
Q1 09
INTERIM REPORT
The global market.
The global market leader.
PALFINGER

Financial Highlights of the PALFINGER Group

TEUR	Q1 2009	Q1 2008 [2])	Q1 2007	Q1 2006	Q1 2005
Income statement					
Revenue	140,392	208,944	162,396	140,108	121,736
EBITDA	1,956	34,333	27,203	20,687	19,707
EBITDA margin	1.4%	16.4%	16.8%	14.8%	16.2%
EBIT	(3,208)	29,504	23,969	17,468	17,107
EBIT margin	(2.3%)	14.1%	14.8%	12.5%	14.1%
Profit/loss before income tax	(4,671)	29,500	26,682	17,447	17,033
Consolidated net result for the period	(4,109)	22,167	19,646	12,547	12,835
Balance sheet					
Total assets	631,097	574,144	451,404	389,280	334,060
Non-current operating assets	308,183	247,390	168,399	148,059	123,289
Net working capital (as of the reporting date)	167,503	123,020	95,081	80,503	68,305
Capital employed (as of the reporting date)	475,686	370,410	263,480	228,562	191,594
Liabilities	340,030	286,304	206,058	192,201	170,671
Equity	291,067	287,840	245,346	197,079	163,390
Equity ratio	46.1%	50.1%	54.4%	50.6%	48.9%
Net debt	184,619	82,570	18,134	31,482	27,311
Gearing	63.4%	28.7%	7.4%	16.0%	16.7%
Cash flow and investment					
Cash flows from operating activities	4,276	10,881	7,890	6,188	4,436
Free cash flow	165	2,809	(6,891)	4,888	1,872
Investment in property, plant, and equipment	4,526	12,523	15,712	3,648	3,346
Depreciation, amortisation, and impairment	5,164	4,829	3,234	3,219	2,600
Payroll					
Average payroll during the reporting period [1])	4,861	4,380	3,612	3,325	2,820

[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 31 March 2009

ECONOMIC BACKGROUND

The world economy in the first quarter 2009 was marked by a further downturn. Although global economic growth slowed markedly in 2008, it still grew by around 3.2 percent. Now, however, the International Monetary Fund (IMF) estimates that in 2009 the global gross domestic product, especially in advanced economies, will contract by 1.3 percent for the first time in decades. Expectations vary as to what extent interest rate cuts and policy actions by governments may cushion this downturn.

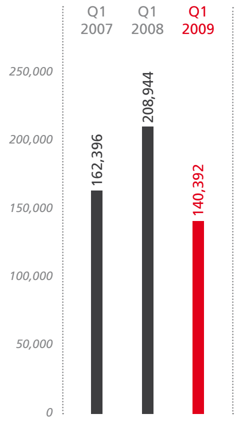
The slump in the US GDP that was experienced in the fourth quarter 2008 eased to some extent in the first three months of 2009. For 2009 it is currently expected that global output will contract by 2.8 percent. In the eurozone the downward trend, which originated in 2008, continued unabatedly in the first quarter 2009. Economic stimulus programmes and expansionary monetary policies have facilitated a slight stabilisation also in this region. In spite of that the IMF lowered its world growth projections for 2009 and currently predicts a contraction of 4.2 percent. Eastern European economies, which were still comparatively stable last year, have been caught in the downward spiral to such an extent that in some instances political changes were even brought about. Some countries found it necessary to turn to the IMF and the European Union for support.

In Asia the enormous economic growth of previous years has also slowed down. Of all the larger economies China and India are the only ones in the world that are still growing, with growth predictions of 6.5 and 4.5 percent respectively for 2009. On an international comparison the Latin American economies were still stable in 2008, with a significant slowdown at the end of the year. Still perspectives for 2009 in that region are more favourable than for those in Europe. For Brazil a contraction of 1.3 percent is predicted.

