WE HAVE EVERY REASON TO BE SATISFIED

INTERIM REPORT FOR THE FIRST HALF OF 2014

KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	HY1 2014	HY1 2013	HY1 2012	HY1 2011	HY1 2010
Income					
Revenue	540,133	475,103	465,073	414,270	297,402
EBITDA	58,076	54,027	52,158	50,138	24,896
EBITDA margin	10.8%	11.4%	11.2%	12.1%	8.4%
EBIT	41,019	39,118	37,171	35,992	14,546
EBIT margin	7.6%	8.2%	8.0%	8.7%	4.9%
Result before income tax	35,578	32,205	31,827	30,068	11,901
Consolidated net result for the period	24,607	24,688	23,859	22,571	7,271
Balance sheet					
Total assets	1,085,496	865,233	798,759	723,662	629,349
Net working capital (average)	199,534	176,390	156,930	114,341	135,610
Capital employed (average)	704,717	599,587	542,237	487,642	457,510
Equity	460,850	375,574	360,707	327,886	313,309
Equity ratio	42.5%	43.4%	45.2%	45.3%	49.8%
Net debt	343,961	239,742	194,505	163,411	157,901
Gearing	74.6%	63.8%	53.9%	49.8%	50.4%
Cash flows and investments					
Cash flows from operating activities	5,189	23,751	11,807	15,138	23,405
Free cash flows	(147,394)[1]	9,495	(8,148)	4,710	4,283
Net investments	140,716[1]	16,682	20,238	10,056	6,647
Depreciation, amortization and impairment	17,057	14,909	14,987	14,146	10,350
Payroll					
Average payroll during the reporting period[2]	7,489	6,303	6,071	5,449	4,400

1) Includes EUR 109,978 thousand for acquisition of interest in SANY.
2) Consolidated Group companies excluding equity shareholdings as well as excluding temporary workers.

CONSOLIDATED MANAGEMENT REPORT AS AT 30 JUNE 2014

ECONOMIC ENVIRONMENT

From a global point of view, economic performance was uneven in the first six months of 2014. At 3.0 per cent, the world economy grew at the same rate as in the previous year. While investors considered the high sovereign debt a lesser problem, and banks gradually succeeded in strengthening their balance sheets, political risks were on the increase. According to the IMF, geopolitical risks and their potential impact on oil prices are placing a strain on upcoming economic developments worldwide.

From a macroeconomic point of view, a slight stabilization of economic growth as compared to the previous year is expected in the months to come. However, recent developments have prompted the IMF to lower its forecast for 2014 from 3.7 per cent to 3.4 per cent while adhering to its projection of 4.0 per cent global growth for 2015.

In Europe, after the disappointing economic performance seen in 2013, a consolidation of the economy was observed, albeit at a low level. GDP growth of 1.7 per cent was recorded as at the end of the first half of 2014, but the slow second quarter in Germany gave cause for concern. A decrease in industrial orders and declining retail sales as well as lower production figures leave little scope for the expected growth. Southern Europe saw a turn for the better and Poland, Hungary and the Czech Republic posted excellent growth figures.

In the USA, where the harsh winter continued to have an impact on economic activity, growth for 2014 is now projected to be 1.7 per cent, compared to a previous forecast of 2.7 per cent. High consumer spending in the USA coupled with favourable financing conditions is expected to boost the US economy by 3.0 per cent in 2015.

In China, growth will remain above the 7 per cent threshold until the end of 2015, although it will continuously slow down slightly throughout 2014 and 2015. India’s economy is still expanding and is expected to exceed the 6 per cent mark in 2015. Setbacks in economic activity in the Asian countries, slowing down growth to “only” 4.6 per cent in 2014, are likely to be of short duration. For 2015, a 5.6 per cent increase in economic growth has been projected for the ASEAN region. Russia’s economy has seen hardly any growth in 2014; the political uncertainty in this region has resulted in massive capital drains. GDP could improve by 1.0 per cent, but not before 2015. Developments in Latin America were interesting. The economy in Brazil advanced by a disappointing 1.3 per cent only. In contrast, Mexico boasted strength with a growth rate of 2.4 per cent in 2014 and projections of 3.5 per cent for 2015.

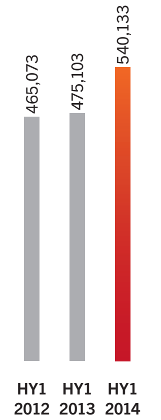
According to the IMF, many markets – developing economies and highly developed regions alike – are in need of structural reform in order to step up productivity and realize their potentials to grow.

