily in Germany, while in Spain the recession persisted. The IMF has upgraded its forecast for 2009 to – 4.2 percent and expects the economic downslide to end in 2010 at + 0.3 percent. In Central and Eastern Europe the economic low point seems to have been overcome as well. For 2009 the economy is still expected to contract by 5.0 percent, but for 2010 1.8-percent growth is on the horizon.

In China and India the swift implementation of the government stimulus programmes had a positive impact on economic development. On current projections, growth rates of 8.8 percent and/or 5.4 percent and 9.0 percent and/or 6.4 percent will be achieved in 2009 and 2010, respectively. The other Asian countries were marked by a dynamic development as well.

Latin America and in particular Brazil have quickly recovered from the effects of the financial crisis. After a slight decline in economic performance of 0.7 percent in 2009 the IMF expects an increase of 3.5 percent for Brazil in 2010.

Financial markets have been recovering from the second quarter 2009 onwards and investors' confidence has been improving continuously. The euro-to-dollar exchange rate recently remained relatively constant and, at USD 1.46 at the end of September 2009, was clearly higher than at the end of 2008 when it was USD 1.39. Stock markets were consistently marked by price increases. Raw material prices remained constant after an increase in the first half 2009, and at the end of September the price for one barrel of Brent amounted to USD 66.30.

GROUP PERFORMANCE

The performance of the PALFINGER Group during the first three quarters 2009 was marked by the extremely weak economic environment. Compared to the record results achieved in the previous years the Company posted a massive decline in revenues and earnings. However, while revenue was on the decline, its early reaction and adjustment to the changed framework conditions enabled PALFINGER to achieve a significant improvement of earnings from quarter to quarter, which was even continued in the weaker season of the third quarter.

At EUR 387.9 million, revenue was 36.1 percent lower than the previous year's figure of EUR 607.2 million. The WUMAG ELEVANT and Omaha Standard groups, which were consolidated in the second half 2008, contributed only just under EUR 55 million to this revenue. In particular PALFINGER's efforts to reduce the high order backlog in the access platform area have had a positive impact in this connection. Despite this slump in revenue a positive EBITDA of EUR 9.8 million (Jan–Sep 2008: EUR 90.3 million) was achieved thanks to PALFINGER's early cost-savings policies. However, at EUR – 6.3 million EBIT for the first three quarters 2009 was negative.

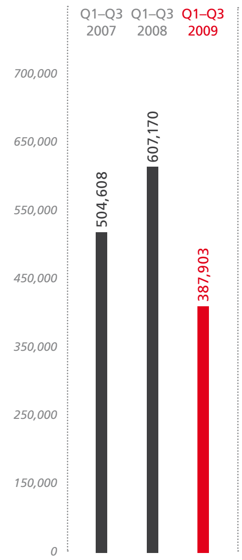
A look at the performance of the individual quarters clearly shows that PALFINGER has been able to optimise its costs in the course of the year by means of strict packages of measures, although revenue continued to decline. While revenue in the third quarter 2009 decreased further, which, amongst other factors, was also caused by the company holiday in August (Q1: EUR 140.4 million; Q2: EUR 128.8 million; Q3: EUR 118.7 million), EBITDA (Q1: EUR 2.0 million; Q2: EUR 2.9 million; Q3: EUR 4.9 million) and EBIT (Q1: EUR – 3.2 million; Q2: EUR – 2.7 million; Q3: EUR – 0.5 million) improved continuously. This pleasing development, in particular as compared to other companies in this industry, highlights the strength of the PALFINGER Group.

In the first nine months of 2009 the KNUCKLE BOOM CRANE business recorded almost zero sales in the Spanish, British, Italian, Irish, Greek, and Russian markets, and noticeable declines in the two largest markets of Germany and France. In the US, where the market decline had started as early as at the end of 2007, sustainable signs of a recovery have been visible since the beginning of the year. Although the overall economic trend also spread to the South American markets at the end of 2008, recently these markets were unexpectedly stable. From the second quarter onwards, all markets showed signs of stabilisation at a very low level.

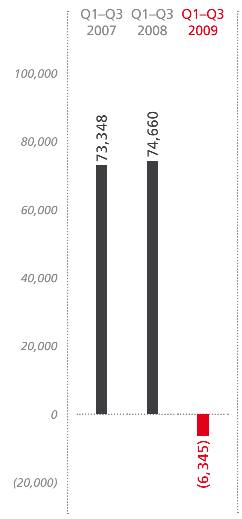
In the HYDRAULIC SYSTEMS & SERVICES segment the weak economic framework conditions in the third quarter were felt more strongly than in previous quarters. This was primarily due to the initial consolidation of the access platform unit of WUMAG as of the end of July 2008, which means that comparable figures from the previous year are now available. In addition, this segment also includes late-cycle product areas, which are only now reflecting the decline in economy.

In the beginning of the third quarter short-time work, which was introduced at Austrian sites at the beginning of 2009, was extended until March 2010. At other sites adequate measures were also taken in line with the provisions of labour law. All staff-related actions are taken on the basis of the strategic perspective of a subsequent recovery, which is why PALFINGER has been deliberately accepting over-capacities.

The purchase prices of material, especially steel, declined in the period under review. However, these cuts in prices are not reflected in expenses as PALFINGER previously had sufficient inventories. The de-stocking process had a simultaneous positive impact on cash flows.