In the first quarter 2009 the euro lost value and was quoted at USD 1.33 at the end of March 2009, approximately five percent below its rate as of the end of 2008. International stock markets were marked by a further decline, with the first signs of a consolidation recently showing on the horizon. The oil price, in spite of reaching a mid-year peak, fell by more than half in 2008. Most recently, however, it has been on the rise again. As of 31 March 2009 the price for one barrel of Brent amounted to USD 47.64.

GROUP PERFORMANCE

In consideration of the weak economic climate, the PALFINGER Group as expected did not continue its growth. After five record years in a row the Group posted a decline in revenues and earnings in the first quarter 2009. At EUR 140.4 million, revenue reached the level of 2006 and was 32.8 percent lower than the previous year's figure of EUR 208.9 million. The WUMAG ELEVANT and Omaha Standard groups, which were consolidated after the first quarter 2008, contributed almost EUR 20 million to this revenue. Without taking into account these acquisitions, revenue would be more than 40 percent below the previous year's figure. This slump in revenue has resulted in a negative EBIT of EUR – 3.2 million after positive earnings of EUR 29.5 million in the first quarter 2008. Due to its early response and its cost-savings policies, PALFINGER still managed to achieve a positive EBITDA.

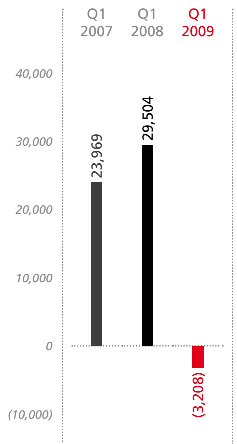


DEVELOPMENT OF REVENUE
(TEUR)

While PALFINGER felt the downturn of the economy in the US as early as in 2007, the strong European markets together with a high order backlog accounted for a record first half 2008. The slump in Spain and Great Britain foreshadowed the spreading of the financial crisis to Europe and its effects on the real economy. The business performance of the PALFINGER Group reflected this development with a marked downturn and declining earnings in the fourth quarter 2008. Moreover, the market adjustment process of the past few months, in particular a reduction of inventories of dealers, has been completed. This allows PALFINGER to return to using the weak, but stabilising market as a means of direct orientation.

The divergent development of the individual product areas clearly shows that the crane business, which is primarily dependent on the construction and truck industries, is more severely affected by the current macroeconomic situation than the divisions of the HYDRAULIC SYSTEMS & SERVICES segment.

In the first quarter 2009 the knuckle boom crane business recorded almost zero sales in the Spanish, British, Irish, Greek, and Russian markets, and significant declines in the two largest markets of Germany and France. While in the past few months the overall economic trend has also spread to the South American market, the US has seen first signs of recovery, which was reflected in a pick-up in orders at the end of the first quarter 2009.



DEVELOPMENT OF EBIT
(TEUR)

It was against this background that in the first quarter 2009 short-time work was prolonged or expanded at Austrian sites. At other sites adequate measures were also taken in line with the provisions of labour law. Staff-related actions are taken on the basis of the strategic perspective of a subsequent recovery, which is why PALFINGER continues to deliberately accept short-term over-capacities.

The purchase price of materials, especially steel, declined significantly in the period under review. Due to its purchase obligations dating from 2008 as well as the decline in the number of units produced, PALFINGER has sufficient inventories to last approximately until the beginning of the third quarter 2009. Cuts in material prices will therefore be reflected with significant delay in expenses. However, the de-stocking of raw materials has already had an early positive impact on cash flows.

GROUP ASSETS, FINANCES, AND EARNINGS

At 46.1 percent the equity ratio was still at a high level at the end of the quarter (31 December 2008: 48.5 percent). Both a slight decrease in total assets of EUR 7.2 million to EUR 631.1 million and a reduction of equity to EUR 291.1 million due to the consolidated net loss for the period and the distribution of dividends and/or foreign currency translations were recorded. While non-current assets increased moderately, net working capital was reduced. Unlike in the first quarter 2008 the declared dividend was already paid out as of the end of March and no longer reported under liabilities. As a consequence, the capital employed of EUR 475.7 million is nearly identical to the figure recorded on 31 December 2008. This development is reflected in the increase in net financial liabilities to EUR 184.6 million, which also raised the gearing ratio to 63.4 percent as compared to 53.8 percent at the end of 2008.