PERFORMANCE OF THE PALFINGER GROUP

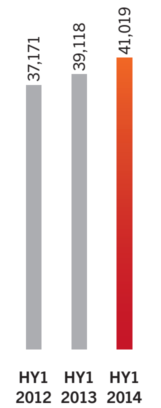
In the first half of 2014, the business performance of the PALFINGER Group was satisfying. The Group's revenue was stepped up by 13.7 per cent year on year, through organic as well as inorganic growth, reaching a new record level of EUR 540.1 million. PALFINGER performed exceedingly well in comparison with other market players and not only solidified but even expanded its leading market position. In contrast to previous quarters, most of the growth in revenue came from Europe, where the intense market development, also in times of economic weakness, is now proving its worth. In particular the acquisition of Nimet Srl as well as those in the new Marine business area, all of which took place in 2013 and 2014, contributed considerably to revenue growth. The current volume of incoming orders suggests a slowdown in growth over the course of the rest of the financial year.

Compared to the first half of 2013, when EBIT was particularly high as a result of one-time effects from the acquisition of a majority stake in Nimet, an increase of 4.9 per cent to EUR 41.0 million was recorded in the first six months of 2014. Higher capacity utilization at the European plants and PALFINGER's successful restructuring projects also contributed to this development. In AREA UNITS, the weak results of the first quarter were compensated, resulting in the segment making a positive contribution to earnings again in the first half of 2014. The continuation of consistent management of fixed costs and capital employed as well as the ongoing increase in flexibility at all levels of value creation remained important pillars of earnings stability.

As considerable growth potential is still seen in the BRIC countries and the marine sector, PALFINGER is consistently continuing its positioning strategy in these growth markets. The two joint ventures with the Chinese SANY Group operated successfully in the first half of 2014, recording a rise in the production and marketing of loader cranes in China as well as in sales of mobile cranes in CIS. In May, the cross shareholding of PALFINGER and SANY, which had been announced quite some time previously, was implemented.



DEVELOPMENT OF REVENUE
(EUR thousand)

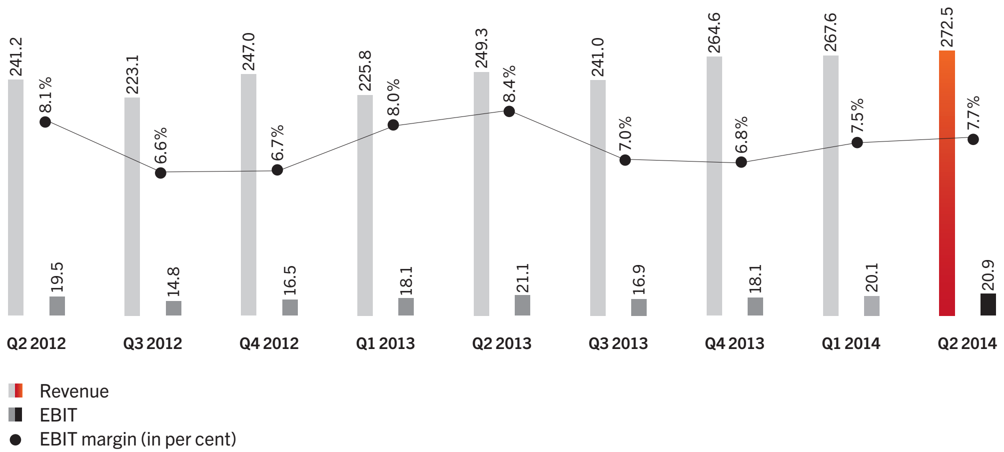


DEVELOPMENT OF EBIT
(EUR thousand)

After 8.2 per cent in the first half of 2013, the EBIT margin came to 7.6 per cent, which in light of the tense economic climate is regarded as a satisfactory level. At EUR 24.6 million, the consolidated net result for the period under review was maintained at the previous year's level of EUR 24.7 million.

The performance over the individual quarters since 2012 shows the continuous growth of the PALFINGER Group.

DEVELOPMENT OF REVENUE AND EBIT
(EUR million)



All in all, sales figures in the European core markets were higher in the first half of 2014 than in 2013, with the countries presenting a mixed picture: while generating substantial increases in revenue in Germany, Austria, Switzerland and the Netherlands, PALFINGER recorded declines in France and Denmark. Markets in Southern Europe were stimulated by growth at a modest level for the first time after years of economic weakness.

