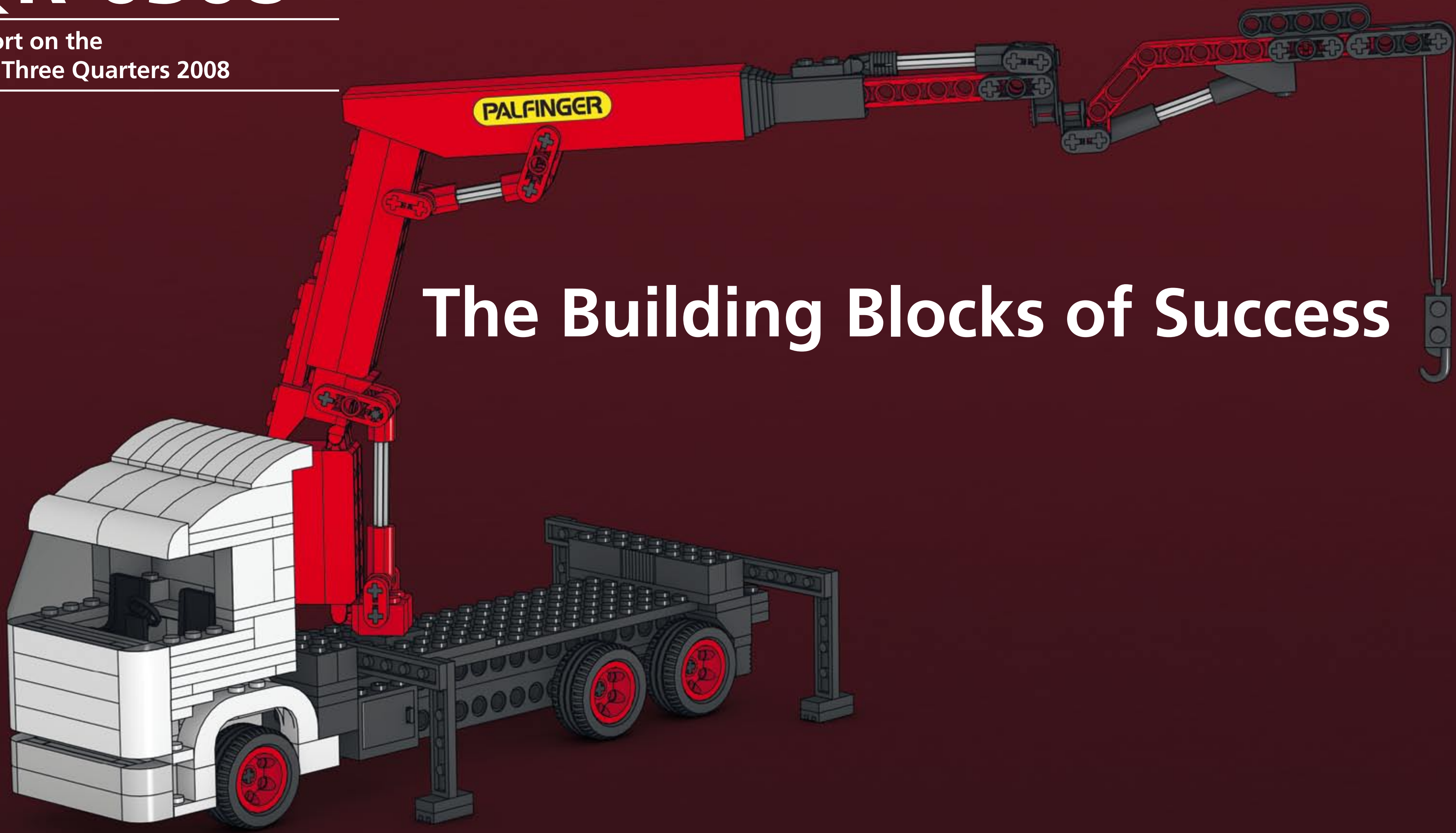
QR-0308

Report on the
First Three Quarters 2008



The Building Blocks of Success

PALFINGER Financial Highlights

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TEUR	Q1–Q3 2008	Q1–Q3 2007	Q1–Q3 2006	Q1–Q3 2005	Q1–Q3 2004
Income statement					
Revenue	607,170	504,608	437,174	386,008	293,000
EBITDA	90,332	84,020	69,137	60,849	38,114
EBITDA margin	14.9%	16.7%	15.8%	15.8%	13.0%
EBIT	75,064	73,348	59,270	52,581	29,491
EBIT margin	12.4%	14.5%	13.6%	13.6%	10.1%
Profit before tax	73,742	75,801	58,984	51,687	28,871
Consolidated net profit for the period	51,610	53,070	41,778	37,583	18,666
Balance sheet					
Total assets	626,944	479,619	398,896	371,044	300,878
Non-current operating assets	280,867	200,019	149,102	141,445	115,444
Net working capital (as of the reporting date)	172,715	116,620	94,271	97,852	64,855
Capital employed (as of the reporting date)	453,582	316,639	243,373	239,297	180,299
Liabilities	306,822	202,335	170,946	181,109	150,665
Equity	320,122	277,284	227,950	189,936	150,213
Equity ratio	51.1%	57.8%	57.1%	51.2%	49.9%
Net debt	133,459	39,355	15,423	46,361	29,986
Gearing	41.7%	14.2%	6.8%	24.4%	20.0%
Cash flow and investment					
Cash flows from operating activities	31,840	49,012	38,166	20,661	19,616
Free cash flow	(20,177)	3,719	26,879	(6,414)	11,012
Investment in property, plant, and equipment	38,592	48,324	12,990	9,990	8,278
Depreciation, amortisation, and impairment	15,268	10,672	9,867	8,268	8,623
Payroll					
Average payroll during the reporting period[1)]	4,522	3,786	3,409	3,009	2,511

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

Economic Background

The current financial crisis, which originated in the summer of 2007 as a US subprime mortgage crisis, reached another peak in the third quarter 2008. After several American banks crashed, the crisis also hit Europe in September, causing great uncertainty on the markets, which in turn has become the litmus test for further macro-economic developments. At the beginning of October the major central banks, in a concerted action, lowered key interest rates by 0.5 percentage points. Against the backdrop of falling oil prices and lower inflation risks this policy measure was designed to calm down markets and revive the economy.