DEVELOPMENT OF REVENUE
(TEUR)



DEVELOPMENT OF EBIT
(TEUR)

GROUP ASSETS, FINANCES, AND EARNINGS

At 46.6 percent, the equity ratio was still at a high level at the end of September 2009 (31 December 2008: 48.5 percent). As compared to the end of 2008 both a decrease in total assets of EUR 26.8 million to EUR 611.5 million and a reduction of equity to EUR 284.9 million, due to the consolidated net result for the period and the distribution of dividends and/or foreign currency translations, were recorded. While non-current operating assets remained almost unchanged at EUR 302.1 million, net working capital was reduced to EUR 144.4 million, i.e. by EUR 28.4 million as compared to the level at the end of 2008. As a consequence, the capital employed decreased by EUR 30.1 million to EUR 446.4 million, and at EUR 161.5 million net debt was for the first time below the level of the end of 2008. The reduction of equity prevented an improvement of the gearing ratio, which was at an almost unchanged 56.7 percent.

The Group's financing structure was focused more strongly on longer-term liabilities, which was substantially supported by the successful placement of a promissory note bond and long-term equity financing. Due to a systematic creation of a strategic liquidity reserve, cash and cash equivalents went up to EUR 41.8 million as of the end of September, up from EUR 9.1 million as of the end of 2008. The focus on capital employed management is going to contribute to a positive free cash flow also in the future and made a free cash flow of EUR 28.5 million possible in the first nine months.

Revenues in the amount of EUR 387.9 million reflect the downward trend in the market as compared to the same period of the previous year. While a positive EBITDA of EUR 9.8 million (Jan–Sep 2008: EUR 90.3 million) was achieved, EBIT amounted to EUR – 6.3 million (Jan–Sep 2008: EUR 74.7 million) and a consolidated net result for the period of EUR – 11.9 million (Jan–Sep 2008: EUR 51.3 million) was recorded. This development of results was primarily caused by the performance of the CRANES segment.

OTHER EVENTS

The first nine months were characterised by the implementation of additional measures to reduce costs in all corporate areas, the success of which has been increasingly reflected in the results of the PALFINGER Group. Other priority issues included the reduction of the capital employed and strengthening the financing structure of the Group.

At the end of June 2009 it was decided to adjust the organisational structure – the Global PALFINGER Structure – so as to be better able to meet any challenges arising. In the future, the entrepreneurial management of the European business will be carried out via business units, and in addition Group enterprises in the areas outside Europe are to be strengthened. The strategy is scheduled to be implemented at the beginning of 2010.

In response to requests by external customers to make long-term use of PALFINGER's know-how and capacities, in particular in cylinder manufacturing, an adequate line function was implemented. Consequently capacity utilisation in manufacturing was raised by increased insourcing, on the one hand, and by manufacturing for third parties, on the other, and cylinder manufacturing in Bulgaria was further expanded. The acquisition of 40 percent of the Romanian supplier Nimet Srl in April 2009 was also carried out in this context.

In early April a promissory note bond in the total amount of EUR 56.5 million was issued via Palfinger Finanzierungs-GmbH. This enables PALFINGER to pay more attention to ensuring matching maturities in financing and to seize growth opportunities that may open up.

In North America PALFINGER's product portfolio was expanded thanks to the acquisition of Automated Waste Equipment Co. at the beginning of July 2009. This acquisition has been conducive to diversification into other industries, in particular the recycling and scrap industries, and has also supported the expansion of the natural-hedging strategy pursued for the dollar area. With the establishment of Palfinger Cranes India Pvt. Ltd. for the Indian area the Group took another consistent step in further pursuing its focus on the Asian market. The establishment of a joint venture with a longstanding local dealer in the third quarter 2009 will allow PALFINGER to further tap into the market potential available in Russia.

The unbroken great interest shown by investors was not only evident at roadshows, investors conferences, stock exchange days, and investors fairs in which PALFINGER participated but also in the development of the price of the PALFINGER share, which has outperformed international benchmark indices since the beginning of the year. As of 30 September 2009 the price of PALFINGER shares was at EUR 17.69 as compared to EUR 11.24 at the beginning of the year. Effective as of 21 September 2009 the shares of PALFINGER AG were again added to the ATX lead index of the Vienna Stock Exchange.

PERFORMANCE BY SEGMENT

In accordance with the segment reporting requirements pursuant to IFRS 8, PALFINGER has been disclosing segment results instead of EBIT since the beginning of 2009. The segment result corresponds to EBIT plus income from associated companies.

CRANES

The CRANES segment was hit particularly hard by global economic developments. In the first three quarters 2009 revenues decreased by 47.8 percent to EUR 208.4 million as compared to EUR 399.4 million in the same period of the previous year. Not taking into account the revenue generated by Omaha Standard, which is included in this figure following its initial consolidation in the fourth quarter 2008, the decrease was approximately 55 percent. In the third quarter 2009 revenues came to EUR 62.6 million, which is approximately 6 percent below the figure recorded in the second quarter 2009. This decline is primarily due to the four-week company holiday taken at PALFINGER in August; the months of July and September have thus confirmed the bottoming out of the relevant markets. The segment's result for the first three quarters 2009 of EUR 1.3 million was far lower than the previous year's figure of EUR 79.0 million. After recording a negative half-year result, the segment is in the black again, which reflects the increasing success of PALFINGER's cost-savings policy, which was consistently implemented.

The KNUCKLE BOOM CRANE division was marked by continued weak demand, although from March 2009 onwards signs that this market was bottoming out started to emerge. Special attention was also paid to the specific risk situation faced by suppliers and dealers in order to respond to the changes in the environment both in cooperation and in the balance sheet.