The development of demand in North America, which has increased over several quarters, is still satisfactory. In South America and Russia, exchange rate fluctuations resulted in losses, even though sales rose slightly. In these regions and in the Middle East, the lack of stability also negatively impacted the willingness to invest on the part of PALFINGER's customers. In Brazil and Russia, the negative effects of fluctuating exchange rates were mitigated through local value creation.

The strong growth observed in Asia was due mainly to the development of the Chinese market and the operational success achieved by the joint venture with SANY.

FINANCIAL POSITION, CASH FLOWS AND RESULT OF OPERATIONS

At 42.5 per cent, the equity ratio of the PALFINGER Group was still at a high level at the end of the first half of 2014, but slightly lower than the figure reported at the end of the first half of 2013 (30 June 2013: 43.4 per cent). PALFINGER's and SANY's cross shareholding, the capital increase in the amount of EUR 53.1 million associated with this, and the increase in earnings achieved in the previous year improved equity from EUR 375.6 million as at 30 June 2013 to EUR 460.9 million as at 30 June 2014. Total assets increased compared to the first half of 2013, from EUR 865.2 million to EUR 1,085.5 million, primarily as a consequence of the acquisitions made in the past twelve months and the related increase in net working capital and property, plant and equipment. While equity saw an increase of 22.7 per cent, total assets rose by 25.4 per cent in the same period.

The average net working capital increased in connection with the acquisitions made, from EUR 176.4 million in the first half of 2013 to EUR 199.5 million. The average capital employed rose by EUR 105.1 million to EUR 704.7 million, and targeted Group-wide measures are being taken to achieve further optimization.

Net debt increased by 43.5 per cent year on year to EUR 344.0 million as at the end of the first half of 2014 (30 June 2013: EUR 239.7 million). Not only the transaction with SANY, but also the purchase price for the Megarme Group acquisition and investments in future projects had to be financed in the first half of 2014, driving up the gearing ratio to 74.6 per cent (30 June 2013: 63.8 per cent). 86.8 per cent of PALFINGER's total capital employed has been secured on a long-term basis.

In the first half of 2014, cash flows from operating activities went down to EUR 5.2 million (Jan–June 2013: EUR 23.8 million), which was primarily attributable to the stronger build-up of net working capital than in the previous year and the payment of management bonuses. Free cash flows came to –EUR 147.4 million, reflecting primarily the investments in PALFINGER's cross shareholding with SANY.

At EUR 540.1 million, revenue was significantly higher than in the first half of 2013, exceeding the previous year's figure by 13.7 per cent. Compared to the first quarter of 2014, revenue increased by EUR 4.9 million (Jan-Mar 2014: EUR 267.6 million).

EBIT amounting to EUR 41.0 million (Jan–June 2013: EUR 39.1 million) and the Group's consolidated net result of EUR 24.6 million (Jan–June 2013: EUR 24.7 million) demonstrate that PALFINGER has managed to continue its growth.

MATERIAL RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2014

Irrespective of growth projections and actual economic developments, the market success and earnings performance of the PALFINGER Group are threatened by political tensions in some regions, primarily the Middle East, Africa, CIS and Latin America. Ongoing economic uncertainties in all regions of the world also harbour risks with a potentially negative impact on incoming orders and thus also on PALFINGER's economic performance. The Company's flexibility in responding to market changes is supported by its use of rolling production forecasts.

PALFINGER continues to pursue an active growth strategy with a focus on ongoing internationalization and the roll-out of existing products to new markets. The resulting broader portfolio is intended to further reduce dependence on individual regions and industries and to enable continuous growth. At the same time, however, the implementation of this strategy, also through acquisitions, makes internal processes more complex.

PALFINGER's internationalization strategy is being implemented increasingly through partnerships such as joint ventures. A major factor in the success of such business arrangements is the active inclusion of the respective partner. It is essential to play an active role in shaping the resulting interrelations and to ensure that there is no dependency on specific individuals.

The integration of the acquisitions made over the past few years has not been fully completed and may result in additional costs for integration measures, the establishment of structures to meet local requirements, the transfer of know-how, and market development.

In order to be able to utilize the large potential of the Chinese sales market, a joint venture was established with SANY in 2012 and consolidated in the spring of 2014 through the partners' acquisitions of mutual interests in each other's companies. However, current economic developments in China indicate a cooling of growth, creating the risk of PALFINGER having to adjust its sales targets accordingly in this market. Nevertheless, PALFINGER has identified significant growth potential, especially in the BRIC countries and is going to continue its expansion strategy.