In October the International Monetary Fund (IMF) once again lowered its forecast for 2008 and 2009. After 5.0 percent in 2007 the global economy is only expected to grow by 3.9 percent in 2008; even slower growth is expected for 2009.

As far as the US economy is concerned the best-case scenario is stagnation. GDP forecasts for 2008 were lowered from 4.1 percent in summer to 1.6 percent most recently. Also expectations for the eurozone were significantly cut back to 1.3 percent. Eastern European countries are assumed to keep posting growth rates of approximately 5 percent on the average. The growth of Asian markets will also slow down, even though the IMF still proceeds on the assumption of a 9.7-percent growth in China for 2008.

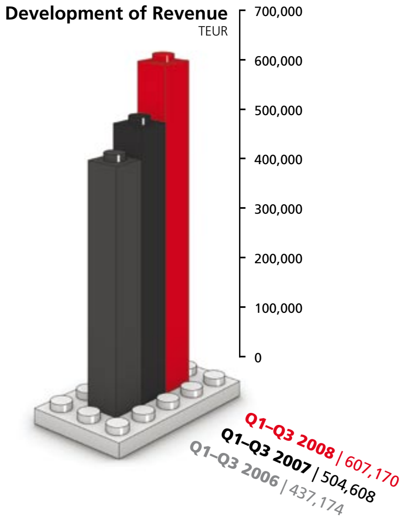
Tensions on the financial markets have also led to a shift in exchange rates, allowing the US dollar to make up lost ground against the euro. As of the end of September one euro was quoted at USD 1.41. The Chinese yuan showed a similar development, while the Brazilian real fell back against the euro.

Oil prices have been falling significantly since summer. While at the end of June 2008 the price for one barrel of Brent amounted to more than USD 140, it came to only USD 96.22 on 30 September 2008, thus reaching the same level as at the beginning of the year. In October the price went down again to approximately USD 70.

Reflecting the current uncertainties, stock markets remained volatile in the third quarter and were characterised by further significant share price losses.

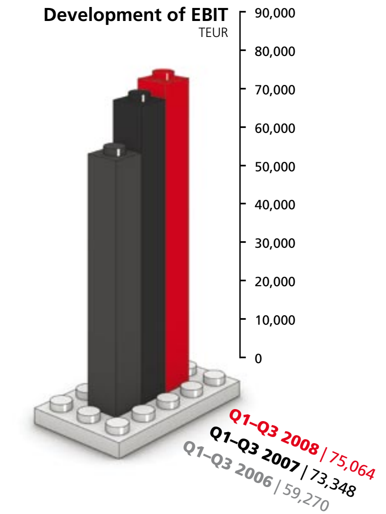
Group Performance

In this increasingly depressed economic climate the PALFINGER Group continued to record double-digit growth in revenue both in the third quarter 2008 and over the entire nine-month reporting period. However, growth rates no longer matched those achieved in previous periods. Revenue for the first three quarters 2008 came to EUR 607.2 million, corresponding to an increase of 20.3 percent as compared to the previous year's figure of EUR 504.6 million. EBIT for the past nine months amounted to EUR 75.1 million, which is only 2.3 percent above the comparative value of EUR 73.3 million.



The growth in revenues reflected the strong crane business in the first half 2008, which was to a large part also due to the backlog of orders from the previous year and the inorganic growth achieved through acquisitions in the course of 2008. A total of around EUR 58 million of this increase in revenue has been contributed by the MBB Group since the beginning of the year and by the access platform unit of WUMAG GmbH since 31 July 2008. Given the currently pessimistic market environment it is likely that revenue from the declining crane business will be compensated even more strongly by inorganic growth in the HYDRAULIC SYSTEMS & SERVICES segment in the fourth quarter 2008.

The results for the third quarter are always influenced by the company holiday during the summer months. While in recent years the company holiday was shortened in order to be able to cope with the enormous demand, this year it was extended to four weeks. Nevertheless, the noticeable decline in market demand and the current reduction of the order backlog made it possible to return to delivery times meeting the originally defined RAP targets.
With a view to the expected further development, PALFINGER carried out capacity adjustments which were met on the staff side by flexible working time models and a reduction in the number of temporary personnel. Under the investment programme the last major steps were implemented by converting and extending the CDP painting facility at the Maribor site in Slovenia and concentrating crane assembly activities at the site in Lengau, Austria.



The performance of the individual markets in which PALFINGER is active varied greatly during the reporting period. While Spain, Great Britain, and Italy suffered severe market declines in part, the development of important markets such as Germany and France as well as the Eastern European countries continued to be satisfactory. The North American market was more stable than expected, in particular in the crane area. Furthermore PALFINGER succeeded in strongly expanding its market position in this area through the acquisition of Omaha Standard, a specialist for region-specific truck bodies. In terms of results, South America developed into PALFINGER's second most important region after Europe, primarily due to the strong Brazilian market and the measures implemented in the region.

After an increase in material prices at the beginning of the year, PALFINGER is not expecting any further increases in prices for materials due to the current economic environment and the fact that it has entered into long-term agreements. In the third quarter the capacity adjustment measures introduced as well as the deliberate stock piling resulted in an increase in tied-up capital in the materials sector.

At 12.4 percent the EBIT margin is still at a pleasingly high level but clearly below the 14.5 percent figure of the reporting period 2007. This decline was caused both by acquisitions – due to accounting rules for initial consolidations and the shift in volumes towards hydraulic systems, which generate lower margins – and changes in the markets in view of the expected recession.

