
HY09
INTERIM REPORT
The last months.
The next years.
PALFINGER

Financial Highlights of the PALFINGER Group

TEUR	HY1 2009	HY1 2008 ²)	HY1 2007	HY1 2006	HY1 2005
Income statement					
Revenue	269,169	423,452	340,592	289,004	253,853
EBITDA	4,899	69,246	57,976	45,777	42,517
EBITDA margin	1.8%	16.4%	17.0%	15.8%	16.7%
EBIT	(5,863)	59,348	50,993	39,015	37,233
EBIT margin	(2.2%)	14.0%	15.0%	13.5%	14.7%
Profit/loss before income tax	(8,516)	59,240	53,111	39,025	37,372
Consolidated net result for the period	(8,041)	42,454	39,235	28,450	27,513
Balance sheet					
Total assets	624,703	594,224	469,223	393,178	343,458
Non-current operating assets	302,899	259,856	184,547	144,934	125,892
Net working capital (as of the reporting date)	156,200	152,701	115,170	93,184	82,958
Capital employed (as of the reporting date)	459,099	412,557	299,717	238,118	208,850
Liabilities	336,350	284,282	205,770	179,815	165,397
Equity	288,353	309,942	263,453	213,363	178,062
Equity ratio	46.2%	52.2%	56.1%	54.3%	51.8%
Net debt	170,746	102,615	36,264	23,271	30,788
Gearing	59.2%	33.1%	13.8%	10.9%	17.3%
Cash flow and investment					
Cash flows from operating activities	18,568	31,513	33,000	33,267	16,162
Free cash flow	14,668	6,126	1,496	28,339	10,405
Investment in property, plant, and equipment	7,559	28,178	33,969	7,382	6,321
Depreciation, amortisation, and impairment	10,762	9,898	6,983	6,762	5,284
Payroll					
Average payroll during the reporting period ¹)	4,601	4,504	3,712	3,389	2,928

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

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

Interim Report for the Period Ended 30 June 2009

ECONOMIC BACKGROUND

In the last months of the first half 2009 global economic performance was better than expected. China and India proved to be the main economic motors, whereas in Europe in particular the large markets were still marked by weakness. The International Monetary Fund (IMF) projected a 1.4-precent drop in world output for 2009, which means that for the first time in decades the world economy is shrinking. A marked recovery – from today's point of view at a growth rate of 2.5 percent – is expected to take hold in 2010.

The economy in the US has stabilised noticeably, although it will probably continue to waver between recession and recovery for several months. Employment figures and industrial production still paint a less than sunny picture. The IMF marked up its forecast of US gross domestic product slightly, indicating a contraction of 2.6 percent in 2009 before expanding by 0.8 percent in 2010.

In the euro zone the recovery is especially hampered by Germany, Spain, and Italy, all of which are faced with shrinking economies. On this basis the IMF once again lowered its projections, pointing to the shrinking of the economy in the euro zone by 4.8 percent in 2009 and a further, albeit slight, 0.3-percent decrease in 2010. Their strong reliance on exports as well as their dependence on international monetary flows have been pressing hard on numerous Eastern European countries. At – 5.0 percent the 2009 economic forecast for the region is now projected to be significantly lower than several months ago.

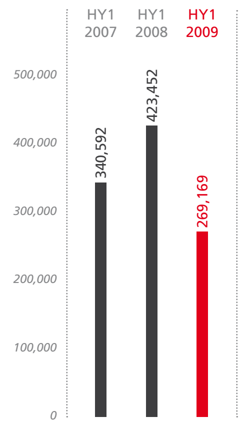
China initiated a huge government stimulus programme – the first large economy to do so – which has had a positive impact on industrial production and retail sales. Similarly the stimulus programme in India has also been rolled out quickly. The IMF's 2009 growth outlook for China now is 7.5 percent and 5.4 percent for India.

Brazil is quickly recovering from the effects of the global financial crisis. The second quarter 2009 already indicated an end to the downward trend. Despite the expected decline in Brazil's economy by 1.3 percent in 2009, the growth rate is projected to achieve 2.5 percent in 2010.

Financial markets picked up in the second quarter 2009, and confidence in their recovery rose. The euro made up for lost ground against the US dollar and was quoted at USD 1.41 at the end of June 2009, higher than its rate of USD 1.39 as of the end of 2008. In the second quarter stock markets were marked by price increases, even though trading volumes were modest. Most recently raw material prices have been rising again, and at the end of June the price for one barrel of Brent amounted to USD 69.16.

GROUP PERFORMANCE

The performance of the PALFINGER Group during the first half 2009 clearly reflected the weak economy, especially in Europe, even though order intake stabilised on this low level in recent months. Compared to the record results achieved in the first half 2008 the Group posted a massive decline in revenues and earnings in the first half 2009. At EUR 269.2 million, revenue was 36.4 percent lower than the previous year's figure of EUR 423.5 million. The WUMAG ELEVANT and Omaha Standard groups, which were consolidated after the first half 2008, contributed almost EUR 45 million to this result. Without taking into account these acquisitions, revenue would have been cut in half. In particular the reduction in order backlog in the access platform area has had a positive impact in this connection.