Given the economic tensions in Europe, the risk of bad-debt losses is on the increase as stricter lending policies collide with augmented financing requirements on the part of dealers and suppliers. In addition, distribution channels are undergoing change, which might result in the loss of market shares. In order to counteract these risks, PALFINGER is about to intensify cooperation with its dealers and introduce relevant standards as a safeguard.

As substantial value-creation stages lie in manufacture and assembly, an extended production downtime occurring at a plant would have a significant impact on the financial results generated by PALFINGER.

The growing order volume in the project business has also driven up project-related risks; this is an area in which PALFINGER has only limited previous experience. Large projects may also involve concentration risks.

The challenge in the field of development is to continuously reconfirm the Group's status as an innovation leader. Therefore, at PALFINGER research and development are used as a lever to facilitate the ongoing supply of the market with innovations. However, today's dynamic environment and enormous cost pressure call for an ever-faster product cycle, thus increasing the risk of quality defects in the case of a premature market launch. An intensive exchange with PALFINGER's sales partners is essential so that PALFINGER can continue to develop customer-oriented solutions and thus generate competitive advantages on the market. Consequently, quality defects are avoided wherever possible.

PALFINGER regards its employees as the major factor of its success. Local and demographic conditions may limit the availability of skilled labour for the production sites. Through apprentice training programmes, executive development and measures such as flexible working time models, PALFINGER strives to increase its attractiveness as an employer, and also aspires to become an employer of choice in the growth regions.

Due to PALFINGER's dynamic growth and the development of its fixed costs in recent years, it will be necessary to become even more efficient and flexible in the second half of 2014. The main focus here will be on standardizing and optimizing business processes.

RISKS RELATING TO BALANCE SHEET PREPARATION

The necessary use of estimates and judgements in the fields of intangible assets, deferred tax assets, measurements of inventories and receivables, provisions for pensions, severance payments and anniversary bonuses, as well as provisions for guarantees and warranties have a direct impact on the presentation of the Group's assets and earnings.

There is the balance-sheet risk that, should the market environment deteriorate drastically, individual intangible assets or investments in associated companies will have to be adjusted to the changed valuations (impairment) or that investments may not amortize as planned.

Assessment risks may be created due to the inclusion of acquisitions in the balance sheet and the related evaluations of facts necessary for this purpose. The combination of various booking procedures entails a certain reporting risk.

With its continuously developing risk management and control system, which has been uniformly organized throughout the Company, PALFINGER ensures that adequate risk control strategies are developed and implemented. At the moment, there are no discernable risks that might jeopardize the continued existence of the Company.

OTHER EVENTS

In the period under review, PALFINGER consistently continued its strategic projects. The further pursuit of internationalization remains one of the Group's priorities, as in recent years geographically balanced diversification has increasingly proven to be a significant factor for the sustainable development of the Company's value. However, in 2014 the focus is being placed on integrating the companies acquired in the previous year.

In November 2013, the Group expanded its portfolio for the shipping and offshore industries by taking over majority stakes in the Austrian company Palfinger systems GmbH and the Arab Megarme Group. The closing of both acquisitions took place on 14 January 2014.

In May, the cross shareholding of PALFINGER AG and the SANY Group, which had been in preparation for several months, was concluded with the entry of PALFINGER AG's capital increase in the commercial register. Specifically, the SANY Group acquired approx. 10 per cent of the share capital of PALFINGER AG, making SANY the second largest shareholder after the Palfinger family (including the PALFINGER private trust). Half of the PALFINGER shares taken over by SANY were acquired from the Palfinger family, and the other half were raised through a capital increase in the amount of approx. 5 per cent of the share capital (precisely 1,863,258 new shares). The price per share was set at EUR 29. The new shares qualify for dividends for business years starting from 1 January 2014 onwards, and were admitted to trading on the Vienna Stock Exchange on 14 May 2014.

In return, PALFINGER AG acquired 10 per cent of the share capital of Sany Automobile Hoisting Machinery Ltd. ("SANY Lifting"), the unit within the SANY Group that specializes in mobile, tower and crawler cranes and is of a comparable size to PALFINGER AG.