The Group's financing structure was focused more strongly on longer-term liabilities. This will be further supported by the successful placement of the Group's promissory note bond, whose payout took place in early April. In addition, the targeted capital employed management is going to continue to contribute to a positive free cash flow and in the first quarter already made a positive cash flow from operating activities of EUR 4.3 million possible.

Revenues in the amount of EUR 140.4 million reflect the downward trend in the market as compared to the same quarter of the previous year. While a positive EBITDA of EUR 2.0 million (previous year: EUR 34.3 million) was achieved, EBIT amounted to EUR – 3.2 million (previous year: EUR 29.5 million) and a consolidated net result for the period of EUR – 4.1 million (previous year: EUR 22.2 million) was recorded. The development of results was primarily caused by the performance of the CRANES segment where the segment result (before financial result, taxes, and minority interests) deteriorated by EUR 32.3 million.

OTHER EVENTS

The first quarter 2009 was characterised by the implementation of additional measures to reduce costs in all corporate areas and by process optimisation projects. Utilisation of the production capacities was supported by means of targeted insourcing and manufacturing for third parties. Other priority issues included the reduction of the capital employed and financing structure management.

After completion of the large investment programme the investments made in 2009 will be limited to selected projects. Therefore their amounts should be considerably lower than depreciation, amortisation, and impairment. The expansion of cylinder manufacturing in Bulgaria will be continued under the policy of increased insourcing. The acquisition of the Romanian supplier Nimet Srl may also be seen in this context. PALFINGER acquired 40 percent of the production company; the transaction was closed on 1 April 2009. The expansion of production activities in South America, which was started in 2008, was completed in the first quarter, and it will considerably improve efficiency and quality.

The further development of the North American area was accelerated by the acquisition of the Omaha Standard Group at the end of 2008. The well-established procurement, production, and distribution structures of the company open up numerous opportunities to increase local value creation. In order to simplify the Group's structure, the access platform area in Germany, which since the takeover of WUMAG ELEVANT had consisted of several legal entities, was combined into Palfinger Platforms GmbH during the first quarter 2009.

In April 2009 a promissory note bond in the total amount of EUR 56.5 million was successfully issued via Palfinger Finanzierungs-GmbH. The two tranches with maturities of three and five years were subscribed to by institutional investors, primarily from Austria and Germany. The average interest rate is just under 6 percent. This enables PALFINGER to pay more attention to ensuring matching maturities in financing and to seize growth opportunities that may open up in the future.

The Annual General Meeting of 25 March 2009 resolved to distribute a dividend of EUR 0.39 (previous year: EUR 0.70) per share, which corresponds to a dividend yield of 2.1 percent relating to the average share price for 2008.

Investor-relations work, including roadshows, investors conferences, stock exchange days, and investors fairs, again met with great interest in the first quarter 2009. Share price performance during the reporting period was analogous to the stock exchange environment, and on 31 March 2009 the PALFINGER share closed at EUR 8.39. As the volume of stocks traded was too low, the PALFINGER share was excluded from the ATX, the leading stock market index of the Vienna Stock Exchange, with effect as of 23 March 2009.

PERFORMANCE BY SEGMENT

In accordance with the segment reporting requirements pursuant to IFRS 8 PALFINGER, starting with this interim report, is going to disclose segment results instead of EBIT. The segment result corresponds to EBIT plus income from associated companies.

CRANES

The impacts of global economic developments were felt particularly hard in the CRANES segment. In the first quarter 2009 revenues decreased by 45.0 percent to EUR 79.0 million as compared to EUR 143.7 million in the first quarter of the previous year. Not taking into account the revenue generated by Omaha Standard, which is included in this figure following its initial consolidation as of 1 November 2008, the decrease was approximately 53 percent. This halving of organic revenues led to the segment result amounting to EUR 0.2 million as compared to EUR 32.5 million in the first quarter 2008. The product mix, which is currently characterised by simpler fitting variants and a higher share of small cranes, also had a negative effect on the development of results.