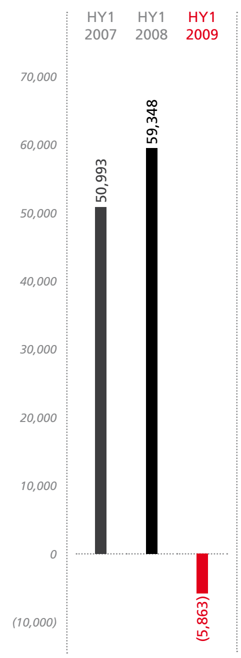
DEVELOPMENT OF REVENUE
(TEUR)

Despite this slump in revenue a positive EBITDA of EUR 4.9 million (previous year: EUR 69.2 million) was achieved thanks to PALFINGER's early cost-savings policies. However, at EUR – 5.9 million EBIT for the first half 2009 was negative. The performance during the first two quarters 2009 clearly shows that the measures taken have been effective, which has been increasingly reflected in the results. While revenue in the second quarter 2009 amounted to EUR 128.8 million, which is EUR 11.6 million lower than the previous quarter's figure (Q1: EUR 140.4 million), EBITDA went up to EUR 2.9 million (Q1: EUR 2.0 million). EBIT in the second quarter 2009 was at EUR – 2.7 million (Q1: EUR – 3.2 million).

In the first half 2009 the KNUCKLE BOOM CRANE business recorded almost zero sales in the Spanish, British, Irish, Greek, and Russian markets, and noticeable declines in the two largest markets of Germany and France. While the overall economic trend at the end of 2008 also spread to the South American market, with the exception of Brazil, the US has seen the first signs of recovery since the beginning of the year. In the second quarter 2009, however, all the markets stabilised on a very low level, and the US, as well as Asia, recorded a slight pick-up in orders.

In the first quarter 2009 short-time work at Austrian sites was prolonged or expanded until the end of September 2009. As the order intake continues to be weak, PALFINGER recently decided on a further prolongation of short-time work for another six months until the end of March 2010. At other sites adequate measures were also taken in line with the provisions of labour law. All staff-related actions continue to be taken on the basis of the strategic perspective of a subsequent recovery, which is why PALFINGER deliberately accepts over-capacities.

The purchase price of materials, especially steel, declined significantly in the period under review. Due to its purchase obligations dating from 2008 as well as the decline in the number of units produced, PALFINGER has sufficient inventories to last approximately until the beginning of the fourth quarter 2009. Cuts in material prices are therefore not reflected in expenses. However, the de-stocking process that is underway has a simultaneous positive impact on cash flows.



DEVELOPMENT OF EBIT
(TEUR)

GROUP ASSETS, FINANCES, AND EARNINGS

At 46.2 percent the equity ratio was still at a high level at the end of the first half (31 December 2008: 48.5 percent). As compared to the end of 2008 both a slight decrease in total assets of EUR 13.6 million to EUR 624.7 million and a reduction of equity to EUR 288.4 million due to the consolidated net loss for the period and the distribution of dividends and/or foreign currency translations were recorded. While non-current assets remained almost unchanged, net working capital was reduced considerably. As a consequence, the capital employed decreased by EUR 17.5 million to EUR 459.1 million as compared to 31 December 2008. Net financial liabilities amounted to EUR 170.7 million, which is nearly identical to the figure of EUR 166.7 million recorded at the end of 2008. This led to a gearing ratio of 59.2 percent as compared to 53.8 percent at the end of the previous year and 63.4 percent at the end of the first quarter 2009.

The Group's financing structure was focused more strongly on longer-term liabilities. This was further supported by the successful placement of promissory notes. The Group's corporate financing strategy attaches great importance to a strategic liquidity reserve; cash and cash equivalents were therefore increased by EUR 30.4 million, from EUR 9.1 million as of the end of 2008 to EUR 39.5 million. In addition, the targeted capital employed management is going to continue to contribute to a positive free cash flow and in the first half already made a free cash flow of EUR 14.7 million possible, which can be traced back primarily to the cash flow from operating activities of EUR 18.6 million.

Revenues in the amount of EUR 269.2 million reflect the downward trend in the market as compared to the same period of the previous year. While a positive EBITDA of EUR 4.9 million (Jan – June 2008: EUR 69.2 million) was achieved, EBIT amounted to EUR – 5.9 million (Jan – June 2008: EUR 59.3 million) and a consolidated net result for the period of EUR – 8.0 million (Jan – June 2008: EUR 42.5 million) was recorded. The development of results was primarily caused by the performance of the CRANES segment, where the segment result (before financial result, taxes, and minority interests) deteriorated by EUR 64.6 million.