At the end of June, PALFINGER agreed to acquire an interest in HIDRO-GRUBERT, an Argentinian family-run company based in Río Tercero, Córdoba. The agreement provides for an initial minority shareholding of 30 per cent and grants PALFINGER the option to take over the majority of the company's shares during the next three to five years. The family members who have owned HIDRO-GRUBERT up to now will remain part of the management team. The closing of the transaction took place on 31 July 2014. HIDRO-GRUBERT has been a family-run business for 76 years. The company produces access platforms, hydraulic knuckle-boom cranes and truck bodies in Río Tercero in the Argentinian province of Córdoba. It is the undisputed market leader in Argentina and has an outstanding reputation throughout Latin America. With a staff of approx. 200, the company generated sales of USD 16.1 million in 2013, and its EBIT margins have been continuously positive in recent years. HIDRO-GRUBERT is a vertically integrated company with high standards of quality.

The construction of production plants in the Bashkortostan region for the Russian subsidiary INMAN, and in Rudong, north of Shanghai, for the Chinese joint venture with SANY, are proceeding according to plan. If construction progresses as planned, production will start in China in 2014, and in Russia in the first quarter of 2015. In Bergheim, Austria, the construction of the new headquarters is proceeding without any delays. Relocation is scheduled for 2015.

The targeted capital employed management process of previous years was continued throughout the Group, the purpose being to facilitate additional investment endeavours in support of planned growth.

In the first half of 2014, PALFINGER's Management Board and investor relations team participated in international road shows, investor conferences, trade fairs and stock exchange days to meet the strong interest in the Company's shares. In the first weeks of the period under review, the price of PALFINGER's shares increased, but by the end of the first half of 2014 it had gone down again and closed at EUR 26.80, which is below the 2013 year-end closing price.

PERFORMANCE BY SEGMENT

The segment figures reported by the PALFINGER Group are broken down into the segments EUROPEAN UNITS and AREA UNITS and the VENTURES unit.

DEVELOPMENT OF REVENUE BY SEGMENT*
(EUR thousand)

* No revenues are generated in the VENTURES unit.

EUROPEAN UNITS

The EUROPEAN UNITS segment comprises the area EMEA (Europe, Middle East, Africa and Australia) under which the business units Loader Cranes, EPSILON Timber and Recycling Cranes, Tail Lifts, Access Platforms, Hooklifts, Truck Mounted Forklifts, Railway Systems, Production, the distribution company in Germany and the associated subsidiaries are subsumed, the transregional Marine business area, which is composed of the business units Marine Cranes, Wind Cranes, Offshore Cranes, Launch & Recovery Systems and the new Boats business unit,
as well as the two business units Systems and Megarme.

In the first half of 2014, the EUROPEAN UNITS segment reported revenue of EUR 377.0 million, corresponding to an increase of 17.5 per cent compared to the first half of 2013, when revenue was EUR 320.9 million.

Taken together, the acquisitions of Nimet Srl and Systems/Megarme contributed around 50 per cent to the Group's increase in revenue. The EPSILON Timber and Recycling Cranes and Railway Systems business units also stepped up revenue substantially. In the Marine business area, revenue grew by almost 10 per cent.

At EUR 46.8 million, the segment's EBIT was EUR 2.1 million higher than in the first half of 2013. The EBIT margin for this segment was kept at a high level, coming to 12.4 per cent.

Loader Cranes

In the first half of 2014, the Loader Cranes business unit saw modest growth as compared to the same period of the previous year. Increases, some of them considerable, were recorded primarily in Germany, Austria, Switzerland and the Netherlands. Sales in Southern Europe have also been developing well since the beginning of the year. During the reporting period, sales slowed down in France, Denmark and South Africa and matched the previous year's level in Northern Europe. All in all, the orders received so far suggest a less positive development for the second half of 2014. However, PALFINGER plans to expand its leading market position through innovations.

EPSILON Timber and Recycling Cranes

In the EPSILON Timber and Recycling Cranes business unit, revenue surged by more than 30 per cent in the first half of 2014. Successful cooperation with the non-European business areas led to rising demand. In South America, Madal started the production of EPSILON cranes. At Interforst 2014 in Munich, Germany, the M series was presented; this innovation sets new standards in terms of technology, easy operation and low maintenance. The world premiere of EPSILON's M12Z model attracted more than 10,000 trade visitors.

Tail Lifts

Tail Lifts recorded a slight decline in revenue in the first half of 2014. The existing product portfolio of this business unit was enhanced in order to better meet market needs. A new product series targeting primarily the British market was developed. In addition, the distribution channel was optimized.

Access Platforms

Revenue in this business unit was kept at a level comparable to that of the same period in the previous year. Product introduction of a new large platform, which was presented at the APEX show in

Amsterdam, has been progressing well, primarily in North America and China. The compact class models distributed by the joint venture in Italy are also showing excellent sales development.