Taking a look at the individual quarters the impact of the extended company holiday, of the change in product mix, and of the inorganic growth in the area of hydraulic systems in the third quarter 2008 is clearly visible. Revenue in the third quarter 2008 was significantly lower than in previous quarters (Q1 2008: EUR 208.9 million; Q2 2008: EUR 214.5 million; Q3 2008: EUR 183.7 million) but because of the acquisitions it was raised by EUR 19.7 million as compared to the third quarter 2007. Without taking into consideration the acquisitions which took effect in 2008 the third quarter would reflect the market development in clearer terms (Q1 2008: EUR 193.2 million; Q2 2008: EUR 197.6 million; Q3 2008: EUR 157.8 million). In the third quarter EBIT (Q1 2008: EUR 29.6 million; Q2 2008: EUR 30.0 million; Q3 2008: EUR 15.4 million) was EUR 6.9 million – around 30 percent – lower than the figure of EUR 22.4 million of the same period of the previous year.

In this currently difficult market environment PALFINGER's strong market position and its flexible internal structures and processes enabled the Group to set the stage for continuing the pleasing development in the future.

Group Assets, Finances, and Earnings

In the third quarter the development of assets, finances, and earnings of the PALFINGER Group was characterised by the acquisition of the WUMAG ELEVANT unit.

In spite of difficult market conditions, **revenue** increased by 20.3 percent to EUR 607.2 million (Jan–Sep 2007: EUR 504.6 million) in the first three quarters 2008. Without taking into consideration the contributions from the MBB Group, which was taken over at the end of 2007, and from the WUMAG ELEVANT unit, which was taken over in the third quarter 2008, PALFINGER achieved organic growth in revenue of 8.7 percent.

Higher prices for raw materials in the procurement market, the structured stepping-up of inventories as well as the increase in trade receivables caused by higher revenues resulted in a rise in **net working capital** to EUR 172.7 million (31 Dec 2007: EUR 134.7 million). The **capital employed** was EUR 453.6 million at the reporting date (31 Dec 2007: EUR 373.1 million). This increase was mainly caused by investments and acquisitions.

In the period under review, the **operating cash flow** went down from EUR 49.0 million in the same period of the previous year to EUR 31.8 million, which was primarily attributable to the increase in net working capital.

At 51.1 percent as of the reporting date (31 Dec 2007: 55.8 percent), the **equity ratio** remained at a high level. The **gearing ratio** went up to 41.7 percent (31 Dec 2007: 26.7 percent) due to the utilisation of credit limits, as increased funds were required in connection with acquisitions and the comprehensive investment programme.

Material Risks and Uncertainties in the Fourth Quarter 2008

The general risk situation has shifted as compared to the year 2007. While a year ago the main risk factors were the expansion of capacities and the prevention of resulting losses in efficiency and bottlenecks, the most important risks now result from the declining demand in the CRANES segment, primarily in the core markets in Europe. Other focuses of risk management are issues such as productivity and quality of the services provided, the continuation of integration and turnaround projects, as well as consistently high raw material prices and the strengthening of PALFINGER's international values.

The financial crisis in the US and Europe will certainly have repercussions on PALFINGER's environment, which may lead to potential bottlenecks in the funding of construction projects and, in turn, affect customers, dealers, and suppliers. As market conditions continue to deteriorate, there is also the balance-sheet risk of having to adjust individual capitalised goodwill to the changed valuations.

Decline in Market Demand
The order intake recorded in the main European markets in recent months indicated a decline of the market. It is assumed that the earnings before interest and taxes in the 2008 financial year will fall short of those in the previous year. In addition, a further decline in order intake will lead to an increase in inventories of raw materials because of existing purchase agreements with suppliers of raw materials. Should raw material prices go down, the Company would have to bear the resulting opportunity cost. If the market conditions continue to be unfavourable, PALFINGER is also at risk of further adjusting its fixed-cost structure in Europe.

By consistently pursuing its internationalisation strategy over the past years, PALFINGER has succeeded in building up new markets in South America and Asia, which can be a cushion against negative developments in the Group's current core market Europe. In Brazil the necessary expansion of capacities and a changeover to new ERP systems are being carried out in order to be able to cope with market growth. Additional business developments are being pursued in the VENTURES segment, which will have positive effects in the future.

Productivity and Quality of the Services Provided
A vital factor of PALFINGER's success is the high quality of its products and processes. In particular in times of low or declining order volumes there is the chance of placing increased focus on enhancing the quality and also in particular the productivity of processes. This is why the quality and process projects that have already been started will be further intensified.

Continuation of Integration Projects
The continuation of the ongoing integration projects is of crucial importance for the successful development of the Group. The identified potential synergies must be exploited. Professional project management is to ensure that the targets set will be reached.

Continuation of Turnaround Projects
Another important factor of success is the continuation of turnaround projects with consistent implementation and effective control mechanisms. The success achieved so far shows that the Group is headed in the right direction.

Changes in Prices and Margins
As raw material prices remain high and capacity utilisation deteriorates due to the market decline, fixed-cost recovery is also reduced. This increases the risk of not being able to keep up the currently high profit margins.
The high quality of its products and services has positioned PALFINGER very well as compared to its competitors.
In order to be able to maintain this competitive edge, PALFINGER has to sustain and prove its technology leadership. The new product innovations *High Performance* crane series and EPSOLUTION timber and recycling cranes will consolidate this position.

Corporate Culture and Values
PALFINGER is dealing intensively with the consolidation of its value system which is based on the cornerstones of entrepreneurship, respect, and learning. PALFINGER's value-oriented management is supported by various campaigns and projects for the employees. The aim is to counteract signs of pessimism when order intake is on the decline. Highly motivated employees are a decisive factor for generating sustainable competitive advantages.

A continuously developing risk management system, which is uniformly organised throughout the Company, ensures that risk management strategies are developed and implemented in the best possible manner.
At the moment, there are no discernible risks that might jeopardise the continued existence of the Company.

Other Events

After obtaining the approval of Austrian and German antitrust authorities, PALFINGER was able to complete the takeover of the ELEVANT unit of the German WUMAG GmbH. Initial consolidation was performed as of 31 July 2008. Together with the management of ELEVANT, PALFINGER has embarked upon implementing its strategy for the entire PALFINGER access platform portfolio.

In September PALFINGER achieved another milestone in its internationalisation strategy. With Omaha Standard PALFINGER has taken over one of the top three producers of truck bodies and pick-up tail lifts in the US.