MATERIAL RISKS AND UNCERTAINTIES IN THE SECOND HALF 2009

The risk situation in the second half 2009 will be strongly dependant on the economic framework conditions. The most important risks factors concern over-capacities in the field of production, overstocked warehouses, and the need not to reduce fixed costs any further in order to be prepared for the expected upswing.

The effects of the global financial crisis are clearly visible in the results of the PALFINGER Group for the current financial year. In principle, a further aggravation of the crisis is no longer expected; order intake has been stable for a few months now, a sign that the recession is bottoming out. Nevertheless, management is preparing measures that will enable the Group to react quickly and efficiently if market demand dropped any further.

Should this scenario come true, exposure to certain operational risks would increase. This refers in particular to the following risks:

- Large stocks of materials resulting from existing purchase obligations with suppliers and low demand for production would push up inventory cost.
- Strategically important suppliers who depend on PALFINGER might no longer be available due to financial difficulties.
- An extension of payment deadlines granted to dealers would lead to a deterioration of the liquidity position.
- Under-utilisation of production machines would result in a high fixed-cost burden.
- Excess capacities in the field of human resources and inflexible working time models would also have a negative effect on fixed costs.

A further deterioration of the economic framework would also have fundamental consequences for individual projects:

- Assumptions that were used as a basis for decisions on acquisitions might prove to be incorrect, resulting in loss-making investments.
- In case of setbacks regarding the turnaround projects, capitalised goodwill would have to be reviewed.
- The capitalised loss carry forwards would no longer be useable.

Although cost reduction measures are to continue, PALFINGER has not and will not neglect its long-term strategic goals. This includes actively seizing market opportunities and taking over attractive targets after diligent examination on the one hand and holding capacities and resources available for the expected upswing on the other. This approach carries a certain risk of loss should market conditions continue to be difficult.

In some countries models allowing for more flexible working hours for employees, for instance short-time work, are in place. However, these measures only make sense to ride out temporary capacity utilisation problems. Should market demand fail to improve, the necessary measures to adjust capacities could only be taken with a certain delay.

The quality of the PALFINGER products is an enormous competitive advantage for the Company. Being able to provide high-quality products and services is of crucial importance, in particular in times of low demand.

Credit institutions and banks base their decisions to grant credit limits and the amount of the refinancing costs on their assessment of PALFINGER's future prospects. Contact with banks has been intensified in order to provide them with a more comprehensive picture of the Group's current situation.

In light of the current market situation credit ratings of customers and dealers that are based on their payment history no longer provide sufficient information. More detailed analyses of the overall situation are required.

Most of the processes within the Company rely on IT. In particular, operational and strategic management decisions depend on information generated by these systems. A failure of these systems poses a risk for PALFINGER.

RISKS RELATING TO BALANCE SHEET PREPARATION

Errors in estimates regarding the potential of the capitalised development expenditure would require an adjustment.

As financial reports have to be communicated to the capital market as soon as possible after the closing of the books for a given accounting period, it is possible that issues relating to the period ended may only be presented in the subsequent period.

As revenues and EBIT contract, the materiality limits in business auditing also fall. In taking a more detailed look, circumstances that used to be irrelevant might have to be discussed.

In times of economic crisis there is always the risk that, due to a highly pessimistic approach in accounting, a company's situation as presented in the books is depicted worse than is actually the case. This effect is reinforced when risk-averse bodies require mechanisms of control to be applied when preparing financial statements. A seasoned reader of balance sheets who is not aware of the specific dynamics of an industry might draw the wrong conclusions.

With its continuously developing risk management and control system, which is uniformly organised throughout the Company, PALFINGER ensures that adequate risk control strategies are developed and implemented. Should the market situation remain stable and/or improve, there are, at the moment, no discernible risks that might jeopardise the continued existence of the Company.

OTHER EVENTS

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

In order to simplify the Group's structure, the access platform area in Germany, which since the takeover of WUMAG ELEVANT had consisted of several legal entities, was combined into Palfinger Platforms GmbH during the first quarter 2009.

The vigorous growth achieved by the PALFINGER Group in recent years – not least because of the acquisitions made – also made it necessary to refine its organisational structure on an ongoing basis. At the end of June 2009 the new Global PALFINGER Structure was agreed upon. This strategy provides for a stronger focus on entrepreneurial management of the European business via business units on the one hand and the boosting of the non-European areas on the other, and is scheduled to be implemented by the end of 2009. With Palfinger Cranes India Pvt. Ltd., a company for the Indian area, the Group took another consistent step in further pursuing its strategic focus on the Asian market.

Under the policy of increased insourcing the expansion of cylinder manufacturing in Bulgaria has been continued. The acquisition of 40 percent of the Romanian supplier Nimet Srl in April 2009 may also be seen in this context. In addition, production capacities have been increasingly used for the purpose of manufacturing for third parties. The two state-of-the-art CDP paint shop systems, for instance, have already been used to fill external orders.

