Report on the First Quarter of 2006

We keep on growing.

Financial highlights of PALFINGER [1)]

EUR '000	Q1 2006	Q1 2005	Q1 2004	Q1 2003	Q1 2002
Income statement					
Revenue	140,108	121,736	86,391	79,966	78,446
EBITDA	20,687	19,707	8,856	10,049	9,906
EBITDA margin	14.8 %	16.2 %	10.3 %	12.6 %	12.6 %
Profit from operations (EBIT)	17,468	17,107	6,062	7,183	6,994
EBIT margin	12.5 %	14.1 %	7.0 %	9.0 %	9.0 %
Profit before tax	17,447	17,033	5,538	6,494	6,272
Consolidated net profit for the period	12,547	12,835	3,553	4,171	3,900
Balance sheet					
Total assets	389,280	334,060	288,566	273,100	298,393
Non-current assets	150,046	125,765	115,824	115,809	134,609
Liabilities	192,201	170,671	153,694	148,743	174,100
Capital and reserves	197,079	163,390	134,872	124,357	124,293
Equity ratio	50.6 %	48.9 %	46.7 %	45.3 %	41.7 %
Net debt owed	31,482	27,311	38,039	48,677	68,831
Gearing	16.0 %	16.7 %	28.2 %	39.1 %	55.4 %
Cash flow and investment					
Cash flows from operating activities	6,188	4,436	(2,328)	5,791	8,234
Free cash flow	4,888	1,872	(4,790)	4,122	3,780
Investment in property, plant, and equipment	3,648	3,346	1,941	2,649	4,108
Depreciation and amortization	3,219	2,600	2,794	2,865	2,911
Payroll					
Average annual payroll [2)]	3,371	2,858	2,412	2,269	2,279
Value					
Net Working Capital	80,503	68,305	60,073	63,068	64,837
Capital Employed (at balance sheet date)	228,562	191,594	173,649	173,115	193,124

[1)] Previous years' figures were adjusted according to changes in IFRS 3.

[2)] Staff of consolidated Group companies excluding investments consolidated at equity, as well as apprentices, loaned personnel and part-time employees.

Economic background

According to recent indicators, the global economic situation has further improved in the first quarter of 2006. Economic development in Europe has picked up while indicators for the USA were marked by slight declines. China remains the growth motor of Asia.

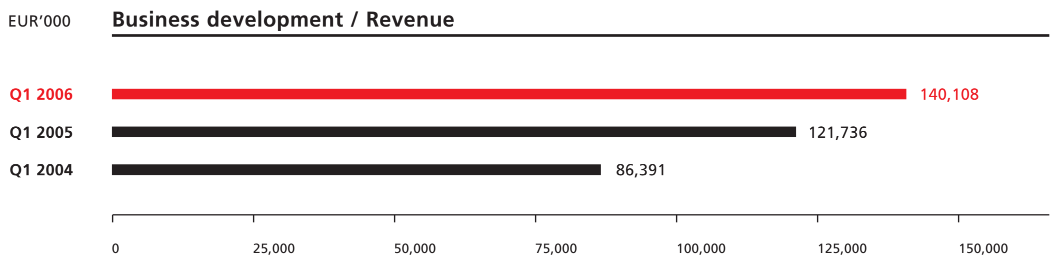
After a strong period at the end of 2005, the US dollar depreciated against the Euro in the first quarter of 2006. The EUR/US dollar exchange rate is now clearly back up above 1.20. The Brazilian Real especially gained ground on the Euro in January and February.

Generally, more favorable economic development is anticipated in the second quarter of 2006. In the Euro zone, especially in Germany, the economic mood is on the upswing again and is anticipated to contribute new impulses to the European economy.

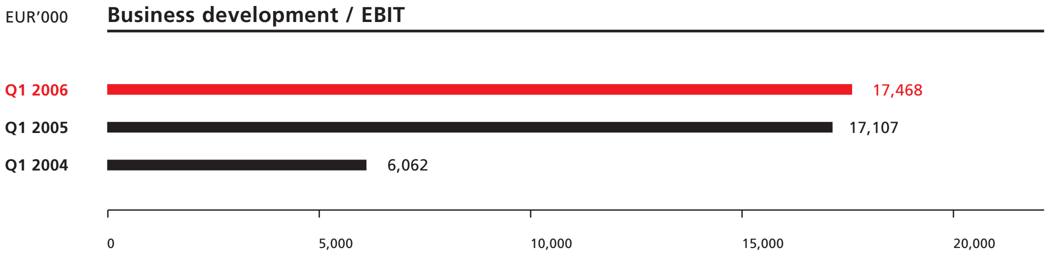
Group performance

In the first quarter of 2006, PALFINGER was able to further increase its successful performance from previous year. Revenue rose by 15.1 percent to EUR 140.1m, and EBIT reached EUR 17.5m, surpassing EBIT of the same previous-year period. Thus, the first quarter of 2006 was the best quarter in the corporate history of PALFINGER with regard to revenue development.