The company has nine body workshops and/or dealers and an extensive distribution network in North America. The state-of-the-art manufacturing site is also going to raise the natural hedging of the US dollar within the Group. This acquisition shows that even in turbulent times like the present PALFINGER is able to take advantage of opportunities presenting themselves on international markets. PALFINGER's revenues in North America will more than double through this step.

This year's IAA Commercial Vehicles fair in Hanover, Germany, was another platform for PALFINGER to present itself as innovation and technology leader. This was made possible by additional models of the new *High Performance* crane series as well as the new EPSOLUTION crane generation, presented in June, for whose optimised boom system EPSCOPE a patent application has already been filed.

International stock markets saw an ongoing downward movement of share prices in the third quarter 2008 only to reach a new low in the month of September. The PALFINGER share was not spared by this adverse environment either, with its price falling to EUR 12.80 as of 30 September 2008, corresponding to a 50-percent drop since the beginning of the year. In recognition of its outstanding and transparent investor-relations strategy PALFINGER was awarded numerous prizes in the past few months. The Annual Report 2007 won the gold award of the League of American Communications Professionals (LACP) and also came in third at the Austrian Annual Report Award given out by the economic journal *trend*. The Company also ranked two at the GEWINN Börsepreis in the Journalist Prize category.

In September the Supervisory Board of PALFINGER AG resolved on an internal reshuffle. Hubert Palfinger jun. took over the position of Deputy Chairman of the Supervisory Board from his father Hubert Palfinger, who kept his seat on the Supervisory Board. The Supervisory Board adopted its resolution with immediate effect. This decision was another step in the management transition process going on within the Palfinger family as the majority owners.

Performance by Segment

CRANES

In the first nine months of 2008 revenues in the CRANES segment increased by 8.4 percent as compared to the same period of the previous year, from EUR 368.2 million to EUR 399.4 million. EBIT rose from EUR 73.0 million to EUR 75.5 million, which corresponds to an increase of 3.5 percent. The growth in revenue and earnings was significantly dampened through the downward demand curve as well as the capacity adjustment measures implemented in the third quarter 2008. The increase achieved in comparison with the previous year reflects the high order backlog at the beginning of the year in connection with the output volume and productivity which were higher than in the previous year.

In the field of truck-mounted cranes, increases in revenues were posted primarily by the European markets of Germany, France, Scandinavia, Eastern Europe including Russia, while in South America the main contributing countries were Brazil and Chile. The promising markets in Asia, Africa, and the Middle East also showed pleasing performances. In contrast, serious losses were incurred primarily in Spain, Great Britain, and Italy. Due to this uncertain market development, PALFINGER saw a further shift of the product mix towards smaller cranes in the third quarter, which was also reflected by revenues. The adjustment of orders placed on the part of dealers, the capacity increases achieved, and declining market demand led to a marked general shortening of delivery times. Capacity planning for the upcoming quarters continues to be carried out in permanent dialogue with dealers so as to meet the needs of the market. In doing so PALFINGER is committed to maintaining the flexibility of the value-creation structures and processes in order to be able to respond to further market developments.

The EPSILON business continued to be characterised by better, even though slightly weaker market conditions. This was reflected by revenues but also by the high number of new orders placed particularly in the onroad area. Especially in the second quarter capacity expansion and process adaptations led to a considerable increase in assembly volumes, which, however, underwent a slight downward adjustment in the third quarter, due to an easing pressure of delivery times. The presentation of the new crane series EPSOLUTION made it possible to further expand the innovative advantage over competitors. The changeover of all models took place in the third quarter 2008.

In the area of the South American telescopic cranes, the cooperation with SENNEBOGEN has proven once again a material success factor. Based on the high order backlog and the resulting long delivery times, PALFINGER started to demand prepayments for new orders in the second quarter.

HYDRAULIC SYSTEMS & SERVICES

In the HYDRAULIC SYSTEMS & SERVICES segment revenue went up by 52.4 percent from EUR 136.4 million to EUR 207.8 million. Around EUR 58 million of this increase were contributed by the MBB Group, acquired at the end of 2007, and by the ELEVANT access platform unit of WUMAG GmbH from August 2008 onwards. In the first half Austrian tail lift activities were relocated to the headquarters of MBB in Germany. Moreover, restructuring costs incurred in Great Britain had to be absorbed in the past three quarters. EBIT came to EUR 1.4 million, which is slightly below the previous year's figure of EUR 1.5 million.

The PALIFT division did not achieve a further increase in earnings despite early successes in process improvements and an intensification of its market development strategy. This is primarily due to increased production costs as well as higher material purchasing costs. Therefore PALIFT will be listed as an independent unit in the future, and the organisational and management structure will be adjusted accordingly.

In the TAIL LIFT product division the internationalisation strategy has been rigorously implemented since MBB was consolidated at the beginning of the year. The phase-out of the former product line PALGATE and the poor development of the US dollar prevented the results from being even more pronounced. In the RATCLIFF area, output figures were raised considerably as compared to the previous year, but the meagre economic development in Great Britain was evidenced in the results of the third quarter.

In the RAILWAY business, existing orders from the previous year were filled and new orders obtained primarily in the first half 2008. Due to changes in the product mix regarding both products and countries there was a short-term decrease in contribution margins in spite of an increase in revenues. Thus the capacity utilisation of the ensuing years has been secured and will double revenues in 2009.

The CRAYLER area in North America is still affected by weak demand. A reduction of market volume was also noticeable in Europe from the second quarter onwards, which will now be counteracted by the launch of a targeted marketing campaign, new market research, and appropriate organisational measures.

In the BISON division the first access platforms for the trend-setting 3.5 t TA series were delivered in the first quarter 2008. Bottlenecks in the supply of telescopes and further adjustments of the new platforms dampened expected revenues in the first half year. Especially in the third quarter the success of the product and process measures was seen in the improvement of results. The acquisition of the ELEVANT unit of the German WUMAG GmbH supports the strategic objectives pursued by PALFINGER in this division.

The SERVICES area continued to be a solid success guarantee. The decline in the new order for cranes prompted dealers to demand local training programmes for their service staff. Although the development and expansion of the supporting service activities in particular in Asia and South America has been completed, it still reduces results but will in the medium run contribute to an improvement of revenues and earnings.