Lower demand led to a reduction of necessary shifts and even to one-shift operation at the production plants. The fact that this prolongs the machine's useful lives was taken into account by extending the expected depreciation periods.

The collapse of the timber and recycling markets left its mark in the EPSILON unit; first signs of downward movements in the markets were already felt during the last months of 2008, and in early 2009 this was reflected in a strong decline in new orders.

The Madal telescopic crane business was characterised by filling orders already on hand. In the course of the first quarter this area also witnessed a few cancellations of orders.

Since its initial consolidation in November 2008 Omaha Standard has been allocated to the CRANES segment. The first quarter 2009 was marked by the challenging economic situation in the US, in particular by the languishing truck industry. Order intake improved slightly in March, which may be reflected in the results soon as delivery periods are short.

HYDRAULIC SYSTEMS & SERVICES
Revenues in the HYDRAULIC SYSTEMS & SERVICES segment decreased by only 5.9 percent, from EUR 65.2 million in the first quarter 2008 to EUR 61.4 million. The revenues generated by the WUMAG ELEVANT Group, which was taken over in the third quarter 2008, contributed considerably to this development, which in the light of the current situation is pleasing. The segment's result of EUR – 2.0 million was also lower than the previous year's figure of EUR – 1.2 million. However, the development of results clearly shows that the ailing construction and truck industries are not the main target industries of the products of this segment, primarily not of the RAILWAY unit.

In spite of a distinct decline in sales and revenue, the PALIFT division managed to keep results at the previous year's level. Nevertheless, the developments of the last months indicate that order intake will remain very weak. For this reason, management is considering the introduction of short-time work in France from the second quarter 2009 onwards in order to limit the decline in results.

In the field of TAIL LIFT products, the consistent growth strategy, primarily the acquisition of the MBB Group, made an impact. In spite of a decrease in revenues of around 30 percent, the strict cost management and the positive development of the services business made it possible to improve results as compared to 2008.

In the first quarter 2009 the RAILWAY division harvested the fruits of the project work done in previous quarters. With full capacity utilisation guaranteed until 2010, RAILWAY is currently the segment's most successful product area.

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 still non-existent. Impacts on the results 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 also affected by the impact of the restrictive lending policy, which has already resulted in several delays in delivery and cancellations of orders. While the first half 2009 will still be characterised by orders already on hand, revenues and earnings could significantly deteriorate after that time.

The drop in revenue in the SERVICES area was moderate, with results remaining stable. The gradual introduction of the new crane series in the truck-mounted knuckle boom crane area led to an expansion of training activities.

<< BACK FORWARD >> SEARCH PRINT

VENTURES

PALFINGER still sees great potential in the emerging Indian market; efforts undertaken in this region were therefore continued in the first quarter 2009. In addition, 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 under this segment.

In the first quarter PALFINGER launched a global organisation project. In the course of this project, the "Global PALFINGER Structure" is to be adjusted in order to take into account the Group's internationalisation and diversification strategy continued in recent years. The aim is to maintain the PALFINGER Group's flexibility and to further strengthen the Group for the future. The organisational and legal criteria for this project will be determined in the course of 2009.

As the projects included in this segment do not generate revenues, only their costs are reported. In the first quarter 2009 the result in the VENTURES segment amounted to EUR – 0.8 million, which is nearly the same figure as in 2008.

OUTLOOK

Markets all over the world are low, and according to current economic forecasts no improvement of the economic situation is to be expected, at least not in the first half 2009. Management takes the general uncertainty of the markets into account by increasingly analysing various scenarios in order to be prepared for any developments that may take place. From today's point of view, it is not possible to provide a reliable outlook for the entire year 2009.