PALFINGER was able to benefit from positive economic impulses especially in the cranes segment. The consolidation of the acquisition Ratcliff Palfinger Ltd. in the third quarter of 2005 contributed EUR 6.7m to the total revenue increase of EUR 18.4m. Most of the growth is still attributable to the company's core business CRANES in Europe, high capacity utilization in the product groups, and increasingly stable results posted by PALIFT. Increasingly higher materials prices over the course of 2005 and investments in process stability and capacity adjustments resulted in a slight decrease of margins in the CRANES segment. The majority of sale price increases went into effect at the beginning of the second quarter of 2006. Besides continuous improvements in productivity, focus of activities is now mainly on increasing process efficiency and effectiveness.



Record revenue achieved is the result of the rigorous implementation of the Group's internationalization, diversification, and innovation strategies. The profitable development of the Cranes business in Europe attributable to high performance classes and a wealth of variations in fittings is reinforced by growth in North America and increasing market penetration of PALFINGER cranes in South America. First quarter results in Brazil were as usual marked by seasonal effects caused by holidays and the carnival. Disproportionate growth was recorded in Eastern Europe and Scandinavian markets. EPSILON also continued on its road of growth. Revenue and earnings in Services were significantly increased compared to previous year. Nearly all product groups contributed to the revenue increase.



Outstanding order books again pushed some plants to the limits of capacity utilization. This development was counteracted with appropriate investments at the affected plants. At the same time, activities of the global sourcing initiative were reinforced. Further lean activities are being intensified based on PALFINGER RAP ("Rapid Processing"), providing a solid base for bundled efforts to increase efficiency and effectiveness. This development accompanies the reinforcement of Area management in North America and Asia.

Group assets, finances, and earnings

The development of assets, finances, and earnings at PALFINGER in the first quarter was based mainly on revenue and productivity increases. Because of the increase in revenue of 15.1 percent, which includes Ratcliff Palfinger Ltd. from 1 August 2005, net working capital rose to EUR 80.5m (3/2005: EUR 68.3m; 12/2005: EUR 88.2m). Compared to 12/2005, non-current assets rose from EUR 145.5m by 1.8 percent to EUR 148.1m. Investment in property, plant, and equipment of EUR 3.7m was mostly made up of necessary additions to capacity and replacement investments as a result of productivity increases. Thus, capital employed at balance sheet date stood at EUR 228.6m (3/2005: EUR 191.6m, 12/2005: EUR 233.7m).

The cash flow statement and the gearing ratio are indicators of the operative and financial strength of PALFINGER at continuing growth. Operative cash flows in the reporting period stood at EUR 6.2m after EUR 4.4m in the previous-year period and include financing of working capital, which increased because of growth. After cash-effective investments of EUR -1.9m (3/2005: EUR -4.4m) the remaining balance amounts to EUR 4.3m (3/2005: EUR 0.0m), which was used to reduce net debt owed. Based on this positive development, an equity ratio of 50.6 percent (3/2005: 48.9 percent) at balance sheet date and a gearing ratio of 16.0 percent (3/2005: 16.7 percent) provide a solid foundation for further profitable growth.

Other events

In Austria, the merger of Palfinger Europe GmbH and Palfinger Produktionstechnik GmbH was implemented with GPS Reloaded. Global Manufacturing Management and Global Operation Management were combined in Palfinger Service- und Beteiligungs-GmbH. Takeover of the remaining 40 percent of Palfinger Bermüller GmbH resulted in further streamlining of the legal structure.

Strategic projects and initiatives were bundled in the E^2 program for the increase of efficiency and effectiveness. In addition, it was decided to reinforce the management teams in the Areas North America, Asia & Pacific, and at Guima Palfinger.

Development expertise for tail lifts was bundled in Great Britain. Preparations for the relocation of tail lift assembly in Continental Europe from Maribor/Slovenia to Lengau/Austria are underway.