Segment VENTURES

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

In the first half 2008 the assembly plant in Shenzhen, China, was expanded into a production location. The advantage is that PALFINGER can take into account specific features of the market and reduce its dependency on third-party suppliers. The first hook loaders manufactured at this plant will be delivered at the end of 2008.

The acquisition of the ELEVANT unit of WUMAG was settled in the second quarter 2008. This product area was assigned to the access platform division within the HYDRAULIC SYSTEMS & SERVICES segment. In the third quarter preparing for the acquisition of Omaha Standard was one of the major projects underway in this segment.

As the projects included in this segment do not generate revenues, only their costs are reported. In the first three quarters 2008, EBIT in the VENTURES segment amounted to EUR – 1.9 million as compared to EUR – 1.6 million in the first half 2008.

Outlook

At present market demand is characterised by macro-economic developments. Initially hopes were harboured that the financial crisis would only be limited in scope, but in the meantime the real economy has been hit as well. Uncertainties prevailing especially on the American and European markets are on the increase. PALFINGER has stepped up its market studies in order to continue to develop concepts for further market development. The challenging task is to implement adequate structures and processes while taking into account long-term strategic objectives and values.

On the basis of the first three quarters 2008 and the inorganic growth achieved, management still expects double-digit revenue growth throughout 2008 thanks primarily to acquisitions. In the crane business it is expected that the results will fall short of the ones for 2007. The development of the HYDRAULIC SYSTEMS & SERVICES segment should lead to positive earnings, even though from today's point of view the companies that were initially consolidated in the second half will not make a positive contribution towards earnings – not least due to the necessary fair value valuation. Moreover it has to be taken into account that this shift in the product mix has given more weight to hydraulic systems within the Group, providing for lower margins in comparison with cranes.

Expectations still are for the consolidated EBIT margin to remain in the double-digit range. However, Management assumes that the results of the PALFINGER Group for 2008 will fall below those of the previous year. The assessment of market scenarios that will be encountered is going to be of vital importance as regards the upcoming impairment tests which may also have an impact on earnings.

Despite the marked slowdown of the business environment PALFINGER has still identified numerous opportunities for the next months and the year 2009. Its sound capital basis has established PALFINGER as a successful business partner in the long term and provides for an active participation in the consolidation process. Therefore and also thanks to its well-established regional and product-oriented position, the PALFINGER Group should be able to gain further market share, thus strengthening or expanding its leading market position.

Consolidated Balance Sheet

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TEUR	Note	30 Sep 2008	31 Dec 2007	30 Sep 2007
ASSETS				
Non-current assets				
Intangible assets		68,144	54,609	33,639
Property, plant, and equipment		177,193	149,990	139,146
Investment properties	1	1,466	0	0
Investments in associated companies	2	13,703	11,951	11,021
Deferred tax assets		17,965	19,663	14,355
Other non-current assets		2,967	2,732	2,608
		281,438	**238,945**	**200,769**
Current assets				
Inventories	3	195,946	151,894	146,802
Receivables and other current assets	4	140,667	133,112	109,358
Current tax receivables		1,788	1,121	7,418
Cash and cash equivalents		7,105	2,559	15,272
		345,506	**288,686**	**278,850**
Non-current assets held for sale	5	0	683	0
		345,506	**289,369**	**278,850**
Total assets		**626,944**	**528,314**	**479,619**
EQUITY AND LIABILITIES				
Equity				
Share capital	6	35,730	37,135	37,135
Additional paid-in capital	6	30,137	35,190	35,190
Retained earnings		254,858	221,607	203,773
Revaluation reserve		(112)	(112)	(54)
Valuation reserves pursuant to IAS 39		73	519	719
Foreign currency translation reserve		(6,516)	(4,923)	(3,867)
		314,170	**289,416**	**272,896**
Minority interests		5,952	5,640	4,388
		320,122	**295,056**	**277,284**
Non-current liabilities				
Non-current financial liabilities		42,372	38,315	37,769
Non-current provisions		22,955	21,103	15,354
Deferred tax liabilities		6,887	5,668	3,710
Other non-current liabilities		1,892	1,176	1,591
		74,106	**66,262**	**58,424**
Current liabilities				
Current financial liabilities		98,828	43,598	17,621
Current provisions		16,277	14,063	15,525
Current tax liabilities		3,830	10,059	12,186
Other current liabilities	7	113,781	99,276	98,579
		232,716	**166,996**	**143,911**
Total equity and liabilities		**626,944**	**528,314**	**479,619**

Consolidated Income Statement

TEUR	Note	July–Sep 2008	July–Sep 2007	Jan–Sep 2008	Jan–Sep 2007
Revenue	8	**183,718**	**164,016**	**607,170**	**504,608**
Changes in inventories		(5,594)	6,028	5,636	17,350
Own work capitalised		493	17	503	53
Other operating income		3,328	2,254	8,638	6,067
Materials and external services		(95,644)	(91,179)	(326,982)	(276,443)
Staff costs		(39,422)	(33,276)	(124,372)	(101,636)
Depreciation, amortisation, and impairment expenses		(5,640)	(3,689)	(15,268)	(10,672)
Other operating expenses		(25,793)	(21,816)	(80,261)	(65,979)
Earnings before interest and taxes (EBIT)		**15,446**	**22,355**	**75,064**	**73,348**
Income from associated companies		901	742	3,471	4,811
Interest and other financial expenses		(2,115)	(407)	(4,793)	(2,358)
Net financial result		**(1,214)**	**335**	**(1,322)**	**2,453**
Profit before income tax		**14,232**	**22,690**	**73,742**	**75,801**
Income tax expense		(4,488)	(7,863)	(18,731)	(19,859)
Profit after income tax		**9,744**	**14,827**	**55,011**	**55,942**
attributable to					
Minority interests		**779**	**992**	**3,401**	**2,872**
Shareholders of PALFINGER AG (consolidated net profit for the period)		**8,965**	**13,835**	**51,610**	**53,070**

Earnings per share in EUR					
Earnings per share (undiluted and diluted)*	6			1.46	1.50
Average number of outstanding shares (undiluted and diluted)				35,345,209	35,316,304

* Due to the small dilutive effect of the stock option programme diluted earnings per share are identical with undiluted earnings per share.