When it comes to the business trend, PALFINGER is to be seen as an early-cycle company; it perceives fluctuations in the economic cycle – be they positive or negative – even at a very early stage. Accordingly, the implementation of the infrastructure projects announced and/or agreed upon all over the world should entail clear impulses at an early time. First positive signals from the US are already beginning to emerge.

The PALFINGER Group started off into this difficult year 2009 from a strong market position. Its solid corporate basis and the high quality of its products in combination with the strong service and dealer network prove to be enormous competitive advantages, in particular in times of uncertainty. Moreover, the strengthening of PALFINGER's financial structure by issuing promissory note bonds will support the Group in actively exploiting potential market opportunities.

Consolidated Balance Sheet

TEUR	Note	31 March 2009	31 Dec 2008	31 March 2008
Non-current assets				
Intangible assets		67,258	66,918	56,411
Property, plant, and equipment		201,336	198,224	155,825
Investment property		1,110	1,135	1,124
Investments in associated companies	1	14,246	13,633	12,879
Deferred tax assets		21,913	21,557	19,018
Non-current financial liabilities		1,366	1,360	550
Other non-current assets		2,320	2,278	2,133
		309,549	**305,105**	**247,940**
Current assets				
Inventories	2	181,999	185,612	167,013
Trade receivables	3	114,514	119,665	137,194
Other current assets	4	15,449	17,424	16,551
Tax receivables		1,121	1,428	1,464
Cash and cash equivalents		8,465	9,096	3,299
		321,548	**333,225**	**325,521**
Non-current assets held for sale		0	0	683
		321,548	**333,225**	**326,204**
Total assets		**631,097**	**638,330**	**574,144**
Equity				
Share capital		35,730	35,730	37,135
Capital decrease, resolved but not yet implemented		0	0	(1,405)
Treasury stock		(1,730)	(1,730)	(6,893)
Additional paid-in capital		30,177	30,177	35,190
Retained earnings	5	233,577	251,582	227,382
Revaluation reserve		0	(112)	(112)
Valuation reserves pursuant to IAS 39		99	(124)	789
Foreign currency translation reserve		(9,965)	(12,104)	(7,445)
		287,888	**303,419**	**284.641**
Minority interests		3,179	6,411	3,199
		291,067	**309,830**	**287,840**
Non-current liabilities				
Non-current financial liabilities		78,837	44,919	32,940
Non-current provisions		23,524	22,428	21,601
Deferred tax liabilities		9,048	10,144	8,977
Other non-current liabilities		1,869	1,763	1,080
		113,278	**79,254**	**64,598**
Current liabilities				
Current financial liabilities		116,372	132,337	54,234
Current provisions		17,022	19,386	13,518
Tax liabilities		2,851	2,038	12,775
Trade payables and other current liabilities	6	90,507	95,485	141,179
		226,752	**249,246**	**221,706**
Total equity and liabilities		**631,097**	**638,330**	**574,144**

Consolidated Income Statement

TEUR	Note	Jan–March 2009	Jan–March 2008
Revenue		**140,392**	**208,944**
Changes in inventory		2,842	11,936
Own work capitalised		1,071	10
Other operating income		4,135	3,035
Materials and external services		(80,302)	(118,038)
Employee benefits expenses		(42,437)	(43,698)
Depreciation, amortisation, and impairment expenses		(5,164)	(4,829)
Other operating expenses		(23,745)	(27,856)
Earnings before interest and taxes – EBIT (before associated companies)		**(3,208)**	**29,504**
Income from associated companies		**592**	**1,050**
Interest income		156	110
Interest expenses		(2,633)	(1,435)
Other financial income		422	271
Net financial result		**(2,055)**	**(1,054)**
Profit/loss before income tax		**(4,671)**	**29,500**
Income tax expenses	7	830	(6,274)
Profit/loss after income tax		**(3,841)**	**23,226**
attributable to			
minority interests		**268**	**1,059**
shareholders of PALFINGER AG (consolidated net result for the period)		**(4,109)**	**22,167**
EUR			
Earnings per share (undiluted and diluted)	5	(0.12)	0.63
Average number of outstanding shares		35,354,000	35,330,000