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

The North American area has recently been strengthened considerably: The Omaha Standard Group, which was taken over at the end of 2008, with its well-established procurement, production, and distribution structures has contributed to an increase in local value creation. In early July 2009 PALFINGER took another important step by acquiring Automated Waste Equipment, Inc., a leading US producer of container handling systems. This made PALFINGER the number two in container handling systems in the US, providing the Group with products specific to the US market as an excellent supplement to the technologically advanced PALFINGER PALIFT product portfolio.

While competitors tend to cut back on their market presence, for instance at trade fairs, due to the current economic situation, the PALFINGER Group uses these platforms to increase its presence and to present new product developments.

Investor-relations work was also intensely pursued in the first half. At roadshows, investors conferences, stock exchange days, and investors fairs PALFINGER met with great interest. More and more investors took the opportunity to get an idea of the products and plants on site. On 30 June 2009 the price of the PALFINGER share was at EUR 10.65 as compared to EUR 8.93 at the end of March 2009, nearly reaching again the price of EUR 11.24 recorded as of the end of 2008. PALFINGER got on board another international broker for research coverage with Cheuvreux.

PERFORMANCE BY SEGMENT

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

CRANES

The CRANES segment was hit particularly hard by the global economic developments. In the first half 2009 revenues decreased by 49.9 percent to EUR 145.9 million as compared to EUR 291.0 million in the same period of the previous year. Not taking into account the revenue generated by Omaha Standard, which is included in this figure following its initial consolidation in the fourth quarter 2008, the decrease was approximately 57 percent. In the second quarter 2009 revenues came to EUR 66.8 million, which is 15.5 percent below the figure recorded in the first quarter 2009. This led to a negative segment result of EUR – 0.9 million for the first half 2009 (Jan–June 2008: EUR + 63.7 million).

The KNUCKLE BOOM CRANE area was marked by continued weak demand, although from March 2009 onwards signs of market stabilisation started to emerge. Special attention was also paid to the specific risk situation faced by suppliers and dealers in order to be able to reflect relevant developments in the balance sheet.

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

The MADAL telescopic crane business was characterised by filling orders already on hand. In early 2009, however, cancellations of orders had to be coped with.

At OMAHA STANDARD the first half 2009 was marked by the challenging economic situation in the US, in particular by the languishing truck industry. Nevertheless, order intake improved slightly from March onwards. Apart from taking cost reduction measures which have a short-term effect, the focus remained on tapping additional potential synergies.

HYDRAULIC SYSTEMS & SERVICES

Revenue in the HYDRAULIC SYSTEMS & SERVICES segment decreased by only 6.9 percent, from EUR 132.5 million in the first half 2008 to EUR 123.3 million. This development, which in light of the current situation is pleasing, was contributed to considerably by the revenues generated by the WUMAG ELEVANT Group, which was taken over in the third quarter 2008. The segment’s result for the first half 2009 of EUR – 1.8 million was lower than the previous year’s figure of EUR – 0.1 million, but in the second quarter 2009 a positive figure was posted again. However, the development of results clearly shows that the weak construction and truck industries are not the main target industries of the products of this segment.

The PALIFT division was not able to elude the effects of the low level of order intake. Consequently, declines in both revenues and earnings had to be faced in this area. In the second quarter short-time work was introduced.

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

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

The CRAYLER business continued to develop differently in Europe than in North America. While successes were achieved in the key account business in Europe in the first half 2009, the North American market was still non-existent. Negative impacts on the results were, however, contained by means of targeted cost reduction measures.

The consolidation of the various companies of the access platform division was accomplished in the first quarter 2009. The name of this division, which now comprises the two brands BISON and WUMAG, was changed to PLATFORMS. The markets in this area were also affected by the impact of the restrictive lending policy, which has already resulted in several delays in delivery and cancellations of orders. Towards the end of the second quarter, however, numerous orders could be closed so that this area contributed considerably to the stable revenue of the entire segment. Earnings improved accordingly.

The drop in revenue in the SERVICES area remained moderate and results were kept at a stable level. Furthermore, the gradual introduction of the new crane series in the truck-mounted knuckle boom crane area led to an expansion of trainings activities.

VENTURES

In the first half 2009 a project with the aim of strengthening the structure of the Group's earnings and assets, including the provision of external manufacturing for third parties, was coordinated under this segment. In addition, the details of the PALFINGER organisation project for the adjustment of the Global PALFINGER Structure were worked out.

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

As the projects included in this segment do not generate revenues, only their costs are reported. In the first half 2009 the result in the VENTURES segment amounted to EUR – 1.5 million, which nearly corresponds to the previous year's figure of EUR – 1.6 million. This also reflects the fact that the PALFINGER Group consistently promotes its projects for the future.

OUTLOOK

As an early-cycle company PALFINGER perceives fluctuations in the economic cycle – be they positive or negative – even at a very early stage. Management already recognised clear signs of bottoming out in the way the relevant markets developed in recent months, demand stabilised at the currently very low level. The implementation of the infrastructure projects announced and/or agreed upon all over the world should also entail clear impulses. While performance is going to be slow in the third quarter 2009 due to the small volume of orders on hand and the low level of output in connection with the upcoming company holidays, PALFINGER is cautiously optimistic for the fourth quarter.