Hooklifts
Despite the challenging market situation, PALFINGER's business unit Hooklifts managed to maintain its revenue level, confirming the sustainable nature of the turnaround achieved. This development is supported by constant optimization of value-creation processes and in administration. New products will be added to the unit's portfolio starting from 2015.

Truck Mounted Forklifts
In the business unit Truck Mounted Forklifts, revenue remained at the previous year's low level in the first half of 2014. Due to the fact that sales developed poorly in Germany, the main market for this product, incoming orders failed to meet expectations. In order to further promote this product group, PALFINGER is continuing its efforts to broaden its customer base outside Germany.

Railway Systems
In Railway Systems, which is a trendsetting business unit for PALFINGER in terms of innovation and technological development, revenue increased by 60 per cent in the first half of 2014. PALFINGER sees substantial growth potential, primarily in China, Russia and the Arab region. In Europe, also, the expected investments in infrastructure as well as product enhancements and increased service competence are expected to enable further growth.

Marine
The Marine business area recorded revenue growth of approx. 10 per cent in the period under review, the main contributor to this positive development being the Marine Cranes business unit. The new site of the Offshore Cranes business unit in Poland will add substantially to the stabilization of the value-creation processes. On 1 August 2014 the Systems/Megarme business area and the Marine business area were placed under a joint area management and two new business units – Systems and Megarme – were added. Reporting will be adjusted accordingly in the course of the third quarter.

The new Boats business unit is an international designer of fast rescue boats and workboats that is headquartered in the Netherlands and operates production facilities in Vietnam.

Production
The acquisition of a majority stake in Nimet Srl in the 2013 financial year had a positive impact on revenue in the first half of 2014. Higher capacity utilization enhanced the productivity of this business unit. Moreover, manufacturing for third parties was expanded further. PALFINGER has established a reputation for being a reliable partner delivering top quality, and sees further potential to gain new customers.

AREA UNITS

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

The continuous development of the business areas outside Europe has been reinforced by PALFINGER's own initiatives, partnerships and acquisitions. The medium-term objective is to generate two thirds of the consolidated revenue in these regions.

In the first half of 2014, revenue generated by the AREA UNITS segment increased by 5.8 per cent from EUR 154.2 million in the first half of 2013 to EUR 163.1 million. This growth is primarily attributable to the business areas Asia and Pacific, and North America. Hence, the share in revenue generated by the areas outside Europe was 30.2 per cent, which is slightly lower than in the first half of 2013, as the EUROPEAN UNITS segment saw a surge in revenue.

Due to weather-related declines in the business units Loader Cranes and Access Platforms in North America in the first quarter of 2014, changes in the exchange rates of the real and ruble, and bottlenecks in funding administered by Brazil's Special Agency for Industrial Financing (FINAME), the segment's contribution to earnings was lower than in the first half of 2013. However, the AREA UNITS segment's negative results for the first quarter were compensated by higher capacity utilization in the second quarter and the continuously positive development of incoming orders in the period April to June. In the first half of 2014, the segment's EBIT came to EUR 2.8 million, down from EUR 3.8 million in the same period of the previous year.

North America
Revenue in North America increased because the second quarter was extremely successful. The main drivers of this business area are the Loader Cranes, Access Platforms and Tail Lifts business units. The increasing number of incoming orders in all of these business units will have a positive effect on future developments.

South America

Due to changes in the foreign currency exchange rate, revenue decreased when denominated in euros. In local currency, however, modest increases were recorded. The dependence on exchange rate fluctuations will be gradually reduced through increasing local value creation. In Brazil, local funding granted by FINAME has been slow since the beginning of the year, leading to lower revenue and order intake. PALFINGER's shareholding in the South American market leader in access platforms, the Argentina-based HIDRO-GRUBERT Group, marks a significant step towards expanded market leadership.

Asia and Pacific

The business area Asia and Pacific recorded major increases compared to the first half of 2013. Since early 2014, the company in India has been integrated into the Asia and Pacific business area so as to utilize available synergies, especially in connection with production in China.

CIS

Following satisfactory increases in revenue in previous years, revenue stagnated in the CIS business area in the period under review. Year on year revenue decreased by 4 per cent; however, in local currency this result still represents an increase. Product areas that were introduced a short while ago, such as timber and recycling cranes and hooklifts, have already generated significant contributions to revenue. At INMAN, the investment project aiming at capacity expansion was continued; the plant is expected to start operations in the first quarter of 2015. The acquisition of PM-Group Lifting Machine, for which the contract was signed in December, will be closed following approval by the anti-trust authorities, which is expected to be obtained within the coming weeks.