In the EPSILON unit the effects from the collapse of the timber and recycling markets became even more perceptible. While at the beginning of 2009 PALFINGER still benefited from orders on hand from the previous year, the decline in order intake was reflected both in revenues and earnings, in particular from the second quarter onwards.

Business activity in the MADAL telescopic crane area continued to be characterised by filling orders already on hand, even though in early 2009 some orders were cancelled.

At OMAHA STANDARD the first months of 2009 were marked by the challenging economic situation in the US, in particular by the languishing truck industry. Nevertheless, a constant slight improvement of order intake has taken place from March onwards. Apart from taking cost reduction measures that have shown their first effects, the focus remained on tapping additional potential synergies.

HYDRAULIC SYSTEMS & SERVICES
Revenue in the HYDRAULIC SYSTEMS & SERVICES segment decreased by 13.6 percent, from EUR 207.8 million in the first three quarters 2008 to EUR 179.5 million. In this segment the economic environment came more clearly to the fore in the third quarter than in the preceding quarters due to the initial consolidation of the WUMAG ELEVANT Group at the end of July 2008. However, the development of results shows that the weak construction and truck industries are not the main target industries of the products of this segment. In the access platform division the high number of orders already on hand had to be filled, which also contributed significantly to the results, which are pleasing given the current situation. The segment's result for the first nine months of 2009 was EUR – 2.7 million as compared to the previous year's figure of EUR 1.0 million.

The PALIFT division was characterised by the effects of the low level of order intake and faced declines in both revenues and earnings. In the second quarter 2009 short-time work was also introduced in this division. Since July 2009, AWE – a producer of container handling systems – has been included in the PALIFT division, with the initial consolidation of the company having had a positive impact on results.

In the field of TAIL LIFT products, the consistent growth strategy, primarily the acquisition of the MBB Group, made a positive impact. In spite of a marked decrease in revenues, the strict cost management and the positive development of the services business made it possible to improve results considerably as compared to 2008. To offset the low capacity utilisation, short-time work was introduced at some locations.

The RAILWAY business still profited from the positive investment climate in the field of public transport. Full capacity utilisation is guaranteed until the end of 2010.

The CRAYLER business continued to develop differently in Europe than in North America. While successes were achieved in the key account business in Europe, the North American market was at rock bottom in 2009. Negative impacts on the earnings were, however, contained by means of targeted cost reduction measures.

The consolidation of the various companies of the access platform division was accomplished in the first quarter 2009. The name of this division, which now comprises the two brands BISON and WUMAG, was changed to PLATFORMS. The markets in this area were increasingly affected by the impact of the economic crisis, in particular a lending policy that is still restrictive and has already resulted in several delays in delivery and cancellations of orders. In response to the declining demand two neighbouring assembly sites were merged in Germany and short-time work was introduced in the third quarter.

The SERVICES area was able to harvest the fruits of PALFINGER's longstanding investments in expansion. Strong customer loyalty has contained the drop in revenue, and earnings were kept at a stable level in the period under review. As customers are using systems for longer time periods, the services business picked up, and furthermore, the gradual introduction of the new crane series in the truck-mounted knuckle boom crane area led to an expansion of training activities.

VENTURES

In the first nine months of 2009 numerous strategic internal projects of PALFINGER were implemented under this segment. For example, a project with the aim of strengthening the structure of the Group's earnings and assets, including the provision of external manufacturing for third parties, was coordinated, and the adjustment of the Global PALFINGER Structure was prepared.

The takeover of Automated Waste Equipment Co., successfully consolidated by the beginning of July, was a major focus in the second quarter 2009. In addition, a separate company was founded in the business area India to put in place adequate structures for a continued market development.

As the projects included in the VENTURES segment do not generate revenues, only their costs are reported. In the first nine months of 2009 the segment's result amounted to EUR – 2.9 million. This increase in expenses as compared to 2008 (EUR – 1.9 million) also reflects the fact that the PALFINGER Group consistently promotes its projects for the future.

OUTLOOK

As an early-cycle company PALFINGER perceives fluctuations in the economic cycle – be they positive or negative – even at a very early stage. The bottoming out of the relevant markets that already became clear in the first half 2009 was confirmed in the past few months; demand stabilised at a low level. Management expects that the implementation of the infrastructure projects announced and/or agreed upon all over the world will entail clear impulses.

The PALFINGER Group started off into this difficult year 2009 from a strong market position. The combination of its solid corporate basis, the high quality of its products, outstanding employees, and the strong service and dealer network has proven to be an enormous competitive advantage. Despite the expeditious and target-oriented adjustment of its structure to respond to changes in the economic environment, PALFINGER continued to pursue its activities on the market. The unbroken focus on development, marketing, sales, and services has proved to be well worthwhile. Moreover, PALFINGER has been taking advantage of the crisis not only to seize market opportunities as they open up but also to implement structural improvements, the results of which have and will become increasingly visible. For all of these reasons, the Group's earnings will benefit over-proportionally from any economic recovery.

The cost-cutting measures that are now increasingly showing effect are expected to extend the gradual improvement of results into the fourth quarter 2009. Due to the current low visibility, no reliable forecasts can be made for 2010. However, on the basis of current estimates, Management expects earnings and revenues to pick up.