Management still sees various scenarios for the Group's future development. From today's point of view, in spite of declines in revenue of up to 40 percent, a clearly positive EBITDA is expected for the entire year 2009.

The PALFINGER Group started off into this difficult year 2009 from a strong market position. The combination of its solid corporate basis, the high quality of its products, outstanding employees, and the strong service and dealer network has proven to be an enormous competitive advantage. Moreover, PALFINGER has been taking advantage of the crisis not only to seize market opportunities as they open up but also to implement structural improvements, the results of which will become increasingly visible over the course of this year. For all of these reasons, the Group's earnings will benefit over-proportionally from any economic recovery.

Consolidated Balance Sheet

TEUR	Note	30 June 2009	31 Dec 2008	30 June 2008
Non-current assets				
Intangible assets*		68,136	66,918	55,763
Property, plant, and equipment		195,984	198,224	167,505
Investment property		1,119	1,135	1,104
Investments in associated companies	1	14,374	13,633	14,522
Deferred tax assets		20,951	21,557	18,738
Non-current financial liabilities		1,100	1,360	571
Other non-current assets		2,335	2,278	2,224
		303,999	**305,105**	**260,427**
Current assets				
Inventories	2	169,034	185,612	174,477
Trade receivables	3	96,207	119,665	137,505
Other current assets		14,248	17,424	15,230
Tax receivables		1,744	1,428	1,561
Cash and cash equivalents		39,471	9,096	4,341
		320,704	**333,225**	**333,114**
Non-current assets held for sale		0	0	683
		320,704	**333,225**	**333,797**
Total assets		**624,703**	**638,330**	**594,224**
Equity				
Share capital		35,730	35,730	35,730
Treasury stock		(1,509)	(1,730)	(1,840)
Additional paid-in capital		30,191	30,177	30,137
Retained earnings*	4	229,627	251,582	247,526
Revaluation reserve		0	(112)	(112)
Valuation reserves pursuant to IAS 39		(64)	(124)	526
Foreign currency translation reserve		(9,024)	(12,104)	(6,787)
		284,951	**303,419**	**305,180**
Minority interests		3,402	6,411	4,762
		288,353	**309,830**	**309,942**
Non-current liabilities				
Non-current financial liabilities	5	127,760	44,919	35,318
Non-current provisions		23,724	22,428	21,972
Deferred tax liabilities*		7,471	10,144	8,445
Other non-current liabilities		2,321	1,763	1,144
		161,276	**79,254**	**66,879**
Current liabilities				
Current financial liabilities		86,009	132,337	72,963
Current provisions		18,047	19,386	14,614
Tax liabilities		2,295	2,038	16,331
Trade payables and other current liabilities	6	68,723	95,485	113,495
		175,074	**249,246**	**217,403**
Total equity and liabilities		**624,703**	**638,330**	**594,224**

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

Consolidated Income Statement

TEUR	Note	April–June 2009	April–June 2008	Jan–June 2009	Jan–June 2008
Revenue		**128,777**	**214,508**	**269,169**	**423,452**
Changes in inventory		(5,697)	(706)	(2,855)	11,230
Own work capitalised		1,202	0	2,273	10
Other operating income		4,257	2,275	8,392	5,310
Materials and external services		(67,161)	(113,300)	(147,463)	(231,338)
Employee benefits expenses		(37,069)	(41,252)	(79,506)	(84,950)
Depreciation, amortisation, and impairment expenses *		(5,598)	(5,069)	(10,762)	(9,898)
Other operating expenses		(21,366)	(26,612)	(45,111)	(54,468)
Earnings before interest and taxes – EBIT (before associated companies)		**(2,655)**	**29,844**	**(5,863)**	**59,348**
Income from associated companies		**1,074**	**1,520**	**1,666**	**2,570**
Interest income		164	96	320	206
Interest expenses		(2,954)	(1,700)	(5,587)	(3,135)
Other financial income		526	(20)	948	251
Net financial result		**(2,264)**	**(1,624)**	**(4,319)**	**(2,678)**
Profit/loss before income tax		**(3,845)**	**29,740**	**(8,516)**	**59,240**
Income tax expenses *	7	136	(7,890)	966	(14,164)
Profit/loss after income tax		**(3,709)**	**21,850**	**(7,550)**	**45,076**
attributable to					
minority interests		**223**	**1,563**	**491**	**2,622**
shareholders of PALFINGER AG (consolidated net result for the period)		**(3,932)**	**20,287**	**(8,041)**	**42,454**
EUR					
Earnings per share (undiluted and diluted)	4			(0.23)	1.20
Average number of outstanding shares				35,370,000	35,340,740