In the first quarter, implementation of the steel construction project at the Lengau/Austria plant began as well as layout planning for Cherven Brjag in Bulgaria. Relevant investments for capacity additions were accelerated. Expansion and replacement investments are mainly focused on increasing process stability and process quality.

A dividend of EUR 1.80 (2005: EUR 1.10) was approved at the General Meeting on 5 April 2006. This represents a dividend yield of 3.3 percent using the average share price for 2005. At the General Meeting, Mr. Alexander Doujak was appointed to the Supervisory Board as additional member.

Investor relations remained a high priority in the first quarter of 2006. Highlights included a road show in London and the annual investors' conference in Kitzbühel, Austria. PALFINGER was also represented at "Invest" trade fair in Stuttgart and at "Börsentag" (Stock Exchange Day) in Nuremberg. Numerous conference calls with investors and analysts underline the keen interest in the PALFINGER share. The share price rose to about EUR 80 at the end of April, equivalent to an increase in share price of more than 20 percent since the beginning of the year.

Performance by region

Positive development of PALFINGER remains based on the performance of the segment Europe and the Rest of the World. The markets of Germany, Scandinavia, Great Britain, and Eastern Europe significantly contributed to revenue growth. Positive development in these markets remains due to increased sales of Cranes and EPSILON products.

Compared to the previous-year period, revenue in this segment increased from EUR 109.3m by 14.8 percent to EUR 125.5m. EBIT at EUR 17.3m remained close to previous-year level. Increased materials costs and investments in process stability, flexibility, and diversification resulted in a slight decrease of the EBIT margin to 13.8 percent.

In the segment North and South America, revenue rose by 17.4 percent, from EUR 12.5m to EUR 14.6m. The appreciation of the Brazilian Real by 25 percent and increased crane sales in North America especially contributed to good revenue development. EBIT in this segment was positive at EUR 0.2m after two negative quarters.

Highlights in North America are successful penetration of the Mexican market thanks to the new dealer structure and increased growth of the US market, combined with reinforced dealer support and servicing of key accounts. Furthermore, the independent spare parts supply positively affected revenue and earnings.

Market acceptance of Palfinger cranes further increased In South America. The Real reached historic levels, at 2.7 Real to one Euro (previous year: 3.5 Real). The implementation of the strategic partnership for technological development was advanced in the segment of telescopic cranes.

Performance by product group

CRANES segment

In the first quarter, knuckleboom cranes benefited further from the shift in demand to higher performance classes and higher-grade fittings. The digital tachometer and new emission regulations about to come into effect also had a positive impact on markets. Compared to previous quarters, the internationalization strategy resulted in increased order intake in the USA and South America. Despite the increase in production capacities at the end of last year, the respective bottleneck areas will be adjusted in 2006, reverting in the medium term to delivery times PALFINGER customers are accustomed to.

Macroeconomic conditions in the timber and recycling industries were very favorable for EPSILON. Sales developed particularly well in the markets of Germany, Great Britain, Austria, Spain, and France. A wide range of product variations, a high degree of modularity, outstanding quality, shorter delivery times than competitors combined with attractive pricing constitute the foundation for the positive development of EPSILON.

During the first three months, revenue was increased by 11.7 percent to EUR 96.9m and EBIT remained at the high level of EUR 18.4m.

Hydraulic Systems and Services segment

The Hydraulic Systems und Services recorded revenue growth of 23.6 percent to EUR 43.2m. Earnings in the first quarter reached EUR -0.9m, an improvement of 60 percent compared to the previous-year period.

The PALIFT division succeeded in stabilizing its output over the course of the first quarter. Together with the new French division management team on location, measures to improve efficiency and effectiveness have been reinforced and are beginning to show first effects.

The TAILLIFT area was marked by the integration of RATCLIFF and concentration of development expertise in Great Britain. Current market conditions in Great Britain are challenging, however, the experienced local management team of Ratcliff Palfinger Ltd. has already implemented immediate measures to stabilize profitability.

While order books in the RAILWAY division were marked by smaller projects in the first quarter of 2006, a major order of more than EUR 2m was received in April, enabling anticipatory planning and capacity utilization.

Development of sales in the CRAYLER division was good compared to previous year, with Germany as the main market. In North America, further successes were recorded in key account business especially towards the end of the first quarter. Currently measures are underway to increase effectiveness along the entire value chain with focus on the markets of North America and Europe.

Further successive identification of rationalization potentials and integration of the division's processes into PALFINGER and development of markets marked operations in the BISON division in the first months. PALFINGER's increased entry into the aerial work platforms market has led to aggressive price behavior by competitors. Efforts to modularize equipment and to decrease assembly times have been reinforced.

