THINGS ARE LOOKING EVEN BETTER

INTERIM REPORT ON THE FIRST QUARTER OF 2011

PALFINGER

FINANCIAL HIGHLIGHTS OF THE PALFINGER GROUP

TEUR	Q1 2011	Q1 2010	Q1 2009	Q1 2008	Q1 2007
Income					
Revenue	191,576	129,425	140,392	208,944	162,396
EBITDA	20,322	8,339	2,031	34,333	27,203
EBITDA margin	10.6%	6.4%	1.4%	16.4%	16.8%
EBIT	14,161	3,447	(3,309)	29,504	23,969
EBIT margin	7.4%	2.7%	(2.4%)	14.1%	14.8%
Result before income tax	11,913	2,345	(4,772)	29,500	26,682
Consolidated net result for the period	12,570	827	(4,133)	22,167	19,646
Balance sheet					
Total assets	708,493	615,028	633,928	574,144	451,404
Non-current operating assets	377,731	312,758	310,664	247,390	168,399
Net working capital (as of the reporting date)	115,028	128,890	164,991	123,020	95,081
Capital employed (as of the reporting date)	492,759	441,648	475,655	370,410	263,480
Equity	329,171	295,158	291,100	287,840	245,346
Equity ratio	46.5%	48.0%	45.9%	50.1%	54.4%
Net debt	163,588	146,490	184,555	82,570	18,134
Gearing	49.7%	49.6%	63.4%	28.7%	7.4%
Cash flow and investments					
Cash flows from operating activities	2,966	9,275	4,276	10,881	7,890
Free cash flows	238	8,382	165	2,809	(6,891)
Investment in property, plant and equipment	4,294	1,409	4,526	12,523	15,712
Depreciation, amortization and impairment	6,161	4,892	5,340	4,829	3,234
Payroll					
Average payroll during the reporting period*	5,235	4,353	4,844	4,380	3,612

* Consolidated Group companies excluding equity shareholdings, as well as excluding temporary workers. The calculation of payroll figures was harmonized according to the PALFINGER standard.

CONSOLIDATED MANAGEMENT REPORT AS OF 31 MARCH 2011

ECONOMIC ENVIRONMENT

The recovery of the global economy gained momentum in the first quarter of 2011 despite the mounting risks. The turmoil in North Africa and the Middle East, Japan's natural disaster with its unpredictable nuclear consequences, the debt crisis of some eurozone countries that has flared up time and again and growing inflationary concerns have the potential to curb, but not jeopardize, this upswing. Against this backdrop, the International Monetary Fund (IMF) has forecast global economic growth of 4.4 per cent for 2011, and 4.5 per cent for 2012.

Europe continues to be characterized by extremely dissimilar developments in individual countries. In the eurozone, there are signs that the upswing in the economy – a trend emerging particularly in Germany – is broadening, although heavily indebted Portugal had to seek a bailout from the European Union in April. In response to growing inflation, the European Central Bank raised its main refinancing rate by 0.25 per cent, also in April. The main factors ensuring a steady recovery are restoring consumer confidence in banks and the expansive monetary policy pursued by many countries. The IMF has forecast a growth rate of 1.6 per cent for the eurozone in 2011, and 1.8 per cent in 2012.

Expectations are generally positive in Central and Eastern Europe, where an increase in commodity prices is seen as the greatest risk to economic recovery. The IMF forecasts an increase of 3.7 per cent for 2011, and 4.0 per cent for 2012. The Commonwealth of Independent States was severely hit by the crisis, but is now recovering quickly, with estimated average growth rates of 5 per cent.

The US economy continued its recovery in the first quarter of 2011, sustained by tax cuts and other government measures aimed at bolstering private consumption. However, the expected recovery of the labour market has still to set in. According to current forecasts, a growth rate of 2.8 per cent is expected for 2011, and 2.9 per cent for 2012.

The contraction of Latin America's economy in 2009 was followed in 2010 by a speedy recovery, which is now flattening out. A growth rate of 4.7 per cent is forecast for 2011, followed by 4.2 per cent for 2012: growth estimates for Brazil are 4.5 and 4.1 per cent respectively.

The Asian economy continues to outpace other regions, although growth has slowed from cyclical highs to more moderate and sustainable rates. The economy has been bolstered by high export rates and strong domestic consumption, and to some extent by credit growth. On this basis, the fastest growing economies of China and India are projected to expand by 9.6 and 8.2 per cent respectively in 2011, and again by 9.5 and 7.8 per cent in 2012.

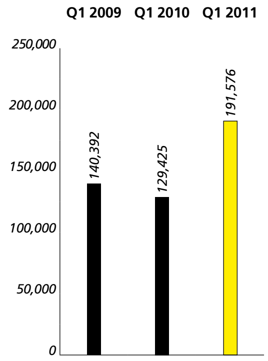
Financial markets were volatile in the first quarter of 2011. Leading share indices rose initially on the basis of a stable economic recovery and positive business data, but the situation in North Africa subsequently created uncertainty in the markets, depressing prices.

Amongst other things, commodity prices reflected increasing demand, and fears of production losses also drove oil prices up, sometimes causing them to spike overnight. At the end of the quarter, the price of a barrel of Brent crude was USD 117.10, the same level as in mid 2008.

The reversal of the interest rate policy pursued by the European Central Bank combined with a soft US Fed caused the euro to appreciate by some 6 per cent over the period under review to USD 1.42 as of 31 March 2011. The euro also appreciated against the Chinese yuan and recently stood at CNY 9.30.