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

Consolidated Statement of Comprehensive Income

TEUR	April–June 2009	April–June 2008	Jan–June 2009	Jan–June 2008
Profit/loss after income tax	**(3,709)**	**21,850**	**(7,550)**	**45,076**
Unrealised profits (+)/losses (–) from foreign currency translation	941	658	3,080	(1,864)
Unrealised profits (+)/losses (–) from AFS securities				
Changes in unrealised profits (+)/losses (–)	0	(5)	0	5
Deferred taxes thereon	0	2	0	(1)
Unrealised profits (+)/losses (–) from cash flow hedge				
Changes in unrealised profits (+)/losses (–)	79	4	(379)	575
Deferred taxes thereon	(36)	(1)	80	(147)
Realised profits (–)/losses (+)	(296)	(355)	457	(571)
Deferred taxes thereon	90	92	(98)	146
Income and expense directly recognised in equity	**778**	**395**	**3,140**	**(1,857)**
Total comprehensive income	**(2,931)**	**22,245**	**(4,410)**	**43,219**
attributable to				
minority interests	223	1,563	491	2,622
shareholders of PALFINGER AG	(3,154)	20,682	(4,901)	40,597

Consolidated Statement of Changes in Equity

		Equity attributable to the shareholders of PALFINGER AG		
TEUR	Note	Share capital	Treasury stock	Additional paid-in capital
At 1 Jan 2008		**37,135**	**(8,298)**	**35,190**
Total comprehensive income		**0**	**0**	**0**
Transactions with shareholders				
Dividends		0	0	0
Simplified capital decrease		(1,405)	6,458	(5,053)
Other changes		0	0	0
		(1,405)	**6,458**	**(5,053)**
At 30 June 2008		**35,730**	**(1,840)**	**30,137**
At 1 Jan 2009		**35,730**	**(1,730)**	**30,177**
Total comprehensive income		**0**	**0**	**0**
Transactions with shareholders				
Dividends	4	0	0	0
Other changes		0	221	14
		0	**221**	**14**
At 30 June 2009		**35,730**	**(1,509)**	**30,191**

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

Retained earnings *	Revaluation reserve	Valuation reserves pursuant to IAS 39	Foreign currency translation reserve	**Total**	Minority interests	**Equity**
229,905	**(112)**	**519**	**(4,923)**	**289,416**	**5,640**	**295,056**
42,454	**0**	**7**	**(1,864)**	**40,597**	**2,622**	**43,219**
(24,731)	0	0	0	**(24,731)**	(3,500)	**(28,231)**
0	0	0	0	**0**	0	**0**
(102)	0	0	0	**(102)**	0	**(102)**
(24,833)	**0**	**0**	**0**	**(24,833)**	**(3,500)**	**(28,333)**
247,526	**(112)**	**526**	**(6,787)**	**305,180**	**4,762**	**309,942**
251,582	**(112)**	**(124)**	**(12,104)**	**303,419**	**6,411**	**309,830**
(8,041)	**0**	**60**	**3,080**	**(4,901)**	**491**	**(4,410)**
(13,788)	0	0	0	**(13,788)**	(3,500)	**(17,288)**
(126)	112	0	0	**221**	0	**221**
(13,914)	**112**	**0**	**0**	**(13,567)**	**(3,500)**	**(17,067)**
229,627	**0**	**(64)**	**(9,024)**	**284,951**	**3,402**	**288,353**

Consolidated Statement of Cash Flow

TEUR	Jan–June 2009	Jan–June 2008
Profit/loss before income tax	**(8,516)**	**59,240**
Cash flows from operating activities	18,568	31,513
Cash flows for investing activities	(7,702)	(27,392)
Cash flows from/for financing activities	19,383	(2,322)
Total cash flows	**30,249**	**1,799**

TEUR	2009	2008
Funds at 1 Jan	**9,096**	**2,559**
Effects of exchange rate fluctuations	126	(17)
Total cash flows	30,249	1,799
Funds at 30 June	**39,471**	**4,341**

Segment Reporting

	Revenue		EBIT (before associated companies)		Segment result	
TEUR	Jan–June 2009	Jan–June 2008	Jan–June 2009	Jan–June 2008	Jan–June 2009	Jan–June 2008
CRANES	145,842	290,958	(2,558)	61,088	(892)	63,658
HYDRAULIC SYSTEMS & SERVICES	123,327	132,494	(1,776)	(124)	(1,776)	(124)
VENTURES	0	0	(1,529)	(1,616)	(1,529)	(1,616)
PALFINGER Group	**269,169**	**423,452**	**(5,863)**	**59,348**	**(4,197)**	**61,918**

Notes to the Interim Consolidated Financial Statements

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

REPORTING BASES
In principle, the same accounting and valuation methods as used in the consolidated financial statements for the 2008 financial year were applied to these interim consolidated financial statements of PALFINGER AG and its subsidiaries as of 30 June 2009, which were prepared on the basis of IAS 34. The consolidated financial statements as of 31 December 2008 were prepared in line with the International Financial Reporting Standards (IFRS) valid at the reporting date and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied within the European Union (EU). For further information on the individual accounting and valuation methods applied, reference is made to the consolidated financial statements of PALFINGER AG as of 31 December 2008.