Consolidated Balance Sheet

TEUR	Note	30 Sep 2009	31 Dec 2008	30 Sep 2008
Non-current assets				
Intangible assets *		68,748	66,918	71,187
Property, plant, and equipment		193,770	198,224	177,193
Investment property		1,108	1,135	1,466
Investments in associated companies	1	14,895	13,633	13,703
Deferred tax assets		21,173	21,557	17,965
Non-current financial assets		1,231	1,360	573
Other non-current assets		2,370	2,278	2,394
		303,295	**305,105**	**284,481**
Current assets				
Inventories	2	158,683	185,612	195,946
Trade receivables	3	90,222	119,665	121,758
Other current assets		15,899	17,424	18,909
Tax receivables		1,627	1,428	1,788
Cash and cash equivalents		41,815	9,096	7,105
		308,246	**333,225**	**345,506**
Total assets		**611,541**	**638,330**	**629,987**
Equity				
Share capital		35,730	35,730	35,730
Treasury stock		(1,509)	(1,730)	(1,730)
Additional paid-in capital		30,208	30,177	30,137
Retained earnings *	4	226,103	251,582	256,301
Revaluation reserve		0	(112)	(112)
Valuation reserves pursuant to IAS 39		(410)	(124)	73
Foreign currency translation reserve		(8,749)	(12,104)	(6,516)
		281,373	**303,419**	**313,883**
Minority interests		3,535	6,411	5,952
		284,908	**309,830**	**319,835**
Non-current liabilities				
Non-current financial liabilities	5	136,020	44,919	42,372
Non-current provisions		24,129	22,428	22,955
Deferred tax liabilities *		8,997	10,144	10,217
Other non-current liabilities		1,810	1,763	1,892
		170,956	**79,254**	**77,436**
Current liabilities				
Current financial liabilities		70,722	132,337	98,828
Current provisions		15,684	19,386	16,277
Tax liabilities		2,628	2,038	3,830
Trade payables and other current liabilities	6	66,643	95,485	113,781
		155,677	**249,246**	**232,716**
Total equity and liabilities		**611,541**	**638,330**	**629,987**

* In the course of the final purchase price allocation for the MBB Group adjustments with retrospective effect were made.

Consolidated Income Statement

TEUR	Note	July–Sep 2009	July–Sep 2008	Jan–Sep 2009	Jan–Sep 2008
Revenue		**118,734**	**183,718**	**387,903**	**607,170**
Changes in inventory		(7,131)	(5,594)	(9,986)	5,636
Own work capitalised	7	1,286	493	3,559	503
Other operating income		3,638	3,328	12,030	8,638
Materials and external services		(57,027)	(95,644)	(204,490)	(326,982)
Employee benefits expenses		(34,254)	(39,422)	(113,760)	(124,372)
Depreciation, amortisation, and impairment expenses *		(5,365)	(5,774)	(16,127)	(15,672)
Other operating expenses		(20,363)	(25,793)	(65,474)	(80,261)
Earnings before interest and taxes – EBIT (before associated companies)		**(482)**	**15,312**	**(6,345)**	**74,660**
Income from associated companies		**463**	**901**	**2,129**	**3,471**
Interest income		344	111	664	317
Interest expenses		(2,946)	(1,965)	(8,533)	(5,100)
Other financial income		194	(261)	1,142	(10)
Net financial result		**(2,408)**	**(2,115)**	**(6,727)**	**(4,793)**
Profit/loss before income tax		**(2,427)**	**14,098**	**(10,943)**	**73,338**
Income tax expenses *		(1,227)	(4,450)	(261)	(18,614)
Profit/loss after income tax		**(3,654)**	**9,648**	**(11,204)**	**54,724**
attributable to					
minority interests		**221**	**779**	**712**	**3,401**
shareholders of PALFINGER AG (consolidated net result for the period)		**(3,875)**	**8,869**	**(11,916)**	**51,323**

EUR	Note			Jan–Sep 2009	Jan–Sep 2008
Earnings per share (undiluted and diluted)	4			(0.34)	1.45
Average number of outstanding shares				35,386,176	35,345,209

* In the course of the final purchase price allocation for the MBB Group adjustments with retrospective effect were made.

Consolidated Statement of Comprehensive Income

TEUR	July–Sep 2009	July–Sep 2008	Jan–Sep 2009	Jan–Sep 2008
Profit/loss after income tax	**(3,654)**	**9,648**	**(11,204)**	**54,724**
Unrealised profits (+)/losses (–) from foreign currency translation	275	271	3,355	(1,593)
Unrealised profits (+)/losses (–) from AFS securities				
Changes in unrealised profits (+)/losses (–)	0	6	0	11
Deferred taxes thereon	0	(2)	0	(3)
Unrealised profits (+)/losses (–) from cash flow hedge				
Changes in unrealised profits (+)/losses (–)	(321)	(317)	(700)	258
Deferred taxes thereon	79	82	159	(65)
Realised profits (–)/losses (+)	(144)	(292)	313	(863)
Deferred taxes thereon	40	70	(58)	216
Income and expense directly recognised in equity	**(71)**	**(182)**	**3,069**	**(2,039)**
Total comprehensive income	**(3,725)**	**9,466**	**(8,135)**	**52,685**
attributable to				
minority interests	221	779	712	3,401
shareholders of PALFINGER AG	(3,946)	8,687	(8,847)	49,284

Consolidated Statement of Changes in Equity

		Equity attributable to the shareholders of PALFINGER AG		
TEUR	Note	Share capital	Treasury stock	Additional paid-in capital
At 1 Jan 2008		**37,135**	**(8,298)**	**35,190**
Total comprehensive income		**0**	**0**	**0**
Transactions with shareholders				
Dividends		0	0	0
Simplified capital decrease		(1,405)	6,458	(5,053)
Other changes		0	110	0
		(1,405)	**6,568**	**(5,053)**
At 30 Sep 2008		**35,730**	**(1,730)**	**30,137**
At 1 Jan 2009		**35,730**	**(1,730)**	**30,177**
Total comprehensive income		**0**	**0**	**0**
Transactions with shareholders				
Dividends	4	0	0	0
Other changes		0	221	31
		0	**221**	**31**
At 30 Sep 2009		**35,730**	**(1,509)**	**30,208**

* In the course of the final purchase price allocation for the MBB Group adjustments with retrospective effect were made.