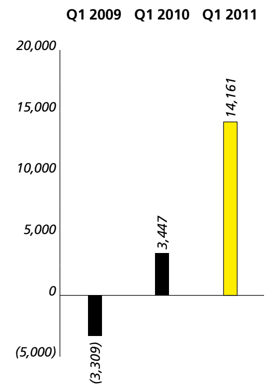
PERFORMANCE OF THE PALFINGER GROUP

Against this backdrop, in the first quarter of the financial year 2011 the PALFINGER Group managed to continue the positive development recorded in previous quarters. Especially by comparison with the first quarter of 2010, huge growth in both revenue and earnings was achieved thanks to the positive economic situation. Demand continued to rise, and the measures implemented in previous years started to bite. Particularly by reducing costs and capital employed, PALFINGER was preparing to face volatile markets so as to ensure sustainable and profitable growth both now and in the future.



DEVELOPMENT OF REVENUE (TEUR)

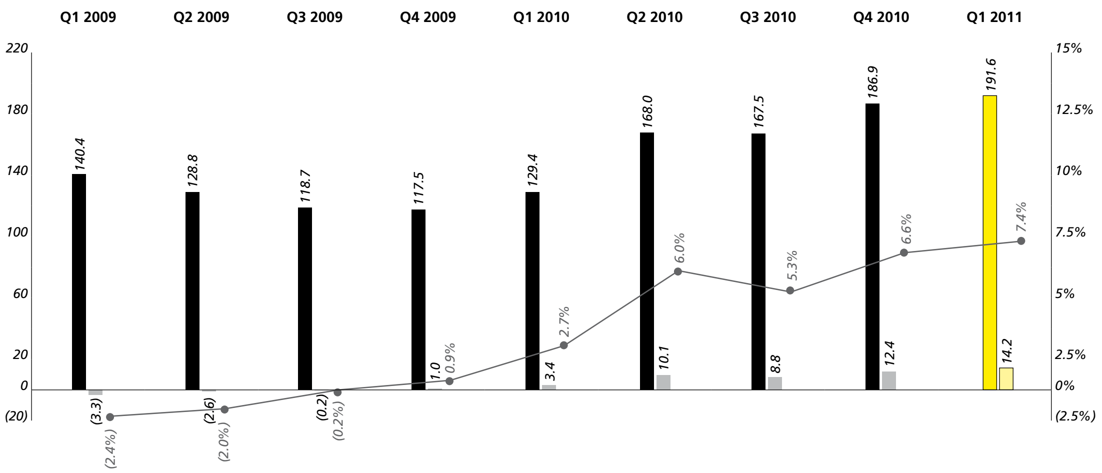
At EUR 191.6 million, first-quarter revenue was a satisfactory 48.0 per cent above the figure reported in the first quarter of 2010, when revenue was EUR 129.4 million. This increase in revenue was generated largely in Europe, though a positive trend was observed in all the regions. The level of revenue increase was particularly satisfactory in the area Asia and Pacific, though this area is still small in terms of revenue. In addition, the acquisitions carried out in Europe and North America in 2010 – Palfinger Marine, Ned-Deck Marine and ETI – contributed approximately 25 per cent of this revenue growth.



DEVELOPMENT OF EBIT (TEUR)

In the first three months of 2011, EBIT was EUR 14.2 million, equivalent to a quadrupling of the earnings recorded in the first quarter of 2010. This substantial improvement was achieved primarily due to significantly higher utilization rates at all value-creation levels throughout all the areas as well as by higher productivity in the facilities. PALFINGER's sophisticated trend monitoring was a key factor in enhancing predictability and therefore also planning certainty, which is a sign of further positive development. The consolidated net result rose from EUR 0.8 million in the first quarter of 2010 to EUR 12.6 million in the period under review.

A comparison of performance over the individual quarters of 2010 and 2011 provides convincing evidence of a continuous upward trend.



DEVELOPMENT OF REVENUE AND EBIT (EUR million)

The Group's performance in Europe reflects marked growth in demand. While many countries such as Germany, Scandinavia, France and Russia recorded exceptionally high increases in revenue, Spain, Portugal, Greece, Romania and Ukraine remained weak.

Development of demand was also positive in all product areas in North America compared to the first quarter of 2010. PALFINGER expects the upward trend in South America to be reinforced due to the upcoming investments in infrastructure, especially in Brazil in connection with the FIFA World Cup in 2014 and the 2016 Summer Olympics.

The sharp increase in revenue recorded in Asia demonstrates that these markets are gaining in importance, although they still only contribute a small share of PALFINGER's business. With production sites in China, Vietnam and – since the end of 2010 – also in India, the Group is well equipped for further growth.

PALFINGER was deeply shocked by the tragic events in Japan, although they have not directly impacted the business performance of the Company in any way. Japan contributes approximately 0.5 per cent of revenue, and supplies of components from this region have been secured.

FINANCIAL POSITION, CASH FLOWS AND RESULT OF OPERATIONS

At 46.5 per cent, the equity ratio was still at a high level at the end of the quarter, albeit slightly below the year-end figure reported in 2010 (31 December 2010: 48.9 per cent). On the one hand, equity was down from EUR 331.4 million as of 31 December 2010 to EUR 329.2 million as of 31 March 2011 due to the payment of a dividend and the foreign currency effect of subsidiaries abroad. On the other, the satisfactory expansion of business volume led to a rise in total assets, from EUR 677.4 million as of 31 December 2010 to EUR 708.5 million as of 31 March 2011. This increase related primarily to the items inventories, receivables and trade payables.