VENTURES

The VENTURES unit processes the strategic projects for the future pursued by the PALFINGER Group up to their operational maturity. As the projects included in this unit do not generate revenue, only the costs of such projects are reported.

In the first half of 2014, priority was placed on integrating the companies acquired in 2013 and on the shareholding in HIDRO-GRUBERT in Argentina. Substantial costs in this unit were incurred by the cross shareholding of PALFINGER and SANY. PALFINGER intends to grow through acquisitions, particularly in South America, Asia and Pacific, and CIS. This unit's EBIT for the first half of 2014 was –EUR 8.4 million, as compared to –EUR 8.8 million for the same period in 2013.

OUTLOOK

The still challenging market environment in the 2014 financial year confirms the importance of the three strategic pillars of the PALFINGER Group – internationalization, innovation and flexibility. Without their consistent implementation, the growth recorded by the Group would not have been possible. PALFINGER will therefore continue to pursue its long-term Group strategy in order to generate sustainable, profitable growth in the future as well.

The Group's flexibility will be continuously developed in all areas. Order-based procurement, manufacturing and assembly have enabled PALFINGER to promptly respond to order fluctuations without locking up excessive capital by increasing inventories. PALFINGER will continue to expand flexibility along the value-creation chain consistently, above all in the acquired companies.

Since May 2014, PALFINGER has recorded a slight decrease in demand in some European core markets while considerable growth potential is still seen in the non-European regions and the global Marine business area. This circumstance and PALFINGER's trend monitoring suggest a moderately positive development in the second half of 2014. Nevertheless, the management expects a double-digit increase in revenue in the current financial year. For the first time in the history of the Company, this would mean revenue beyond the 1 billion euro threshold.

PALFINGER sees the potential to increase consolidated annual revenue to approx. EUR 1.8 billion by 2017. The Company intends to reach this goal by boosting the introduction of the entire product portfolio in the BRIC markets. The Marine business area harbours substantial growth potential as well. The management plans to reach this medium-term revenue target through organic as well as inorganic growth.

INTERIM CONSOLIDATED FINANCIAL INFORMATION
AS AT 30 JUNE 2014

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	Apr–June 2014	Apr–June 2013	Jan–June 2014	Jan–June 2013
Revenue		**272,504**	**249,332**	**540,133**	**475,103**
Cost of sales	1	(205,694)	(192,711)	(407,178)	(359,895)
Gross profit		**66,810**	**56,621**	**132,955**	**115,208**
Other operating income	2	4,247	2,246	8,216	6,655
Research and development costs	1	(6,328)	(6,221)	(13,035)	(12,232)
Distribution costs	1	(19,451)	(19,123)	(38,308)	(37,236)
Administrative costs	1	(22,351)	(17,644)	(43,955)	(37,533)
Other operating expenses		(2,918)	(2,408)	(6,221)	(4,016)
Income from associated companies		910	7,591	1,367	8,272
Earnings before interest and taxes – EBIT		**20,919**	**21,062**	**41,019**	**39,118**
Interest income		179	208	399	398
Interest expenses		(3,242)	(3,290)	(6,346)	(6,065)
Exchange rate differences		771	(1,356)	506	(1,246)
Net financial result		**(2,292)**	**(4,438)**	**(5,441)**	**(6,913)**
Result before income tax		**18,627**	**16,624**	**35,578**	**32,205**
Income tax expense		(4,191)	(1,974)	(8,132)	(5,566)
Result after income tax		**14,436**	**14,650**	**27,446**	**26,639**
attributable to					
shareholders of PALFINGER AG (consolidated net result for the period)		**12,677**	**13,666**	**24,607**	**24,688**
non-controlling interests		**1,759**	**984**	**2,839**	**1,951**
EUR					
Earnings per share (undiluted and diluted)	5	0.35	0.39	0.69	0.70
Average number of shares outstanding		35,907,692	35,396,841	35,907,692	35,396,841