Consolidated Statement of Comprehensive Income

TEUR	Jan–March 2009	Jan–March 2008
Profit/loss after income tax	**(3,841)**	**23,226**
Unrealised profits (+)/losses (–) from foreign currency translation	2,139	(2,522)
Unrealised profits (+)/losses (–) from available-for-sale securities		
Changes in unrealised profits (+)/losses (–)	0	10
Deferred taxes thereon	0	(3)
Unrealised profits (+)/losses (–) from cash flow hedge		
Changes in unrealised profits (+)/losses (–)	(458)	571
Deferred taxes thereon	116	(146)
Realised profits (–)/losses (+)	753	(216)
Deferred taxes thereon	(188)	54
Income and expense directly recognised in equity	**2,362**	**(2,252)**
Total comprehensive income	**(1,479)**	**20,974**
attributable to		
minority interests	268	1,059
shareholders of PALFINGER AG	(1,747)	19,915

Consolidated Statement of Changes in Equity

		Equity attributable to the shareholders of PALFINGER AG		
TEUR	Note	Share capital	Capital decrease, resolved but not yet implemented	Treasury stock
At 1 Jan 2008		**37,135**	**0**	**(8,298)**
Total comprehensive income		**0**	**0**	**0**
Transactions with shareholders				
Dividends		0	0	0
Simplified capital decrease		0	(1,405)	1,405
Other changes		0	0	0
		0	**(1,405)**	**1,405**
At 31 March 2008		**37,135**	**(1,405)**	**(6,893)**
At 1 Jan 2009		**35,730**	**0**	**(1,730)**
Total comprehensive income		**0**	**0**	**0**
Transactions with shareholders				
Dividends	5	0	0	0
Other changes		0	0	0
		0	**0**	**0**
At 31 March 2009		**35,730**	**0**	**(1,730)**

Additional paid-in capital	Retained earnings	Revaluation reserve	Valuation reserves pursuant to IAS 39	Foreign currency translation reserve	Total	Minority interests	Equity
35,190	**229,905**	**(112)**	**519**	**(4,923)**	**289,416**	**5,640**	**295,056**
0	**22,167**	**0**	**270**	**(2,522)**	**19,915**	**1,059**	**20,974**
0	(24,731)	0	0	0	**(24,731)**	(3,500)	**(28,231)**
0	0	0	0	0	**0**	0	**0**
0	41	0	0	0	**41**	0	**41**
0	**(24,690)**	**0**	**0**	**0**	**(24,690)**	**(3,500)**	**(28,190)**
35,190	**227,382**	**(112)**	**789**	**(7,445)**	**284,641**	**3,199**	**287,840**
30,177	**251,582**	**(112)**	**(124)**	**(12,104)**	**303,419**	**6,411**	**309,830**
0	**(4,109)**	**0**	**223**	**2,139**	**(1,747)**	**268**	**(1,479)**
0	(13,788)	0	0	0	**(13,788)**	(3,500)	**(17,288)**
0	(108)	112	0	0	**4**	0	**4**
0	**(13,896)**	**112**	**0**	**0**	**(13,784)**	**(3,500)**	**(17,284)**
30,177	**233,577**	**0**	**99**	**(9,965)**	**287,888**	**3,179**	**291,067**

Consolidated Statement of Cash Flows

TEUR	Jan–March 2009	Jan–March 2008
Profit/loss before income tax	**(4,671)**	**29,500**
Cash flows from operating activities	4,276	10,881
Cash flows for investing activities	(6,094)	(11,787)
Cash flows from financing activities	1,052	1,678
Total cash flows	(766)	772

TEUR	2009	2008
Funds at 1 Jan	**9,096**	**2,559**
Effects of exchange rate fluctuations	135	(32)
Total cash flows	(766)	772
Funds at 31 March	**8,465**	**3,299**

Segment Reporting

	Revenue		EBIT (before associated companies)		Segment result	
TEUR	Jan–March 2009	Jan–March 2008	Jan–March 2009	Jan–March 2008	Jan–March 2009	Jan–March 2008
CRANES	79,039	143,726	(408)	31,434	184	32,484
HYDRAULIC SYSTEMS & SERVICES	61,353	65,218	(2,034)	(1,242)	(2,034)	(1,242)
VENTURES	–	–	(766)	(688)	(766)	(688)
PALFINGER Group	**140,392**	**208,944**	**(3,208)**	**29,504**	**(2,616)**	**30,554**

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 2008 financial year were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 31 March 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.