Consolidated Cash Flow Statement

TEUR	Jan–Sep 2008	Jan–Sep 2007
Profit before income tax	**73,742**	**75,801**
Cash flows from operating activities	31,840	49,012
Cash flows for investing activities	(55,330)	(48,529)
Cash flows from/for financing activities	28,032	(15,747)
Total cash flows	**4,542**	**(15,264)**
Funds		
At 1 Jan	2,559	30,536
Effects of exchange rate fluctuations	4	0
At 30 Sep	**7,105**	**15,272**

Consolidated Statement of Changes in Equity

TEUR	Equity attributable to the shareholders of PALFINGER AG Share capital	Additional paid-in capital	Retained earnings	Revaluation reserve	Valuation reserves pursuant to IAS 39	Foreign currency translation reserve	Total	Minority interests	Equity
At 1 Jan 2007	**18,568**	**53,757**	**171,034**	**0**	**776**	**(6,053)**	**238,082**	**3,882**	**241.964**
Total recognised income and expense for the period									
Income and expense directly recognised in equity									
Valuation gains/(losses) from cash flow hedges	0	0	0	0	(57)	0	**(57)**	0	**(57)**
Stock options acc. to IFRS 2	0	0	(80)	0	0	0	**(80)**	0	**(80)**
Other changes	0	0	0	(54)	0	2,186	**2,132**	0	**2,132**
	0	**0**	**(80)**	**(54)**	**(57)**	**2,186**	**1,995**	**0**	**1,995**
Profit after income tax	**0**	**0**	**53,070**	**0**	**0**	**0**	**53,070**	**2,872**	**55,942**
	0	**0**	**52,990**	**(54)**	**(57)**	**2,186**	**55,065**	**2,872**	**57,937**
Transactions with shareholders									
Dividends	0	0	(19,409)	0	0	0	**(19,409)**	(2,275)	**(21,684)**
Capital increase	18,567	(18,567)	0	0	0	0	**0**	0	**0**
Other changes	0	0	(842)	0	0	0	**(842)**	(91)	**(933)**
	18,567	**(18,567)**	**(20,251)**	**0**	**0**	**0**	**(20,251)**	**(2,366)**	**(22,617)**
At 30 Sep 2007	**37,135**	**35,190**	**203,773**	**(54)**	**719**	**(3,867)**	**272,896**	**4,388**	**277,284**
At 1 Jan 2008	**37,135**	**35,190**	**221,607**	**(112)**	**519**	**(4,923)**	**289,416**	**5,640**	**295,056**
Total recognised income and expense for the period									
Income and expense directly recognised in equity									
Valuation gains/(losses) from cash flow hedges	0	0	0	0	(446)	0	**(446)**	0	**(446)**
Stock Options acc. to IFRS 2	0	0	26	0	0	0	**26**	0	**26**
Other changes	0	0	(112)	0	0	(1,593)	**(1,705)**	0	**(1,705)**
	0	**0**	**(86)**	**0**	**(446)**	**(1,593)**	**(2,125)**	**0**	**(2,125)**
Profit after income tax	**0**	**0**	**51,610**	**0**	**0**	**0**	**51,610**	**3,401**	**55,011**
	0	**0**	**51,524**	**0**	**(446)**	**(1,593)**	**49,485**	**3,401**	**52,886**
Transactions with shareholders									
Dividends	0	0	(24,731)	0	0	0	**(24,731)**	(3,500)	**(28,231)**
Simplified capital decrease	(1,405)	(5,053)	6,458	0	0	0	**0**	0	**0**
Other changes	0	0	0	0	0	0	**0**	411	**411**
	(1,405)	**(5,053)**	**(18,273)**	**0**	**0**	**0**	**(24,731)**	**(3,089)**	**(27,820)**
At 30 Sep 2008	**35,730**	**30,137**	**254,858**	**(112)**	**73**	**(6,516)**	**314,170**	**5,952**	**320,122**

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

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

TEUR	Revenue Jan–Sep 2008	Revenue Jan–Sep 2007	EBIT Jan–Sep 2008	EBIT Jan–Sep 2007
CRANES	399,356	368,244	75,542	73,000
HYDRAULIC SYSTEMS & SERVICES	207,814	136,364	1,374	1,519
VENTURES	0	0	(1,852)	(1,171)
PALFINGER Group	**607,170**	**504,608**	**75,064**	**73,348**

Notes to the Interim Consolidated Financial Statements

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

Reporting Bases
In principle, the same accounting and valuation methods as used in the consolidated financial statements for the 2007 financial year were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 30 September 2008, which were prepared on the basis of IAS 34. The consolidated financial statements as of 31 December 2007 were prepared in line with the International Financial Reporting Standards (IFRS) valid at the reporting date and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied within the European Union (EU). For further information on the individual accounting and valuation methods applied, reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2007.

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

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

Scope of Consolidation
The number of companies included in the interim consolidated financial statements has changed since the last balance sheet date as Star Palfinger Equipment India Pvt. Ltd., India, was founded and the ELEVANT unit of WUMAG GmbH was acquired.

On 14 September 2007 PALFINGER entered into a distribution joint venture agreement with one of the leading automobile trading companies in India, Western Auto L.L.C., Dubai. Western Auto L.L.C. is part of the ETA-Ascon-Group. The Dubai-based group operates in India in the construction, transport, real estate, and automotive business sectors. Star Palfinger Equipment India Pvt. Ltd., India, was founded on 15 May 2008 and is owned by Palfinger Asia Pacific Pte. Ltd. (26 percent), Western Auto L.L.C. (23 percent), and Mr. Hameed Salahuddin (51 percent), a member of the family owning Western Auto L.L.C. The joint venture comprises import, marketing, distribution, and service, for the time being, for selected PALFINGER crane models.

After the Austrian and German antitrust authorities approved the takeover of the ELEVANT unit of the German WUMAG GmbH, which had been decided upon on 24 June 2008, the transaction was closed on 14 August 2008. The initial consolidation was made as of 31 July 2008 as no material changes were involved in using this date instead of the date of acquisition.