In SERVICES, positive development of sales and reinforcement of PALFINGER´s service drive are reflected in increased revenue generated by sales of spare parts. Internationalization and the suggestion of a preliminary version have been addressed through the go-live of the next e-claim development level.

Outlook

Based on the positive results of the first quarter and high order backlog, the Management Board anticipates further increases in revenue and earnings for the 2006 financial year.

Developments in the materials sector, capacity expansions, and potentials in the development of hydraulic systems segment will be decisive factors in the performance of PALFINGER in 2006.

From today's point of view, management expects another record in revenue and earnings for the 2006 financial year.

Balance sheet as of 31 March 2006

EUR'000	31 March 2006	31 Dec 2005	31 March 2005
ASSETS			
Non-current assets			
Property, plant, and equipment	92,944	90,052	84,468
Intangible assets	32,283	33,131	22,075
Investments	8,665	7,921	7,383
Other non-current assets	16,154	16,468	11,838
	150,046	**147,572**	**125,764**
Current assets			
Inventories	108,480	99,578	97,434
Receivables and other current assets	115,554	99,887	102,777
Cash and cash equivalents	15,200	1,554	8,085
	239,234	**201,019**	**208,296**
Total assets	**389,280**	**348,591**	**334,060**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	18,568	18,568	18,568
Capital reserves	53,757	53,757	53,757
Retained earnings	111,346	78,505	81,330
Valuation reserves for financial instruments	(1,257)	(1,955)	547
Foreign currency translation reserve	(4,202)	(4,495)	(7,280)
Consolidated net profit for the year	12,547	48,143	12,835
Minority interests	6,320	5,477	3,632
	197,079	**197,999**	**163,389**
Non-current liabilities			
Non-current financial liabilities	36,918	14,720	24,476
Non-current provisions	16,955	14,928	14,314
Other non-current liabilities	4,861	4,837	4,641
	58,734	**34,485**	**43,431**
Current liabilities			
Current financial liabilities	11,751	24,649	14,289
Current provisions	36,675	33,121	34,935
Other current liabilities	85,041	58,337	78,016
	133,467	**116,107**	**127,240**
Total equity and liabilities	**389,280**	**348,591**	**334,060**

Income statement

EUR'000	Jan – March 2006	Jan – March 2005
Revenue	**140,108**	**121,736**
Changes in inventories and own work capitalized	12,975	7,688
Own work capitalized	23	57
Other operating income	1,771	1,927
Materials and services	(83,801)	(71,139)
Staff costs	(31,323)	(26,277)
Depreciation and amortization expense	(3,219)	(2,600)
Other operating expenses	(19,066)	(14,286)
Profit from operations (EBIT)	**17,468**	**17,107**
Income from investments	744	577
Interest and other financial expenses	(765)	(650)
Net finance cost	**(21)**	**(73)**
Profit before tax	**17,447**	**17,033**
Income tax expense	**(4,085)**	**(3,597)**
Profit after tax	**13,362**	**13,436**
Minority interests	(815)	(601)
Consolidated net profit for the year	**12,547**	**12,835**

EUR'000		
Earnings per share (undiluted)	1.42	1.47
Earnings per share (diluted) [1)]	–	–
Average number of shares in issue (undiluted)	8,812,019	8,808,321
Average number of shares in issue (diluted) [1)]	–	–

[1)] There were no outstanding issues of convertible bonds as of 31 March 2006; the undiluted earnings per share are the same as the diluted earnings per share.

Cash flow statement

EUR'000	Jan – March 2006	Jan – March 2005
Profit before tax	**17,447**	**17,118**
Cash flows from operating activities	6,188	4,436
Cash flows from investing activities	(1,866)	(4,437)
Free cash flow	4,888	1,872
Cash flows from financing activities	9,324	(119)
Total cash flows	**13,646**	**(120)**
Changes in funds		
Cash and cash equivalents at beginning of the period	1,554	8,205
Cash and cash equivalents at end of the period	15,200	8,085
	13,646	**(120)**