Despite large gains in revenue, net working capital remained virtually stable at EUR 115.0 million as of 31 March 2011, just EUR 1.0 million higher than on 31 December 2010. This situation indicates the sustainability of the measures taken to optimize net working capital. Fortunately, capital employed was virtually unchanged as well, amounting to EUR 492.8 million as of 31 March 2011.

Net debt increased slightly, by 1.7 per cent to EUR 163.6 million as of the end of the quarter (31 December 2010: EUR 160.9 million). At 49.7 per cent, the gearing ratio once again remained below the 50 per cent target (31 December 2010: 48.6 per cent).

The long-term orientation of the Group's financial structure will be maintained. Despite the repayment of EUR 12.4 million in investment financing, non-current financial debt declined only slightly as compared to 31 December 2010 (EUR 123.6 million): at EUR 119.9 million it accounted for 73.3 per cent of net debt. 91.1 per cent of PALFINGER's total capital employed has therefore been secured on a long-term basis. The capital employed management programme initiated in 2010 will be continued in the financial year 2011 so as to further optimize the Group's financial structure.

The increase in inventories resulting from higher revenue was reflected in a reduction in cash flows from operating activities, from EUR 9.3 million in the first quarter of 2010 to EUR 3.0 million.

The year-on-year increase in revenue from EUR 129.4 million to EUR 191.6 million was primarily an indication of recovery in European markets. Compared to the previous quarter (Oct–Dec 2010), an increase in revenue of EUR 4.7 million was reported. EBIT in the amount of EUR 14.2 million (Jan–March 2010: EUR 3.4 million) and the Group's consolidated net result of EUR 12.6 million (Jan–March 2010: EUR 0.8 million) demonstrate that PALFINGER has emerged from the crisis stronger than before. The segment which contributed most to this positive development of earnings was EUROPEAN UNITS.

OTHER EVENTS

PALFINGER realigned its strategic priorities in 2010. Since the Group's diversification targets have already been achieved, greater emphasis will now be placed on further enhancing the flexibility of all processes. In order to also obtain long-term balanced diversification in geographical terms, internationalization will continue to be at the core of the Group's strategy together with innovation.

The targeted capital-employed management scheme implemented in 2010 resulted in many process enhancements that are now being introduced on a Group-wide basis in an attempt to meet new objectives. High priority is being given to further optimizing fixed-cost structures with a view to facilitating additional investment projects to support planned growth.

In order to promote the education and training of its employees, also with a view to expanding its business areas, PALFINGER initiated further staff development programmes during the period under review. The Palfinger Global Leadership Programme, for example, is aimed at promoting employees with potential management skills in all international PALFINGER companies. Additional training programmes were set up in the production sector, such as welding academies in Bulgaria and South America.

In an effort to highlight and expand PALFINGER's technology leadership, research and developent was set as another priority of the financial year 2011. Development of the new "crane series 2015", revision of the North American transportable forklift model and regional adjustment of PALFINGER's products to the Asian market are key issues in this connection. The further development of electronics and mechatronics will be a substantial success factor for PALFINGER, so initiatives already started in these areas will be continued and expanded.

As of 1 January 2011, the Supervisory Board renewed the appointments of all four Management Board members for another five years. This clearly demonstrates the positive development and continuity of the PALFINGER Group.

The Annual General Meeting held on 30 March 2011 resolved to distribute a dividend of EUR 0.22 per share for the financial year 2010, and this dividend was paid out on 5 April 2011.

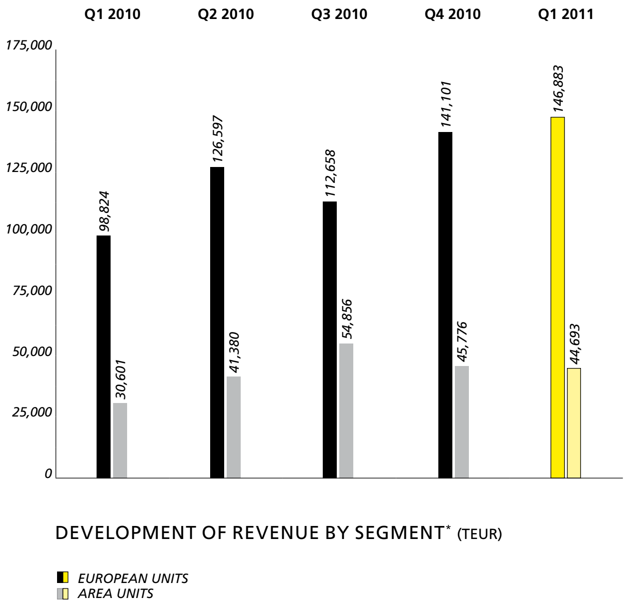
Hubert Palfinger and Alexander Exner resigned as Supervisory Board members with effect from 30 March 2011: the reason given for their retirement was a generation change in the Board. The Annual General Meeting elected Hannes Palfinger and Heinrich Dieter Kiener as first-time Supervisory Board members and renewed the appointment of Alexander Doujak, Chairman of the Board since December 2010.

Interest in PALFINGER shares continued to be strong, as evidenced by the many requests for investor appointments. In this connection, PALFINGER participated in a number of international road shows and investor conferences in the first quarter of 2011. After significantly outperforming the relevant stock exchange indices in 2010, the share price as of the end of the quarter was EUR 26.03, 9.5 per cent below 2010's year-end price of EUR 28.75. In April PALFINGER shares were once again being quoted at around EUR 28.