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

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

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

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CHANGE IN ESTIMATES

In the first quarter 2009 due to the capacity reduction, necessitated by the current economic downturn, the useful life of plant and machinery was adjusted to meet changed circumstances. In the first half 2009 this adjustment in the useful life had a positive impact on EBIT in the amount of TEUR 2,203 and/or on the consolidated net result for the period in the amount of TEUR 1,642.

ADJUSTMENTS MADE IN THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

TEUR	30 June 2008	Adjustment	30 June 2008 adjusted
Non-current assets			
Intangible assets	52,586	3,177	55,763
Equity			
Retained earnings	247,717	(191)	247,526
Non-current liabilities			
Deferred tax liabilities	5,077	3,368	8,445

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

TEUR	Jan–June 2008	Adjustment	Jan–June 2008 adjusted
Depreciation, amortisation, and impairment expenses	(9,628)	(270)	(9,898)
Income tax expense	(14,243)	79	(14,164)
Profit after income tax	**45,267**	**(191)**	**45,076**
attributable to			
minority interests	**2,622**	**0**	**2,622**
shareholders of PALFINGER AG (consolidated net result for the period)	**42,645**	**(191)**	**42,454**

SCOPE OF CONSOLIDATION

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

In the first quarter 2009 ELEVANT Service GmbH & Co. KG, Germany, ELEVANT Finance GmbH, Germany, WUMAG MAGEBA GmbH, Germany, WUMAG ELEVANT GmbH, Germany, and ELEVANT Produktion GmbH, Germany, were merged into Palfinger Platforms GmbH, Germany, with retrospective effect as of 31 December 2008, in several reorganisational steps in order to simplify internal structures. Subsequently the "Service National" business was spun off from Palfinger Platforms GmbH, Germany, into Palfinger GmbH, Germany.

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

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

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

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INVESTMENTS IN ASSOCIATED COMPANIES

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

TEUR	2009	2008
At 1 Jan	**13,633**	**11,951**
Additions	1,226	124
Share in the net profit or loss for the period	1,666	4,666
Dividends	(2,260)	(2,963)
Foreign currency translation	109	(145)
At 30 June/31 Dec	**14,374**	**13,633**

2. INVENTORIES

Inventories are broken down as follows:

TEUR	30 June 2009	31 Dec 2008
Materials and production supplies	71,731	87,751
Work in progress	47,575	52,117
Finished goods and goods for resale	48,490	44,563
Prepayments	1,238	1,181
Total	**169,034**	**185,612**

3. TRADE RECEIVABLES

Trade receivables include receivables from associated companies in the amount of TEUR 6,042 (31 December 2008: TEUR 9,949).

Based on experience, an allowance for doubtful debts was made in the amount of TEUR 7,795 (31 December 2008: TEUR 5,005) to take into account insolvency risks.

4. EQUITY

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

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

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

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

On the basis of the consolidated net result for the period in the amount of TEUR – 8,041 (Jan–June 2008: TEUR 42,454) undiluted earnings per share were EUR – 0.23 (Jan–June 2008: EUR 1.20). Due to the low dilutive effect of the stock option programme, diluted earnings per share were identical with undiluted earnings per share.

5. NON-CURRENT FINANCIAL LIABILITIES

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

6. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

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

TEUR	30 June 2009	31 Dec 2008
Trade payables	35,345	62,320
Liabilities to associated companies	562	937
Prepaid orders	2,095	2,351
Liabilities on accepted bills of exchange	17	139
Liabilities to employees	13,983	16,267
Liabilities relating to social security and other taxes	10,963	9,476
Other liabilities	5,071	3,280
Deferred income	687	715
Total	**68,723**	**95,485**

TEUR 439 (31 December 2008: TEUR 825) of the liabilities due to associated companies in the amount of TEUR 562 (31 December 2008: TEUR 937) resulted from the provision of goods and services.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7. INCOME TAX EXPENSE

The Group's effective tax rate in other words, the total income tax expense expressed as a percentage of the profit or loss before income tax, was 11.3 percent (Jan–June 2008: 23.9 percent).

TEUR	Jan – June 2009	Jan – June 2008
Profit/loss before income tax	(8,516)	59,240
Income tax expense	966	(14,164)
Effective tax rate	**11.3%**	**23.9%**

CONTINGENT ASSETS AND LIABILITIES

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

RELATED PARTIES

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

STOCK OPTION PROGRAMME

PALFINGER AG operates a stock option programme for members of the Management and Supervisory Boards. For further information on this stock option programme please refer to Note 4, Equity, and the consolidated financial statements of PALFINGER AG as of 31 December 2008.