Retained earnings*	Revaluation reserve	Valuation reserves pursuant to IAS 39	Foreign currency translation reserve	**Total**	Minority interests	**Equity**
229,905	**(112)**	**519**	**(4,923)**	**289,416**	**5,640**	**295,056**
51,323	**0**	**(446)**	**(1,593)**	**49,284**	**3,401**	**52,685**
(24,731)	0	0	0	**(24,731)**	(3,500)	**(28,231)**
0	0	0	0	**0**	0	**0**
(196)	0	0	0	**(86)**	411	**325**
(24,927)	**0**	**0**	**0**	**(24,817)**	**(3,089)**	**(27,906)**
256,301	**(112)**	**73**	**(6,516)**	**313,883**	**5,952**	**319,835**
251,582	**(112)**	**(124)**	**(12,104)**	**303,419**	**6,411**	**309,830**
(11,916)	**0**	**(286)**	**3,355**	**(8,847)**	**712**	**(8,135)**
(13,788)	0	0	0	**(13,788)**	(3,500)	**(17,288)**
225	112	0	0	**589**	(88)	**501**
(13,563)	**112**	**0**	**0**	**(13,199)**	**(3,588)**	**(16,787)**
226,103	**0**	**(410)**	**(8,749)**	**281,373**	**3,535**	**284,908**

Consolidated Statement of Cash Flow

TEUR	Jan–Sep 2009	Jan–Sep 2008
Profit/loss before income tax	**(10,943)**	**73,338**
Cash flows from operating activities	33,552	31,840
Cash flows for investing activities	(10,849)	(55,330)
Cash flows from financing activities	9,937	28,032
Total cash flows	**32,640**	**4,542**

TEUR	2009	2008
Funds at 1 Jan	**9,096**	**2,559**
Effects of exchange rate fluctuations	79	4
Total cash flows	32,640	4,542
Funds at 30 Sep	**41,815**	**7,105**

Segment Reporting

TEUR	Revenue		EBIT (before associated companies)		Segment result	
	Jan–Sep 2009	Jan–Sep 2008	Jan–Sep 2009	Jan–Sep 2008	Jan–Sep 2009	Jan–Sep 2008
CRANES	208,442	399,356	(807)	75,542	1,322	79,013
HYDRAULIC SYSTEMS & SERVICES	179,461	207,814	(2,685)	970	(2,685)	970
VENTURES	0	0	(2,853)	(1,852)	(2,853)	(1,852)
PALFINGER Group	**387,903**	**607,170**	**(6,345)**	**74,660**	**(4,216)**	**78,131**

Notes to the Interim Consolidated Financial Statements

GENERAL

PALFINGER AG is a public listed company headquartered in Salzburg, Austria, whose main business activities are the production and the sale 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 2008 financial year were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 30 September 2009, which were prepared on the basis of IAS 34. The consolidated financial statements as of 31 December 2008 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 2008.

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

The following IFRIC interpretations and IFRS, whose application was mandatory for the first time in the 2009 financial year, resulted in changes in the interim consolidated financial statements of PALFINGER AG and/or clarifications of facts relevant for the Group. The revised version of IAS 1 Presentation of Financial Statements is aimed at improving users' ability to analyse and compare the information given in the financial statements. This amendment only results in a change in representation.

The amendments of IFRS 2 Share-based Payment, IAS 23 Borrowing Costs, IFRIC 13 Customer Loyalty Programmes, IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation as well as the collective standard Improvements to IFRS did not have any material impact on the Group's assets, finances, and earnings during this or previous reporting periods. No material changes in accounting and valuation methods other than those mentioned herein were made.

CHANGE IN ESTIMATES

In the first quarter 2009 due to the capacity reduction, necessitated by the current economic downturn, the useful life of plant and machinery was adjusted to meet changed circumstances. In the first three quarters 2009 this adjustment in the useful life had a positive impact on EBIT in the amount of TEUR 3,305 and/or on the consolidated net result for the period in the amount of TEUR 2,473.

ADJUSTMENTS MADE IN THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As no significant changes in fair value occurred in the course of the final purchase price allocation for the WUMAG ELEVANT unit in the third quarter 2009 no adjustments with retrospective effect were made.

In the course of the final purchase price allocation for the MBB Group in the fourth quarter 2008 the consolidated balance sheet as of 30 September 2008 was adjusted with retrospective effect as follows:

TEUR	30 Sep 2008	Adjustment	30 Sep 2008 adjusted
Non-current assets			
Intangible assets	68,144	3,043	71,187
Equity			
Retained earnings	256,588	(287)	256,301
Non-current liabilities			
Deferred tax liabilities	6,887	3,330	10,217

In the course of the final purchase price allocation for the MBB Group in the fourth quarter 2008, the consolidated income statement as of 30 September 2008 was adjusted with retrospective effect as follows:

TEUR	Jan–Sep 2008	Adjustment	Jan–Sep 2008 adjusted
Depreciation, amortisation, and impairment expenses	(15,268)	(404)	(15,672)
Income tax expense	(18,731)	117	(18,614)
Profit after income tax	**55,011**	**(287)**	**54,724**
attributable to			
minority interests	**3,401**	**0**	**3,401**
shareholders of PALFINGER AG (consolidated net result for the period)	**51,610**	**(287)**	**51,323**

SCOPE OF CONSOLIDATION

The number of companies included in the interim consolidated financial statements has changed several times since the last balance sheet date due to the foundation of new companies, reorganisations, and acquisitions.