PERFORMANCE BY SEGMENT

PALFINGER implemented a new organizational structure at the beginning of 2010. On the one hand, it gives due consideration to the growth achieved in previous years, and on the other to meeting future challenges in individual markets. Since this time, in line with the Group's internal control structures, the segment figures reported have been broken down into the segments EUROPEAN UNITS, AREA UNITS and VENTURES.

To ensure the best possible use of synergies and process optimizations across the European business units, in the fourth quarter of 2010 these units – with the exception of the new Marine Systems business unit – were combined into the area EMEA (Europe, Middle East, Africa and Australia).This move will also enable the Management Board to concentrate more on areas outside EMEA and the new Marine Systems business unit. This structural change had no impact on reporting.



DEVELOPMENT OF REVENUE BY SEGMENT* (TEUR)

* No revenues are generated in the VENTURES segment.

EUROPEAN UNITS

The EUROPEAN UNITS segment comprises the area EMEA with the business units Knuckle Boom Cranes, Timber and Recycling Cranes, Tail Lifts, Access Platforms, Hookloaders, Transportable Forklifts, Railway Systems, Production, the distribution company in Germany and the associated subsidiaries and, since the third quarter of 2010, also the Marine Systems business unit.

In the first quarter of 2011 the EUROPEAN UNITS segment reported revenue of EUR 146.9 million, 48.6 per cent up on the figure of EUR 98.8 million recorded in the first quarter of 2010.
The new Marine Systems business unit contributed around EUR 9.8 million of the growth of EUR 48.1 million achieved.

The clear upward trend observed in recent quarters continued into the first quarter of 2011. It was felt primarily in the business units Knuckle Boom Cranes and Timber and Recycling Cranes as well as in the distribution company in Germany. These areas reported increases both compared to the fourth quarter of 2010 and year-on-year. The recent performance of Hookloaders and Tail Lifts was satisfactory as well. This compensated for the rather poor development of Railway Systems and Access Platforms.

At EUR 19.5 million, the segment result was significantly above the previous year's figure of EUR 9.0 million. On the one hand, this tremendous improvement was due to higher capacity utilization in major product areas, and on the other to the continuation of cost-cutting measures.

Knuckle Boom Cranes
After satisfactory market recovery in the financial year 2010, this positive trend continued in all major sales markets for knuckle boom cranes in the first quarter of 2011. Revenue growth also had a positive impact on earnings. The most successful markets included Germany, France and Scandinavia, though market developments in Russia and South Africa were also positive. Spain, Great Britain, Ireland, Italy, Romania and Ukraine continued to be weak markets.

Timber and Recycling Cranes
The very positive performance achieved the previous year also continued in the field of Timber and Recycling Cranes. Since demand was on the rise, revenue in the first quarter of 2011 more than doubled compared to the same period of the previous year, with earnings reaching a remarkably good level. Brazil, Russia and North America are increasingly proving to be promising markets with great future potential.

Tail Lifts
The Tail Lifts unit reported a rise in revenue of around 30 per cent compared to the first quarter of 2010, as well as an exceptionally substantial increase in earnings. The performance of markets in Great Britain and Germany has been particularly satisfactory in recent months. The planned takeover of the service business of Ross & Bonnyman in Great Britain is being reviewed in detail by the antitrust authorities, and will probably be delayed until mid 2011.

Access Platforms
After a difficult year in 2010, in the first quarter of 2011 the Access Platforms unit reported a slight rise in incoming orders. A late-cycle area compared to cranes, the restructuring measures currently being implemented in this unit reduced the negative effect on earnings during the period under review, and will result in a further improvement in the course of 2011. PALFINGER does not expect the market to recover before 2012.

Hookloaders
In 2010 operational management of this unit in France was boosted by the participation of the Vincent Group, a long-standing partner and successful local player. The measures taken in this connection coupled with the onset of a market recovery are increasingly taking effect, and were already reflected in a positive contribution to earnings in the first quarter of 2011.

Transportable Forklifts
The Transportable Forklifts unit remained at the same level as 2010, although performance in Germany, the unit's most important market, was satisfactory. With a view to further promoting this product group and balancing the fluctuations of individual geographical markets, PALFINGER has now made broadening the unit's customer base one of its priorities. A new design aimed at attracting new groups of customers was presented in the first quarter of 2011.

Railway Systems

The first quarter of 2011 was still weak due to the volatile order situation in 2010 in combination with the long lead times of projects in the Railway Systems unit. However, based on the increase in incoming orders recorded in recent months, this unit is expected to be able to make a higher contribution to earnings in the medium term. PALFINGER is still innovation leader in the global market for Railway Systems.

Production

Improved capacity utilization and consistent implementation of structural and cost-related measures in the Production business unit resulted in an exceptionally large increase in its contribution to earnings. This was also sustained by third-party manufacturing: PALFINGER has already established a reputation as a reliable partner with top quality products in this field.

Marine Systems

As expected, the new Marine Systems unit reported good operational results, with a particularly satisfactory contribution to earnings coming from Ned-Deck Marine. PALFINGER sees further opportunities in the professional development of the markets in the offshore wind energy sector.

AREA UNITS

The AREA UNITS segment comprises the areas North America, South America, Asia and Pacific, India and CIS together with their respective regional business units.