The stock options are shown in the following table:

Number of stock options	2009	2008
At 1 Jan	**12,000**	**28,000**
Options granted	250,000	0
Options exercised	12,000	6,000
Options lapsed	0	10,000
At 30 June/31 Dec	**250,000**	**12,000**

In the first half 2009 Herbert Ortner and Wolfgang Pilz both exercised 6,000 options each and were granted 48,000 shares from PALFINGER AG's own holding of own shares at a subscription price of EUR 5.78 per share.

	Herbert Ortner		Wolfgang Pilz		Martin Zehnder		Alexander Exner		Alexander Doujak	
Number of stock options	40,000	40,000	25,000	25,000	25,000	25,000	20,000	20,000	15,000	15,000
Exercise price in EUR	10.12	10.12	10.12	10.12	10.12	10.12	10.12	10.12	10.12	10.12
Exercise period within 12 weeks after the Annual General Meeting	2012	2014	2012	2014	2012	2014	2012	2014	2012	2014
Fair value of option in EUR at valuation date*	2.58	2.56	2.58	2.56	2.58	2.56	2.58	2.56	2.58	2.56
Underlying volatility	50.0%	40.0%	50.0%	40.0%	50.0%	40.0%	50.0%	40.0%	50.0%	40.0%
Price in EUR at valuation date	9.29	9.29	9.29	9.29	9.29	9.29	9.29	9.29	9.29	9.29

* Valuation model used: Monte Carlo simulation

SUBSEQUENT EVENTS

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

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

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

Statement of Legal Representatives

We confirm, to the best of our knowledge, that the interim consolidated financial statements as of 30 June 2009 give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and that the management report as of 30 June 2009 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Salzburg, 23 July 2009

Herbert Ortner m.p. **Christoph Kaml m.p.**

Wolfgang Pilz m.p. **Martin Zehnder m.p.**

Report on the Audit Review

Introduction
We have reviewed the accompanying interim consolidated financial statements of PALFINGER AG, Salzburg, Austria for the six-month period from 1 January 2009 to 30 June 2009. These interim consolidated financial statements comprise the balance sheet as of 30 June 2009, and the income statement, statement of comprehensive income, cash flow statement, and statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Our responsibility is to issue a conclusion on this interim financial information based on our review.

Scope of the audit review
We conducted our review in accordance with the statutory provisions and professional principles applicable in Austria and in compliance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group at 30 June 2009, and of its financial performance and its cash flows for the six-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 July 2009

ERNST & YOUNG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT M.B.H.

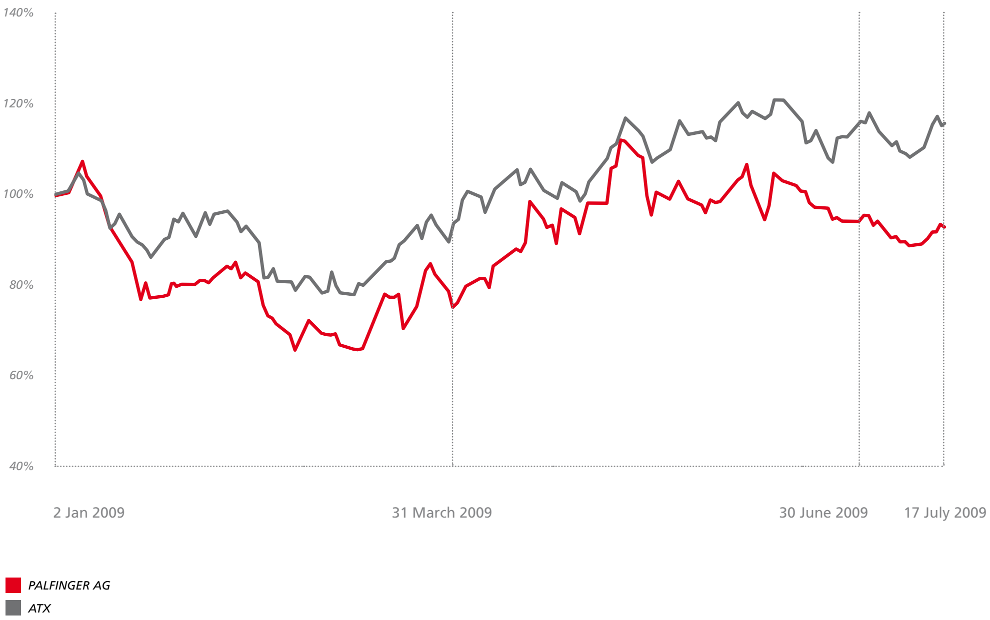
Anna Flotzinger m.p.
Chartered accountant

ppa Christoph Fröhlich m.p.
Chartered accountant

SHAREHOLDER INFORMATION

First half 2009	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	35,730,000
thereof number of own shares	328,000
Price at 30 June 2009	EUR 10.65
Earnings per share (first half 2009)	EUR – 0.23
Market capitalisation as of 30 June 2009 (excl. own shares)	TEUR 377,031

SHARE PRICE DEVELOPMENT



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FINANCIAL CALENDAR

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

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

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

Published on 5 August 2009.

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