Newly founded companies

On 7 August 2009 PALFINGER signed the contracts on a sales joint venture with the Kraft Invest Group. For 16 years the Kraft Invest Group has specialised in the sale and servicing of engineering vehicles in the Russian market and has been a reliable sales partner for PALFINGER in Russia since 1996 with more than 15 sub-dealers.

The joint venture allows PALFINGER to promote the sale of its own products by helping the Kraft Invest Group to set up an appropriate network while implementing PALFINGER's targeted sales strategies.

PALFINGER holds 49 percent in the joint venture company Kraftinvest Palfinger Beteiligungs-GmbH, Austria, which was founded on 7 August 2009 and entered into the commercial register on 26 August 2009, with the Kraft Invest Group holding the remaining 51 percent. As of 30 September 2009 the wholly-owned subsidiary Palfinger Kran Rus OOO, Russia, was founded. Not only knuckle boom cranes, which in the future will be exclusively sold in Russia by this joint venture, but also other PALFINGER products, such as EPSILON timber and recycling cranes, MBB tail lifts, and PALIFT container handling systems will be sold by Palfinger Kran Rus OOO.

Reorganisations

In the first quarter 2009 ELEVANT Service GmbH & Co. KG, Germany, ELEVANT Finance GmbH, Germany, WUMAG MAGEBA GmbH, Germany, WUMAG ELEVANT GmbH, Germany, and ELEVANT Produktion GmbH, Germany, were merged into Palfinger Platforms GmbH, Germany, with retrospective effect as of 31 December 2008, in several reorganisational steps in order to simplify internal structures. Subsequently the "Service National" business was spun off from Palfinger Platforms GmbH, Germany, into Palfinger GmbH, Germany. By a merger agreement of 24 July 2009 the merger of WUMAG ELEVANT Verwaltungs GmbH, Germany, into Palfinger Platforms GmbH, Germany, with retrospective effect as of 31 December 2008 was agreed. This merger was entered into the commercial register on 26 August 2009.

By an assignment agreement of 30 April 2009 the shares in the associated company Palfinger Argentina S.A., Argentina, were transferred from Palfinger Europe GmbH, Austria, to Madal Palfinger S.A., Brazil, for a consideration of EUR 1.00. The transaction was entered into the commercial register on 17 August 2009.

On 1 September 2009 the shares in Financière Palfinger S.A.S., France, were transferred from Palfinger Europe GmbH, Austria, to Guima Palfinger S.A.S., France. By a merger agreement of 1 September 2009 the merger of Financière Palfinger S.A.S. into the absorbing company Guima Palfinger S.A.S. was agreed.

Acquisitions
On 24 February 2009, 100 percent in Palfinger Finanzierungs-GmbH, Germany, was acquired. The purchase price in the amount of TEUR 25 was paid in cash and reflects the share capital paid in at the date of acquisition.

On 1 April 2009 PALFINGER acquired a 40-percent interest in Nimet Srl, Romania, by means of a unilateral capital increase in the amount of TEUR 1,226. The purchase price was paid in cash and reflects the fair values of the joint venture at the date of acquisition.

On 30 April 2009, 100 percent in Palfinger Cranes India Pvt. Ltd., India, was acquired. The purchase price in the amount of INR 2 million was paid in cash and reflects the share capital paid in at the date of acquisition.

On 7 July 2009 the contracts on the acquisition, by way of an asset deal, of the US producer of container handling systems Automated Waste Equipment Co. were signed. The producer of container handling systems with one manufacturing and one assembly site in Trenton, New Jersey, was established by Eric Fisher in 1972 and has its strongest presence in the Northeast of the US, holding a market share of up to 70 percent in some states. It is the second largest manufacturer of cable hoists in the US. With its three product lines, marketed under the renowned brands

- **American Roll-off** (cable hoists),
- **Hook-all Hooklifts** (similar to PALIFT container handling systems), and
- **American Hawk** (bulk waste cranes)

and its approximately 60 service and sales centres and a staff of almost 40, the company generated revenues of approximately USD 13 million in 2008.

At the time of acquisition, the carrying amounts were reconciled with the estimated fair values as follows:

million EUR	Carrying amount	Fair value adjustments	Fair value
Non-current assets	0.6	0.9	1.5
Current assets	2.8	(0.2)	2.6
Non-current liabilities	0.0	0.3	0.3
Current liabilities	3.4	(0.6)	2.8
Net assets acquired	**0.0**	**1.0**	**1.0**

At the time of acquisition, the purchase price was allocated on the basis of the estimated fair values as follows:

million EUR	7 July 2009
Purchase price	0.0
Total purchase price	**0.0**
Net assets acquired	(1.0)
Negative differential amount	**(1.0)**

The differential amount was calculated on the basis of the estimated fair values at the time of acquisition. As not all of the fairness opinions are available yet, there may still be changes in the fair values and consequently also in the negative differential amount in the consolidated financial statements for 2009.

The negative differential amount was recorded under other operating income.