Most of the areas outside Europe are still being developed, reinforced by the Group's own initiatives and acquisitions. This segment reported a negative result due to the fact that these areas are still at the development stage and that the US market is currently still weak. By integrating and further expanding its strategic initiatives, PALFINGER aims to quickly enter the profit zone in the AREA UNITS on the basis of continued growth.

Revenue generated by the AREA UNITS segment rose by 46.1 per cent, from EUR 30.6 million in the first quarter of 2010 to EUR 44.7 million in the period under review. Consequently, areas outside Europe contributed 23.3 per cent of consolidated revenue. In North America, this revenue growth was boosted primarily by the consolidation of ETI and a slight acceleration of demand. In Asia, a marked increase in revenue was reported compared to the first quarter of the previous year.

However, due to seasonal effects in North and South America and exchange rate development, revenue and segment results in the period under review remained below the figures reported for the second half of 2010.

Despite the start-up costs incurred for assembly facilities in India and the seasonal effects described above, the segment result improved from –EUR 3.9 million in the previous year to –EUR 2.6 million in the first quarter of 2011. In South America, the transition to order-based manufacturing resulted in an improvement to operating processes that was reflected in increased earnings compared to the previous year.

Area North America

In the area North America the local product range was completed with the acquisition of ETI, an access platform producer, in 2010. ETI contributed EUR 6.1 million to the Group's revenue in the first quarter of 2011. Furthermore, all the business units in this area reported significant revenue growth. PALFINGER is still working hard to integrate the distribution and dealer networks of these business units in a move designed to generate additional potential for this area.

Area South America

PALFINGER still sees South America as a growth market in which the Group consistently pursues the establishment of new products such as its EPSILON cranes. Increased efficiency in the creation of value added through order-based manufacturing has already had a positive effect on this area's results.

Area Asia and Pacific

PALFINGER achieved strong growth in the area Asia and Pacific – albeit at a low unit level – with revenue up by 65 per cent in the first quarter of 2011. After establishing a value-creation site in China, PALFINGER is now intensively developing further strategic options designed to significantly enhance growth potential in this area for the PALFINGER Group.

Area India

In the area India, results of the first quarter of 2011 were impacted by the start-up costs incurred in connection with the new production site in Chennai. Incoming orders have already improved satisfactorily, reflecting the intensified market development effort made in 2010. The introduction of a telescopic crane adapted to local needs promises successful future market development. Local value creation at the site in Chennai will be expanded continually.

Area CIS

The area CIS has benefited considerably from the local sales organization implemented in 2009. The number of PALFINGER dealers on both sides of the Ural was increased to a total of 50, and the search for additional local partners is progressing well. Sales figures for both cranes and access platforms developed satisfactorily.

VENTURES

The VENTURES segment is composed of all major strategic projects for the future pursued by the PALFINGER Group up to operational maturity. As the projects included in the VENTURES segment do not generate revenue, the costs of such projects are reported.

In the first quarter of 2011, projects for the further development of the Indian, Asian and Russian areas as well as for potential acquisitions or partnerships in this connection were devised. The result for this segment for the first quarter of 2011 was –EUR 1.8 million compared to –EUR 1.6 million in the first quarter of 2010.

OUTLOOK

After the severe global economic crisis of previous years, PALFINGER observed a clear trend reversal as early as 2010. Not only did the Group manage to grasp the market opportunities that presented themselves, but it also emerged from the crisis even stronger than before in all sectors, obtaining significant benefits from the incipient market growth. This positive trend is expected to continue into 2011.

Internationalization is one of the cornerstones of PALFINGER's business strategy, an issue which the Group has consistently pursued. The strategic further development of the growth markets of Russia and China, which are increasingly gaining in importance for PALFINGER, has been and will continue to be promoted in a very deliberate manner.

Recent years have shown that being able to respond flexibly to changing market demand is an asset. PALFINGER is committed to further increasing this flexibility – a competitive advantage – in all fields. Switching to order-based procurement, manufacturing and assembly has enabled PALFINGER to respond to order fluctuations quickly without tying up excessive capital by increasing inventories. PALFINGER must now consistently pursue the course on which it has embarked.

The growing diversity of the Group's products, expansion through acquisition, as well as the promotion of internationalization all make it necessary to concentrate more on complexity management. PALFINGER regards this as a substantial challenge for the future. Stepping up activities and increasing resources in this field should help the Group to expand this significant competitive advantage in the future.

Management's outlook for 2011 is optimistic. On the basis of the current economic environment, it is estimated that organic revenue growth will exceed 20 per cent. The expected additional capacity utilization coupled with the positive effects of cost optimization projects point to a significant rise in earnings. In addition, the areas North and South America and the business unit Access Platforms are expected to make more substantial contributions to earnings, which were still at a low level in the first quarter of 2011.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2011