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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 quarter 2009 this adjustment in the useful life had a positive impact on EBIT in the amount of TEUR 1,102 and/or on the consolidated net result for the period in the amount of TEUR 898.

ADJUSTMENTS MADE IN THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In the course of the final purchase price allocation for the MBB Group in the fourth quarter 2008 the consolidated balance sheet as of 31 March 2008 was adjusted with retrospective effect as follows:

TEUR	31 March 2008	Adjustment	31 March 2008 adjusted
Non-current assets			
Intangible assets	53,099	3,312	56,411
Non-current liabilities			
Deferred tax liabilities	5,569	3,408	8,977

In the course of the final purchase price allocation for the MBB Group in the fourth quarter 2008, the consolidated income statement as of 31 March 2008 was adjusted with retrospective effect as follows:

TEUR	Jan–March 2008	Adjustment	Jan–March 2008 adjusted
Depreciation, amortisation, and impairment expenses	(4,694)	(135)	(4,829)
Income tax expense	(6,313)	39	(6,274)
Profit after income tax	**23,322**	**(96)**	**23,226**
attributable to			
Minority interests	**1,059**	**0**	**1,059**
Shareholders of PALFINGER AG (consolidated net result for the period)	**22,263**	**(96)**	**22,167**

SCOPE OF CONSOLIDATION

The number of companies included in the interim consolidated financial statements has changed since the last balance sheet date due to the reorganisation of the WUMAG ELEVANT business and the acquisition of Palfinger Finanzierungs-GmbH (formerly VISION 311.Vermögensverwaltungsgesellschaft mbH), Germany.

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.

On 24 February 2009 100 percent in Palfinger Finanzierungs-GmbH, Germany, were 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.

In March 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	0	124
Share in the net profit or loss for the period	592	4,666
Dividends	0	(2,963)
Foreign currency translation	21	(145)
At 31 March / 31 Dec	**14,246**	**13,633**

2. INVENTORIES

Inventories are broken down as follows:

TEUR	31 March 2009	31 Dec 2008
Materials and production supplies	79,168	87,751
Work in progress	68,116	52,117
Finished goods and goods for resale	33,160	44,563
Prepayments	1,555	1,181
Total	**181,999**	**185,612**

3. TRADE RECEIVABLES

Trade receivables include receivables from associated companies in the amount of TEUR 7,991 (31 December 2008: TEUR 9,949).

Based on experience, an allowance for doubtful debts was made in the amount of TEUR 5,681 (31 December 2008: TEUR 5,005) to take into account insolvency risks.

4. OTHER CURRENT ASSETS

Other current assets are illustrated in the following table:

TEUR	31 March 2009	31 Dec 2008
Receivables from derivative financial instruments	144	144
Receivables relating to social security and other taxes	8,242	10,781
Other receivables	5,222	4,951
Deferred expenses	1,769	1,479
Securities	72	69
Total	**15,449**	**17,424**

5. 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.

On the basis of the consolidated net result for the period in the amount of TEUR – 4,109 (Jan–March 2008: TEUR 22,167) undiluted earnings per share were EUR – 0.12 (Jan–March 2008: EUR 0.63). Due to the low dilutive effect of the stock option programme, diluted earnings per share were identical with undiluted earnings per share.

6. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

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

TEUR	31 March 2009	31 Dec 2008
Trade payables	50,970	62,320
Liabilities to associated companies	1,083	937
Prepaid orders	2,985	2,351
Liabilities on accepted bills of exchange	231	139
Liabilities to employees	17,495	16,267
Liabilities relating to social security and other taxes	11,997	9,476
Other liabilities	5,064	3,280
Deferred income	682	715
Total	**90,507**	**95,485**

TEUR 969 (31 December 2008: TEUR 825) of the liabilities due to associated companies in the amount of TEUR 1,083 (31 December 2008: TEUR 937) resulted from the provision of goods and services.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7. INCOME TAX EXPENSE

The Group’s effective tax rate in other words, the total income tax expense expressed as a percentage of the profit or loss before income tax, was 17.8 percent (Jan–March 2008: 21.3 percent).

TEUR	Jan–March 2009	Jan–March 2008
Profit/loss before income tax	(4,671)	29,500
Income tax expense	830	(6,274)
Effective tax rate	**17.8%**	**21.3%**

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets as of 31 March 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 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.

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 just under 6 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.

Report on the Audit Review

Introduction

We have reviewed the accompanying interim consolidated financial statements of PALFINGER AG, Salzburg, Austria for the three-month period from 1 January 2009 to 31 March 2009. These interim consolidated financial statements comprise the balance sheet as of 31 March 2009, and the income statement, statement of comprehensive income, 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 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 31 March 2009, 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, 23 April 2009

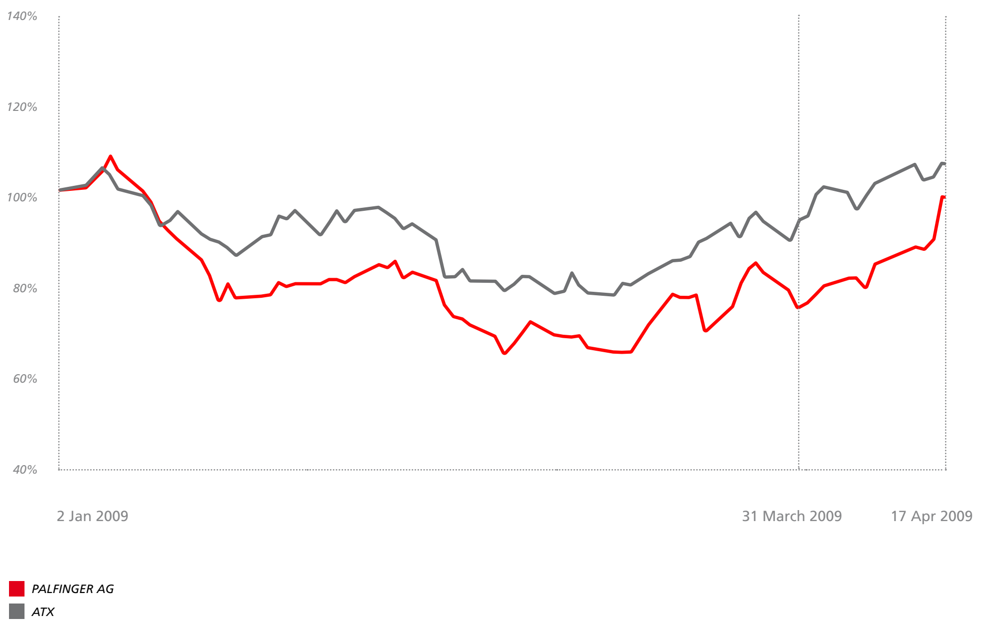
ERNST & YOUNG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH

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

SHAREHOLDER INFORMATION

First quarter 2009	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	35,730,000
Number of own shares	376,000
Price at 31 March 2009	EUR 8.39
Earnings per share (Q1 2009)	EUR – 0.12
Market capitalisation as of 31 March 2009 (excl. own shares)	TEUR 296,620

SHARE PRICE DEVELOPMENT



INVESTOR RELATIONS

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FINANCIAL CALENDAR

5 August 2009	Publication of results for the first half 2009
5 November 2009	Publication of results for the first three quarters 2009

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 May 2009.

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