Since the time of initial consolidation, the Automated Waste Equipment unit has been contributing TEUR 1,286 to the consolidated revenues of PALFINGER AG and TEUR 310 to its consolidated net result. If the transaction had been made with effect as of 1 January 2009, the consolidated net result for the period of PALFINGER AG would have been as follows:

TEUR	Jan–Sep 2009 stated	Jan–Sep 2009 pro forma
Revenue	387,903	390,587
Consolidated net result for the period	(11,916)	(12,689)
Earnings per share in EUR	**(0.34)**	**(0.36)**

Acquisition of minority interests
Palfinger Consult AG was compensated with TEUR 11 for its 0.03-percent minority share in Palfinger Europe GmbH, Austria, on the basis of an assignment agreement dated 20 July 2009. The assignment was entered into the commercial register on 28 August 2009.

Liquidations
In the first half 2009 the liquidation of MBB LIFTSYSTEMS Ltd., Great Britain, was initiated.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INVESTMENTS IN ASSOCIATED COMPANIES

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

TEUR	2009	2008
At 1 Jan	**13,633**	**11,951**
Additions	1,266	124
Share in the net profit or loss for the period	2,129	4,666
Dividends	(2,260)	(2,963)
Foreign currency translation	127	(145)
At 30 Sep/31 Dec	**14,895**	**13,633**

On 1 April 2009 a 40-percent interest in Nimet Srl, Romania, was taken over. In addition, the joint venture company Kraftinvest Palfinger Beteiligungs-GmbH, Austria, was founded on 7 August 2009. For further information, reference is made to the explanations on the scope of consolidation.

2. INVENTORIES

Inventories are broken down as follows:

TEUR	30 Sep 2009	31 Dec 2008
Materials and production supplies	68,362	87,751
Work in progress	43,190	52,117
Finished goods and goods for resale	46,556	44,563
Prepayments	575	1,181
Total	**158,683**	**185,612**

3. TRADE RECEIVABLES

Trade receivables include receivables from associated companies in the amount of TEUR 5,351 (31 December 2008: TEUR 9,949).

Based on experience, an allowance for doubtful debts was made in the amount of TEUR 8,477 (31 December 2008: TEUR 5,005) to take into account insolvency risks.

4. EQUITY

In the Annual General Meeting on 25 March 2009, a dividend distribution from the consolidated net result for the period of TEUR 13,788 was resolved on and paid to the shareholders of PALFINGER AG on 31 March 2009. This corresponds to a dividend of EUR 0.39 (2008: EUR 0.70) per share.

The Annual General Meeting on 25 March 2009 resolved to set up a stock option programme in the form of an equity-settled plan for members of the Supervisory and Management Boards and to grant 250,000 stock options under this programme to Alexander Exner, Chairman of the Supervisory Board, Alexander Doujak, member of the Supervisory Board, and to Management Board members Herbert Ortner, Wolfgang Pilz, and Martin Zehnder.

Each stock option may be exercised in exchange for one share at an exercise price of EUR 10.12. The stock options may be exercised (one half each) at two exercise dates. In order to be able to exercise stock options, the average ratio of earnings before taxes (EBT) to revenues as reported in the consolidated financial statements of PALFINGER AG must have been at least three percent (exercise date 1 in 2012) or five percent (exercise date 2 in 2014) for each of the three balance sheet dates preceding the date the option is exercised.

The maximum number of shares available for subscription is equivalent to the number of options issued. If the EBT ratio is less than three or five percent, no options may be exercised and there is no entitlement to subscription. If the EBT ratio is three or five percent, the entitled person enjoys the right to exercise 25 percent of his stock options at the relevant exercise date. If the EBT ratio exceeds three or five percent, the number of stock options to be exercised by a person at the relevant exercise date rises in linear progression up to an EBT ratio of seven or 11 percent.

In accordance with IFRS 3 the compensation of the 0.03-percent minority share in Palfinger Europe GmbH, Austria, was set-off against retained earnings in the balance sheet. For further information, reference is made to the explanations on the scope of consolidation.

On the basis of the consolidated net result for the period in the amount of TEUR – 11,916 (Jan–Sep 2008: TEUR 51,323) undiluted earnings per share were EUR – 0.34 (Jan–Sep 2008: EUR 1.45). Due to the low dilutive effect of the stock option programme, diluted earnings per share were identical with undiluted earnings per share.

5. NON-CURRENT FINANCIAL LIABILITIES

With value dates 2 and 7 April, PALFINGER issued two promissory note bonds with a total volume of EUR 56.5 million and maturities of three and five years, respectively. Interest on these bonds is partly fixed and partly variable, and eventually a uniform fixed interest rate of 5.9 percent has been reached with the use of hedges. The capital will be used for the longer-term orientation of the financing structure and to exploit further growth opportunities.

6. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities are broken down as follows:

TEUR	30 Sep 2009	31 Dec 2008
Trade payables	38,624	62,320
Liabilities to associated companies	220	937
Prepaid orders	2,186	2,351
Liabilities on accepted bills of exchange	6	139
Liabilities to employees	13,928	16,267
Liabilities relating to social security and other taxes	8,162	9,476
Other liabilities	2,853	3,280
Deferred income	664	715
Total	**66,643**	**95,485**

TEUR 114 (31 December 2008: TEUR 825) of the liabilities due to associated companies in the amount of TEUR 220 (31 December 2008: TEUR 937) resulted from the provision of goods and services.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7. OWN WORK CAPITALISED

Own work capitalised resulted mainly from capitalised development expenditure from the KNUCKLE BOOM CRANES, PLATFORMS, SERVICES, RAILWAY divisions and local product developments in North America.