CONSOLIDATED BALANCE SHEET

TEUR	Note	31 March 2011	31 Dec 2010	31 March 2010
Non-current assets				
Intangible assets		126,301	127,972	75,258
Property, plant and equipment		195,518	200,151	191,214
Investment property		416	419	1,088
Investments in associated companies	1	16,374	15,459	16,488
Deferred tax assets		36,574	31,858	26,298
Non-current financial assets		4,246	2,794	1,521
Other non-current assets		2,548	2,242	2,412
		381,977	**380,895**	**314,279**
Current assets				
Inventories	2	175,129	159,754	153,761
Trade receivables	3	122,349	110,511	96,402
Other current assets		12,422	9,893	10,396
Tax receivables		107	513	260
Cash and cash equivalents		16,509	15,865	39,930
		326,516	**296,536**	**300,749**
Total assets		**708,493**	**677,431**	**615,028**
Equity				
Share capital		35,730	35,730	35,730
Additional paid-in capital		30,442	30,423	30,374
Treasury stock		(1,509)	(1,509)	(1,509)
Retained earnings	4	259,266	254,395	232,393
Valuation reserves pursuant to IAS 39		(170)	(444)	(707)
Foreign currency translation reserve		(6,050)	(1,236)	(4,189)
		317,709	**317,359**	**292,092**
Non-controlling interests		11,462	14,001	3,066
		329,171	**331,360**	**295,158**
Non-current liabilities				
Non-current financial liabilities		119,860	123,562	118,403
Non-current provisions		41,285	40,637	22,319
Deferred tax liabilities		14,859	15,178	12,188
Other non-current liabilities		4,493	4,461	2,771
		180,497	**183,838**	**155,681**
Current liabilities				
Current financial liabilities		64,513	55,947	69,596
Current provisions		11,027	11,668	11,601
Tax liabilities		5,700	4,352	1,830
Trade payables and other current liabilities	5	117,585	90,266	81,162
		198,825	**162,233**	**164,189**
Total equity and liabilities		**708,493**	**677,431**	**615,028**

CONSOLIDATED INCOME STATEMENT

TEUR	Note	Jan–March 2011	Jan–March 2010
Revenue		**191,576**	**129,425**
Changes in inventory		11,231	5,169
Own work capitalized	6	1,050	1,174
Other operating income		1,733	3,802
Materials and external services		(107,249)	(70,972)
Employee benefits expenses		(52,355)	(40,419)
Depreciation, amortization and impairment expenses		(6,161)	(4,892)
Other operating expenses		(25,664)	(19,840)
Eearnings before interest and taxes – EBIT (before associated companies)		**14,161**	**3,447**
Income from associated companies		**972**	**112**
Interest income		86	104
Interest expenses		(2,604)	(2,553)
Exchange rate differences		(702)	1,246
Other financial result		0	(11)
Net financial result		**(3,220)**	**(1,214)**
Result before income tax		**11,913**	**2,345**
Income tax expense		1,948	(1,144)
Result after income tax		**13,861**	**1,201**
attributable to			
shareholders of PALFINGER AG (consolidated net result for the period)		**12,570**	**827**
non-controlling interests		**1,291**	**374**
EUR			
Earnings per share (undiluted and diluted)	4	0.36	0.02
Average number of shares outstanding		35,402,000	35,402,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Jan–March 2011	Jan–March 2010
Result after income tax	**13,861**	**1,201**
Unrealized profits (+)/losses (–) from foreign currency translation	(5,039)	3,098
Unrealized profits (+)/losses (–) from cash flow hedge		
Changes in unrealized profits (+)/losses (–)	439	(670)
Deferred taxes thereon	(10)	20
Effective taxes thereon	(101)	151
Realized profits (–)/losses (+)	(76)	207
Deferred taxes thereon	22	0
Effective taxes thereon	0	(52)
Other comprehensive income	**(4,765)**	**2,754**
Total comprehensive income	**9,096**	**3,955**
attributable to		
shareholders of PALFINGER AG	**8,120**	**3,581**
non-controlling interests	**976**	**374**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the shareholders of PALFINGER AG								
TEUR	Note	Share capital	Additional paid-in capital	Treasury stock	Retained earnings	Valuation reserves pursuant to IAS 39	Foreign currency translation reserve	Total	Non-controlling interests	Equity
As of 1 Jan 2010		**35,730**	**30,363**	**(1,509)**	**231,453**	**(363)**	**(7,287)**	**288,387**	**3,890**	**292,277**
Total comprehensive income										
Result after income tax		0	0	0	827	0	0	**827**	374	**1.201**
Other comprehensive income										
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0	0	0	3,098	**3,098**	0	**3,098**
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0	0	(344)	0	**(344)**	0	**(344)**
		0	**0**	**0**	**827**	**(344)**	**3,098**	**3,581**	**374**	**3,955**
Transactions with shareholders										
Dividends		0	0	0	0	0	0	**0**	(1,085)	**(1,085)**
Other changes		0	11	0	113	0	0	**124**	(113)	**11**
		0	**11**	**0**	**113**	**0**	**0**	**124**	**(1,198)**	**(1,074)**
As of 31 March 2010		**35,730**	**30,374**	**(1,509)**	**232,393**	**(707)**	**(4,189)**	**292,092**	**3,066**	**295,158**
As of 1 Jan 2011		**35,730**	**30,423**	**(1,509)**	**254,395**	**(444)**	**(1,236)**	**317,359**	**14,001**	**331,360**
Total comprehensive income										
Result after income tax		0	0	0	12,570	0	0	**12,570**	1,291	**13,861**
Other comprehensive income										
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0	0	0	(4,724)	**(4,724)**	(315)	**(5,039)**
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0	0	274	0	**274**	0	**274**
		0	**0**	**0**	**12,570**	**274**	**(4,724)**	**8,120**	**976**	**9,096**
Transactions with shareholders										
Dividends	4	0	0	0	(7,788)	0	0	**(7,788)**	(3,515)	**(11,303)**
Other changes		0	19	0	89	0	(90)	**18**	0	**18**
		0	**19**	**0**	**(7,699)**	**0**	**(90)**	**(7,770)**	**(3,515)**	**(11,285)**
As of 31 March 2011		**35,730**	**30,442**	**(1,509)**	**259,266**	**(170)**	**(6,050)**	**317,709**	**11,462**	**329,171**

CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	Jan–March 2011	Jan–March 2010
Result before income tax	**11,913**	**2,345**
Cash flows from operating activities	2,966	9,275
Cash flows from investing activities	(5,496)	(2,639)
Cash flows from financing activities	3,550	18
Total cash flows	**1,020**	**6,654**
Free cash flows	**238**	**8,382**

TEUR	2011	2010
Funds as of 1 Jan	**15,865**	**33,073**
Effects of foreign exchange differences	(376)	203
Total cash flows	1,020	6,654
Funds as of 31 March	**16,509**	**39,930**

SEGMENT REPORTING

	Revenue		EBIT		Segment result	
TEUR	Jan–March 2011	Jan–March 2010	Jan–March 2011	Jan–March 2010	Jan–March 2011	Jan–March 2010
EUROPEAN UNITS	146,883	98,824	18,723	8,896	19,493	9,008
AREA UNITS	44,693	30,601	(2,790)	(3,865)	(2,588)	(3,865)
VENTURES	–	–	(1,772)	(1,584)	(1,772)	(1,584)
PALFINGER Group	**191,576**	**129,425**	**14,161**	**3,447**	**15,133**	**3,559**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

PALFINGER AG is a publicly listed company headquartered in Salzburg, Austria, whose main business activity is the production and the sale of innovative lifting, loading and handling solutions for commercial vehicles.

REPORTING BASES

In principle, the same accounting and valuation methods used in the consolidated financial statements for the financial year 2010 were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 31 March 2011, which were prepared on the basis of IAS 34. The consolidated financial statements as of 31 December 2010 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). Please refer to the consolidated financial statements of PALFINGER AG as of 31 December 2010 for further information on the individual accounting and valuation methods used.

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

No changes in accounting and valuation methods were made in the first quarter of 2011.

SCOPE OF CONSOLIDATION

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

The Hamburg-based company Schomäcker Fahrzeugbau GmbH, 100 per cent of which was taken over by Palfinger GmbH, Ainring, in the financial year 2010, was merged with Palfinger GmbH, Ainring, with effect from 1 January 2011.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(1) Investments in associated companies

Changes in investments in associated companies are shown in the following table:

TEUR	2011	2010
As of 1 Jan	**15,459**	**15,726**
Additions	0	1,026
Share in net result for the period	972	2,446
Dividends	0	(3,981)
Exchange rate differences	(57)	242
As of 31 March/31 Dec	**16,374**	**15,459**

(2) Inventories

Inventories are broken down as follows:

TEUR	31 March 2011	31 Dec 2010
Materials and production supplies	65,620	62,645
Work in progress	54,208	42,760
Finished goods and goods for resale	54,439	53,607
Prepayments	862	742
Total	**175,129**	**159,754**

(3) Trade receivables

Trade receivables include receivables from associated companies in the amount of TEUR 7,432 (31 December 2010: TEUR 4,991).

Based on previous experience, an allowance for doubtful debts in the amount of TEUR 6,419 (31 December 2010: TEUR 6,972) was made to take insolvency risks into account.

(4) Equity

The Annual General Meeting held on 30 March 2011 approved a resolution for payment of a dividend in the amount of EUR 7,788 out of 2010 profits. This dividend – paid to PALFINGER AG shareholders on 5 April 2011 – was equivalent to a dividend of EUR 0.22 EUR per share. No dividend was paid out for the previous year.

The amount of TEUR 3,500 was paid to the non-controlling shareholders of EPSILON Kran GmbH on 1 March 2011.

The changes in shares outstanding are shown in the following table:

Shares	2011	2010
As of 1 Jan	**35,402,000**	**35,402,000**
Exercise of stock option	0	0
As of 31 March/31 Dec	**35,402,000**	**35,402,000**

On the basis of a consolidated net result for the period in the amount of TEUR 12,570 (Jan–March 2010: TEUR 827), undiluted earnings per share were EUR 0.36 (Jan–March 2010: EUR 0.02). Due to the low dilution effect of the stock option programme, diluted earnings per share were identical to undiluted earnings per share.

(5) Trade payables and other current liabilities

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

TEUR	31 March 2011	31 Dec 2010
Trade payables	68,699	55,945
Liabilities to associated companies	933	634
Prepaid orders	5,916	5,153
Liabilities on accepted bills of exchange	0	4
Liabilities to employees	18,992	14,635
Liabilities relating to social security and other taxes	10,940	9,902
Other liabilities	11,573	3,639
Deferred income	532	354
Total	**117,585**	**90,266**

Liabilities to associated companies in the amount of TEUR 933 (31 December 2010: TEUR 634) resulted from the provision of goods and services (31 December 2010: TEUR 631).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(6) Own work capitalized

Own work capitalized resulted mainly from capitalized development expenditure from the divisions knuckle boom cranes, access platforms, services and railway as well as from local product developments in North America.

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as of 31 March 2011.

RELATED PARTIES

There were no substantial changes compared to 31 December 2010 with respect to business transactions with related parties. All transactions with related parties are carried out at generally acceptable market conditions. Please refer to the consolidated financial statements of PALFINGER AG as of 31 December 2010 for further information on individual business relations.