Statement of changes in equity

EUR'000	Share capital	Capital reserves	Retained earnings	Valuation reserves for financial instruments acc. to IAS 39	Foreign currency translation reserve	Consolidated net profit for the year	Minority interest	Total
At 31 December 2004	**18.568**	**53,757**	**62,118**	**1,298**	**(6,208)**	**27,391**	**3,036**	**159,960**
Dividends 2004	0	0	0	0	0	(9,689)	0	(9,689)
Profit carry forward from 2004	0	0	17,702	0	0	(17,702)	0	0
Share repurchase	0	0	56	0	0	0	0	56
Valuation of stock options IFRS	0	0	110	0	0	0	0	110
Profit after tax 31 December 2005	0	0	0	0	0	48,143	2,351	50,494
Earnings-neutral value changes in financial instruments	0	0	0	(3,253)	0	0	0	(3,253)
Adjustment acc. to IFRS 19	0	0	(985)	0	0	0	0	(985)
Other changes in equity	0	0	(497)	0	1,713	0	90	1,306
At 31 December 2005	**18,568**	**53,757**	**78,504**	**(1,955)**	**(4,495)**	**48,143**	**5,477**	**197,999**
At 31 December 2005	**18,568**	**53,757**	**78,504**	**(1,955)**	**(4,495)**	**48,143**	**5,477**	**197,999**
Dividends 2005	0	0	0	0	0	(15,862)	0	(15,862)
Profit carry forward from 2005	0	0	32,281	0	0	(32,281)	0	0
Valuation of stock options IFRS	0	0	32	0	0	0	0	32
Profit after tax at 31 March 2006	0	0	0	0	0	12,547	815	13,362
Earnings-neutral value changes in financial instruments	0	0	0	698	0	0	0	698
Other changes in equity	0	0	529	0	293	0	28	850
At 31 March 2006	**18,568**	**53,757**	**111,346**	**(1,257)**	**(4,202)**	**12,547**	**6,320**	**197,079**

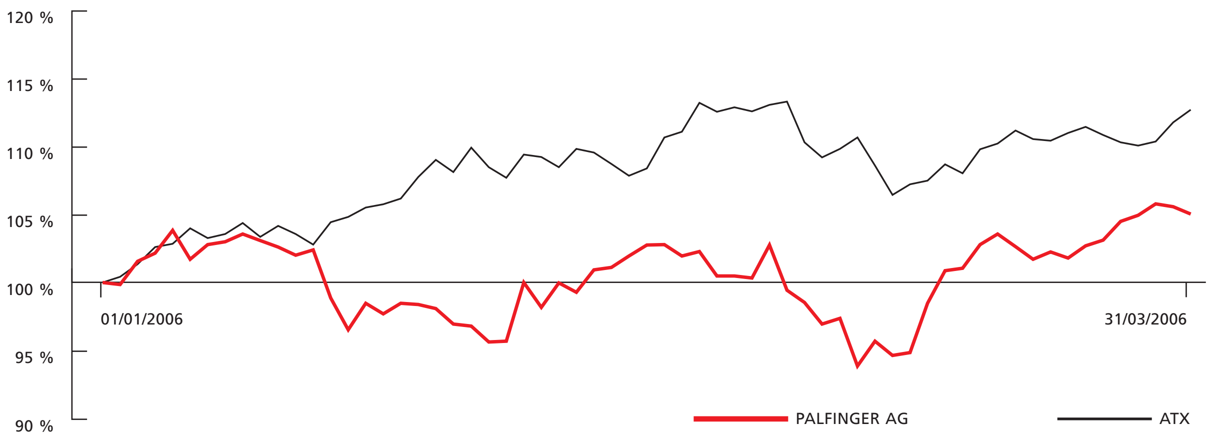
Segment reporting

EUR'000	Europe / Rest of the World		North / South America	
Primary segmentation	**Q1 2006**	**Q1 2005**	**Q1 2006**	**Q1 2005**
Revenue	125,493	109,283	14,615	12,453
EBIT	17,269	17,519	199	(413)

EUR'000	Cranes		Hydraulic Systems	
Secondary segmentation	**Q1 2006**	**Q1 2005**	**Q1 2006**	**Q1 2005**
Revenue	96,923	86,798	43,185	34,938
EBIT	18,402	19,521	(934)	(2,415)

Q1 2006	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	9,283,750
Price at close on 31 March 2006	EUR 67.25
Earnings per share (Q1 2006)	EUR 1.42
Market capitalization as of 31 March 2006	EUR 624,332,188

PALFINGER AG share price (indexed)



Investor Relations

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2006 Financial Calendar

10 August 2006	Publication of the results for the 1st half of 2006
10 November 2006	Publication of the results for the 3rd quarter of 2006

Rounding of individual items and percentages in the quarterly report may result in minor mathematical differences.

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