The WUMAG ELEVANT unit has three manufacturing sites in Germany and focuses on truck-mounted access platforms (17 to 103 m working height) and fire-fighting platforms. This will thus be a good supplement to PALFINGER's BISON access platform portfolio and the production and sales capacities existing in Germany. With a staff of 225 employees the WUMAG ELEVANT unit achieved revenues of around EUR 42 million in 2007.

As of 31 July 2008 the purchase price for the WUMAG ELEVANT unit was allocated on the basis of the estimated fair values as follows:

TEUR	2008
Purchase price	17,450
Direct costs relating to the acquisition	437
Total purchase price	**17,887**
Net assets acquired	(6,356)
Goodwill	**11,531**

Goodwill was calculated on the basis of the estimated fair values at the time of initial consolidation. As the complete fairness opinions are not yet available, the fair values and consequently also the goodwill in the consolidated financial statements for 2008 might still change.

As of 31 July 2008 the carrying amounts were reconciled with the estimated fair values as follows:

TEUR	Carrying amount	Fair value adjustments	Fair value
Non-current assets			
Intangible assets	18	4,833	4,851
Property, plant, and equipment	4,010	(573)	3,437
Deferred tax assets	0	334	334
Other non-current assets	4	0	4
	4,032	**4,594**	**8,626**
Current assets			
Inventories	14,868	140	15,008
Receivables and other current assets	20,657	0	20,657
Cash and cash equivalents	101	0	101
	35,626	**140**	**35,766**
Non-current liabilities			
Non-current financial liabilities	1,457	0	1,457
Non-current provisions	637	280	917
Deferred tax liabilities	0	1,466	1,466
	2,094	**1,746**	**3,840**
Current liabilities			
Current financial liabilities	916	0	916
Current provisions	1,452	0	1,452
Current tax liabilities	685	0	685
Other current liabilities	30,759	0	30,759
	33,812	**0**	**33,812**
Net assets	3,752	2,988	6,740
Net assets acquired*	**3,356**	**3,000**	**6,356**

* The takeover of the remaining minority interests is being examined.

In the course of the preliminary purchase price allocation TEUR 4,833 were allocated to intangible assets and mainly concern existing orders on hand and product development.

Since 31 July 2008 the WUMAG ELEVANT unit has contributed revenues in the amount of TEUR 10,250 to the consolidated revenues and TEUR 237 to PALFINGER's consolidated net profit for the period. If the transaction had been made with effect as of 1 January 2008, the consolidated net profit for the period of PALFINGER would have been as follows:

TEUR	Jan–Sep 2008 stated	Jan–Sep 2008 pro-forma
Revenue	607,170	635,378
Consolidated net profit for the period	51,610	52,346
Earnings per share in EUR	1.46	1.48

The purchase price was paid from cash in hand and at bank so that the net cash outflow from the acquisition was as follows:

TEUR	2008
Total purchase price	17,887
Cash and cash equivalents	(101)
Net cash outflow from acquisition	**17,786**

On 24 September 2008 PALFINGER signed the contracts on the acquisition of the US company Omaha Standard, Inc. and its distribution subsidiary FTEC, Inc. The transaction will probably be closed on 31 October 2008. Omaha Standard, Inc. is one of the leading producers of service bodies and pick-up tail lifts in the US. With nine distributors of its own as well as approximately 400 service and sales centres, the company generates revenues of about EUR 55 million.

Notes to the Consolidated Balance Sheet

(1) Investment Properties

The business site at Rijeka, Croatia, which has been leased to a related party, and the residential building of the property in Weng, Austria, have been recognised as investment properties.

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

(2) Investments in Associated Companies

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

TEUR	2008	2007
At 1 Jan	**11,951**	**8,054**
Additions	117	0
Share in the net profit or loss for the period	3,471	5,755
Dividends	(1,838)	(1,564)
Foreign currency translation	2	(45)
Change in consolidation method	0	(249)
At 30 Sep / 31 Dec	**13,703**	**11,951**

Star Palfinger Equipment India Pvt. Ltd., India, was founded on 15 May 2008. For more information please see the notes on the scope of consolidation.

(3) Inventories

Inventories are broken down as follows:

TEUR	30 Sep 2008	31 Dec 2007
Materials and production supplies	88,230	59,123
Work in progress	50,354	30,687
Finished goods and goods for resale	56,039	61,769
Prepayments	1,323	315
Total	**195,946**	**151,894**

(4) Receivables and Other Current Assets

Receivables and other current assets comprise the following:

TEUR	30 Sep 2008	31 Dec 2007
Trade receivables	112,332	113,918
Receivables from associated companies	9,426	5,658
Receivables from derivative financial instruments	165	917
Receivables relating to social security and other taxes	13,459	7,515
Other receivables	3,287	3,065
Deferred expenses	1,933	1,957
Securities	65	82
Total	**140,667**	**133,112**

Receivables from associated companies in the amount of TEUR 9,426 (31 December 2007: TEUR 5,658) are due for merchandise sold or services performed.

Based on experience, allowances for doubtful debts were made in the amount of TEUR 4,831 (31 December 2007: TEUR 3,649).

(5) Non-current Assets Held for Sale
With effect as of 15 July 2008 the operating building of the property in Weng, Austria, was sold to a related party. The residential building was reclassified as an investment property as it is not expected that it will be sold within the financial year 2008.

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

As resolved by the Annual General Meeting of 26 March 2008, the simplified decrease of the issued share capital of PALFINGER AG pursuant to section 192 paragraph 3 (2) and section 192 paragraph 4 of the Austrian Stock Corporation Act (AktG) by TEUR 1,405, from TEUR 37,135 to TEUR 35,730, by cancelling 1,405,000 own shares was carried out with effect as of 28 May 2008. PALFINGER has retained the remaining own shares for purposes of stock option programmes.