STOCK OPTION PROGRAMME

The stock option programmes which PALFINGER AG has for members of its Supervisory and Management Boards are structured as follows:

	Herbert Ortner		Christoph Kaml		Wolfgang Pilz		Martin Zehnder		Alexander Exner		Alexander Doujak	
Number of stock options	40,000	40,000	25,000	25,000	25,000	25,000	25,000	25,000	10,000	0	15,000	15,000
Exercise price in EUR	10.12	10.12	16.57	16.57	10.12	10.12	10.12	10.12	10.12	10.12	10.12	10.12
Exercise period within 12 weeks after the AGM	2012	2014	2013	2015	2012	2014	2012	2014	2012	2014	2012	2014
Fair value of option in EUR as of valuation date*	2.58	2.56	4.73	5.77	2.58	2.56	2.58	2.56	2.58	2.56	2.58	2.56
Underlying volatility	50.0%	40.0%	45.0%	45.0%	50.0%	40.0%	50.0%	40.0%	50.0%	40.0%	50.0%	40.0%
Price in EUR as of valuation date	9.29		16.81		9.29		9.29		9.29		9.29	

* Valuation model used: Monte Carlo simulation.

Please refer to the consolidated financial statements of PALFINGER AG as of 31 December 2010 for further information on these stock option programmes.

Changes in stock options were as follows:

Number of stock options	2011	2010
As of 1 Jan	**300,000**	**250,000**
Options granted	0	50,000
Options lapsed	30,000	0
As of 31 March/31 Dec	**270,000**	**300,000**

Alexander Exner resigned from the Supervisory Board with effect from 30 March 2011. 30,000 of the stock options granted to him lapsed in connection with his resignation.

KEY EVENTS AFTER THE REPORTING DATE

In April 2011, the merger of Palfinger Marine d.o.o., Skrljevo, with Palfinger Proizvodna Tehnologija Hrvatska d.o.o., Delnice, was entered into the commercial register. It is assumed that the entry for Palfinger Marine d.o.o., Skrljevo, will be deleted no later than May 2011.

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 2011 to 31 March 2011. These interim consolidated financial statements comprise the consolidated balance sheet as of 31 March 2011, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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. Our responsibility and liability in connection with the review and with reference to sec. 275 para. 2 of the Business Code (UGB) towards the Company as well as third parties shall be limited to a total of Euro 12 million.

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 accompa-nying interim financial information does not give a true and fair view of the financial position of the Group as of 31 March 2011, 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 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, 27 April 2011

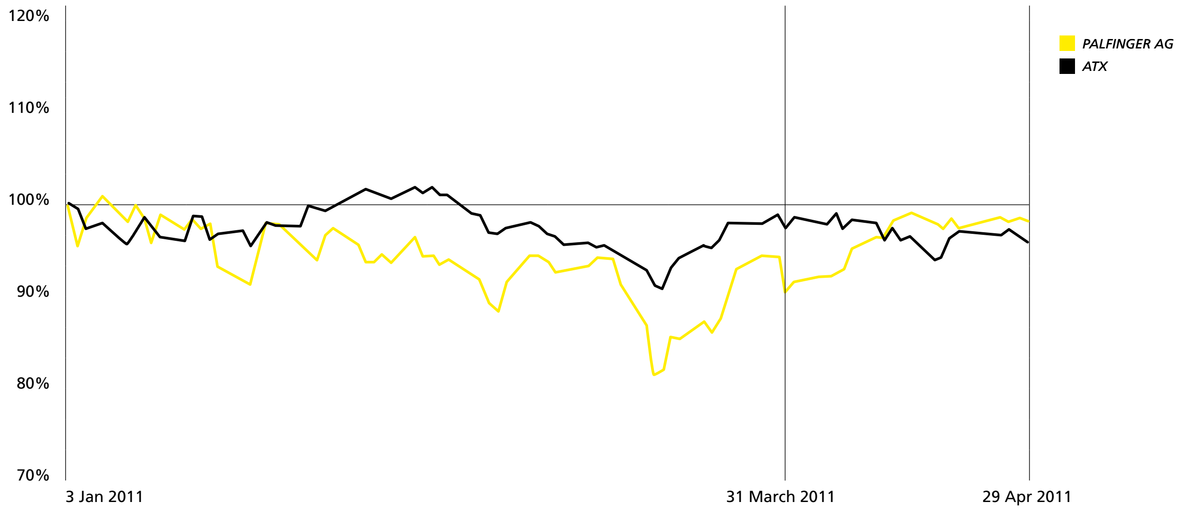
Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

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

Shareholder Information

Q1 2011	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	35,730,000
of which own shares	328,000
Price as of 31 March 2011	EUR 26.03
Earnings per share (Q1 2011)	EUR 0.36
Market capitalization as of 31 March 2011	TEUR 930,051.9

Share Price Performance



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FINANCIAL CALENDAR

10 August 2011	Publication of results for the first half of 20111
10 November 2011	Publication of results for the first three quarters of 2011
23 January 2011	Publication of preliminary results for 2011
8 February 2012	Balance sheet press conference
7 March 2012	Annual General Meeting
10 May 2012	Publication of results for the first quarter of 2012
9 August 2012	Publication of results for the first half of 2012
9 November 2012	Publication of results for the first three quarters of 2012

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Minimal arithmetical differences may result from the application of commercial rounding to individual items and percentages in this interim report. The English translation of this PALFINGER report is provided for convenience only. Only the German text is binding.

This report contains forward-looking statements made on the basis of all information available at the time of 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 substantially different from those predicted.

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