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets as of 30 September 2009. The contingent liabilities have not changed considerably as compared to 31 December 2008. For further information reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2008.

RELATED PARTIES

As regards business transactions with related parties, no substantial changes occurred in comparison to 31 December 2008. All transactions with related parties are carried out on generally acceptable market conditions. For further information on the individual business relations please see the consolidated financial statements of PALFINGER AG as of 31 December 2008.

SUBSEQUENT EVENTS

On 15 September 2009 a change in the ownership structure of Palfinger Southern Africa (Pty) Ltd., South Africa, was agreed. In the future, PALFINGER is to hold a 36-percent interest in Palfinger Southern Africa (Pty) Ltd. The new majority owner holding 61.5 percent will be Route Management (Pty) Ltd., South Africa. Route Management (Pty) Ltd. is South Africa's largest trailer manufacturing company with sales centres in several African countries south of the Sahara. Another 2.5 percent will be taken over by Mr. Antonio Alberto da Silva Mota. This share transfer will be closed in the fourth quarter, upon receipt of the purchase price.

In addition, it was agreed that with effect as of 1 April 2011 PALFINGER will transfer the remaining 36 percent in Palfinger Southern Africa (Pty) Ltd. to the two new partners. The purchase price will depend on the earnings generated by Palfinger Southern Africa (Pty) Ltd. in 2010, but will be at least TEUR 612.

Report on the Audit Review

Introduction
We have reviewed the accompanying interim consolidated financial statements of PALFINGER AG, Salzburg, Austria for the nine-month period from 1 January 2009 to 30 September 2009. These interim consolidated financial statements comprise the balance sheet as of 30 September 2009, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine-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 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 at 30 September 2009, and of its financial performance and its cash flows for the nine-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 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, 23 October 2009

ERNST & YOUNG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT M.B.H.

Anna Flotzinger m.p.
Chartered accountant

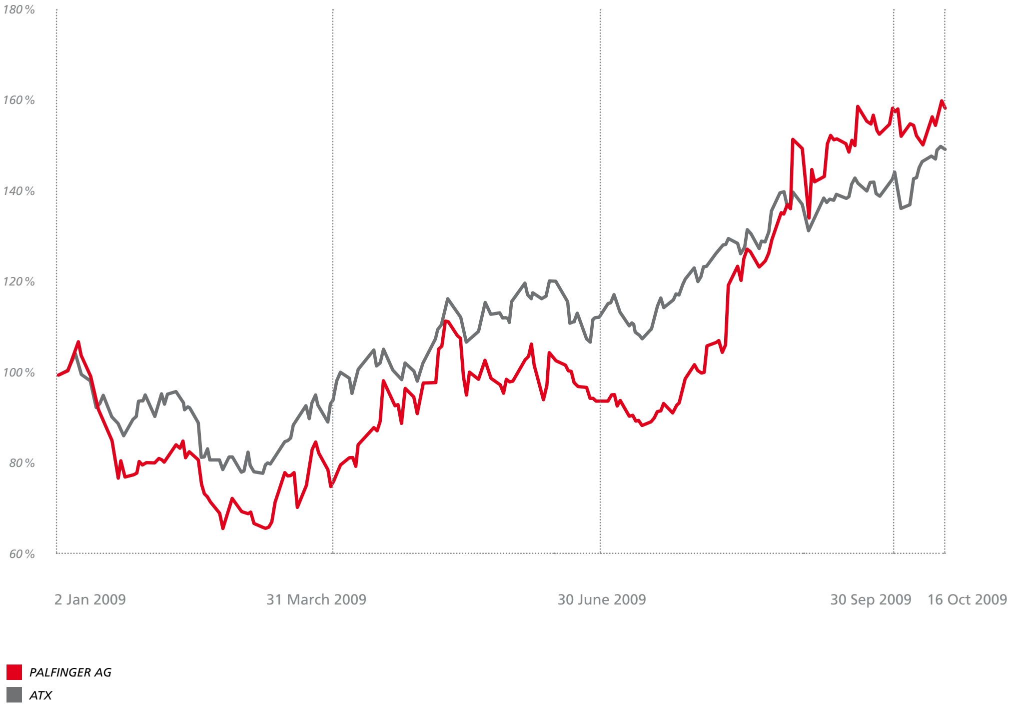
ppa Christoph Fröhlich m.p.
Chartered accountant

SHAREHOLDER INFORMATION

Q1–Q3 2009

International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	35,730,000
thereof number of own shares	328,000
Price at 30 September 2009	EUR 17.69
Earnings per share (Q1–Q3 2009)	EUR – 0.34
Market capitalisation as of 30 September 2009 (excl. own shares)	TEUR 626,261

SHARE PRICE DEVELOPMENT



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FINANCIAL CALENDAR

25 January 2010 *	Publication of preliminary results 2009
24 February 2010	Balance sheet press conference
31 March 2010	Annual General Meeting
11 May 2010	Publication of results for the first quarter 2010
11 August 2010	Publication of results for the first half 2010
11 November 2010	Publication of results for the first three quarters 2010

* This date was changed for organisational reasons.

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

This report contains forward-looking statements on the basis of all information available at the date of the preparation of this report. Forward-looking statements are usually identified by the use of terminology such as “expect”, “plan”, “estimate”, “believe”, etc. Actual outcomes and results may be materially different from those predicted.

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

Published on 5 November 2009.

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