Own shares deducted from retained earnings developed as follows:

Shares	2008	2007
At 1 Jan	**1,805,000**	**461,411**
Exercise of stock option	(24,000)	(10,000)
Compensation of minority shareholder	0	(161)
Simplified capital decrease	(1,405,000)	0
	376,000	**451,250**
4-for-1 stock split as of 29 June 2007		1,805,000
At 30 Sep / 31 Dec	**376,000**	**1,805,000**

On the basis of the consolidated net profit for the period in the amount of TEUR 51,610 (Jan–Sep 2007: TEUR 53,070) undiluted earnings per share were EUR 1.46 (Jan–Sep 2007: EUR 1.50). Diluted earnings per share were identical with undiluted earnings per share.

(7) Other Current Liabilities

Other current liabilities are broken down as follows:

TEUR	30 Sep 2008	31 Dec 2007
Trade payables	71,293	65,036
Liabilities to associated companies	493	888
Prepaid orders	4,637	2,479
Liabilities on accepted bills of exchange	71	392
Liabilities to employees	19,728	17,841
Liabilities relating to social security and other taxes	14,305	8,733
Other liabilities	2,811	3,588
Deferred income	443	319
Total	**113,781**	**99,276**

Liabilities due to associated companies in the amount of TEUR 493 (31 December 2007: TEUR 888) resulted from the provision of goods and services.

Notes to the Consolidated Income Statement

(8) Revenue and Seasonal Differences

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

Contingent Assets and Liabilities

There were no contingent assets as of 30 September 2008. The contingent liabilities have not changed considerably as compared to 31 December 2007. For further information reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2007.

Stock Option Programme

In 2003 PALFINGER AG implemented a stock option programme for members of the Management Board.
For further information on this stock option programme reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2007.

The stock options developed as follows:

Number of stock options	2008	2007
At 1 Jan	**28,000**	**38,000**
Options granted	0	0
Options expired	0	0
Options exercised	6,000	10,000
Options lapsed	10,000	0
At 30 Sep / 31 Dec	**12,000**	**28,000**

By means of exercise declaration of 10 April 2008, Mr. Eduard Schreiner exercised 6,000 stock options and had 24,000 shares from the own shares of PALFINGER AG transferred to him for a purchase price of EUR 3.82 per share.

Mr. Wolfgang Anzengruber's resignation from the Management Board as of the end of August 2008 led to the lapse of 10,000 stock options.

	Herbert Ortner	Wolfgang Pilz
Number of stock options	6,000	6,000
Exercise price in EUR after stock split	5.78	5.78
Exercise period within 12 weeks after the Annual General Meeting	2009	2009
Price of a Bermudan option in EUR as of the valuation date*	7.08	7.08
Underlying volatility	28.00%	28.00%
Valuation date	16 Apr 2004	16 Apr 2004
Price in EUR at valuation date after stock split	6.93	6.93

* Valuation model used at the key date: binomial model.

Related Parties

As regards business transactions with related parties, no substantial changes occurred in comparison to 31 December 2007, with the exception of the leasing of the site in Rijeka, Croatia, and the sale of the operational building in Weng, Austria. 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 PALFLINGER AG as of 31 December 2007 and notes 1 and 5 to the interim consolidated financial statements.

Subsequent Events

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

Report on the Audit Review (Translation)

Introduction

We have reviewed the accompanying interim consolidated financial statements of PALFINGER AG, Salzburg, Austria for the nine-month period from 1 January 2008 to 30 September 2008. These interim consolidated financial statements comprise the balance sheet as of 30 September 2008, and the income statement, 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 2400 "Engagements to Review Financial Statements". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group at 30 September 2008, 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 2008

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Anna Flotzinger m.p.	**ppa. Christoph Fröhlich m.p.**
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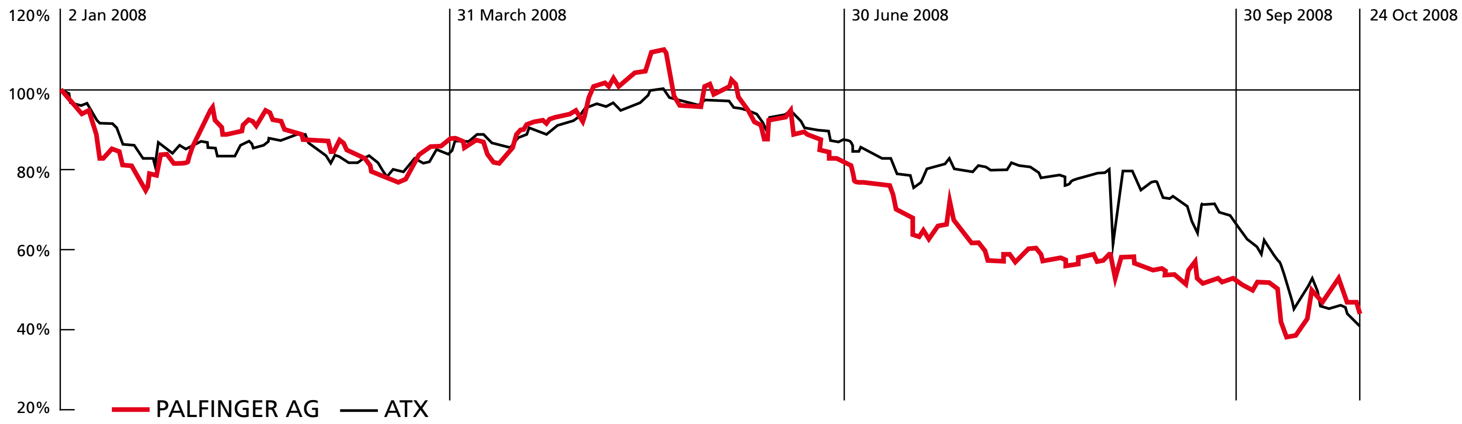
Shareholder Information

Q1–Q3 2008	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	35,730,000
Number of own shares	376,000
Price as of 30 Sep 2008	EUR 12.80
Earnings per share	EUR 1.46
Market capitalisation as of 30 Sep 2008 (excl. own shares)	TEUR 452,531

Share Price Development



Financial Calendar

23 January 2009
Publication of preliminary results 2008

25 February 2009
Balance sheet press conference

25 March 2009
Annual General Meeting

5 May 2009
Publication of results for the first quarter 2009

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.

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

PALFINGER

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