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Apr–June 2014	Apr–June 2013	Jan–June 2014	Jan–June 2013
Result after income tax	**14,436**	**14,650**	**27,446**	**26,639**
Amounts that may be reclassified to the income statement in future periods				
Unrealized profits (+)/losses (–) from foreign currency translation	4,474	(8,712)	3,249	(4,711)
Deferred taxes thereon	(169)	276	(169)	(107)
Effective taxes thereon	(89)	172	(58)	171
Unrealized profits (+)/losses (–) from cash flow hedge				
Changes in unrealized profits (+)/losses (–)	(3,374)	1,033	(4,894)	1,220
Deferred taxes thereon	242	289	(8)	435
Effective taxes thereon	619	(517)	1,234	(710)
Realized profits (–)/losses (+)	424	441	1,078	225
Deferred taxes thereon	8	(7)	118	(73)
Effective taxes thereon	(115)	(103)	(385)	17
Other comprehensive income after income tax	**2,020**	**(7,128)**	**165**	**(3,533)**
Total comprehensive income	**16,456**	**7,522**	**27,611**	**23,106**
attributable to				
shareholders of PALFINGER AG	**14,367**	**6,790**	**24,581**	**21,226**
non-controlling interests	**2,089**	**732**	**3,030**	**1,880**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	30 June 2014	31 Dec 2013	30 June 2013
Non-current assets				
Intangible assets		196,521	173,707	176,144
Property, plant and equipment	3	244,122	218,371	217,540
Investment property		360	369	378
Investments in associated companies	4	122,557	12,955	12,166
Other non-current assets		1,874	1,746	1,621
Deferred tax assets		17,579	20,206	22,453
Non-current financial assets	8	4,063	1,871	1,934
		587,076	**429,225**	**432,236**
Current assets				
Inventories		250,879	215,445	223,460
Trade receivables		197,790	163,792	169,043
Other current receivables and assets		22,894	21,557	21,850
Tax receivables		1,876	3,093	3,205
Current financial assets	8	1,021	433	855
Cash and cash equivalents		23,960	15,965	14,584
		498,420	**420,285**	**432,997**
Total assets		**1,085,496**	**849,510**	**865,233**

EUR thousand	Note	30 June 2014	31 Dec 2013	30 June 2013
Equity				
Share capital		37,593	35,730	35,730
Additional paid-in capital		82,135	30,727	30,726
Treasury stock		(1,593)	(1,790)	(1,790)
Retained earnings	5	336,744	331,013	312,614
Foreign currency translation reserve		(18,098)	(20,929)	(10,534)
		436,781	**374,751**	**366,746**
Non-controlling interests		24,069	11,163	8,828
		460,850	**385,914**	**375,574**
Non-current liabilities				
Liabilities from puttable non-controlling interests	6, 8	26,138	17,370	16,872
Non-current financial liabilities	8	237,666	184,681	191,003
Non-current provisions	7, 8	32,681	38,592	34,816
Deferred tax liabilities		6,790	7,652	8,124
Other non-current liabilities		4,560	4,561	2,866
		307,835	**252,856**	**253,681**
Current liabilities				
Current financial liabilities	8	135,340	51,219	65,388
Current provisions		11,749	12,351	12,591
Tax liabilities		6,529	5,172	2,721
Trade payables and other current liabilities		163,193	141,998	155,278
		316,811	**210,740**	**235,978**
Total equity and liabilities		**1,085,496**	**849,510**	**865,233**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the shareholders of PALFINGER AG									
					Retained earnings						
EUR thousand	Note	Share capital	Additional paid-in capital	Treasury stock	Other retained earnings	Actuarial gains/losses acc. to IAS 19	Valuation reserves acc. to IAS 39	Foreign currency translation reserve	Total	Non-controlling interests	Equity
As at 1 Jan 2013		**35,730**	**30,616**	**(1,858)**	**305,879**	**(3,093)**	**(2,891)**	**(5,983)**	**358,400**	**6,474**	**364,874**
Total comprehensive income											
Result after income tax		0	0	0	24,688	0	0	0	24,688	1,951	26,639
Other comprehensive income after income tax											
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0	0	0	0	(4,576)	(4,576)	(71)	(4,647)
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0	0	0	1,114	0	1,114	0	1,114
		0	**0**	**0**	**24,688**	**0**	**1,114**	**(4,576)**	**21,226**	**1,880**	**23,106**
Transactions with shareholders											
Dividends		0	0	0	(13,448)	0	0	0	(13,448)	(3,500)	(16,948)
Reclassification non-controlling interests	6	0	0	0	1,262		0	0	1,262	(331)	931
Addition non-controlling interests		0	0	0	0	0	0	0	0	4,701	4,701
Disposal non-controlling interests		0	0	0	(870)	0	0	24	(846)	(384)	(1,230)
Other changes		0	110	68	(27)	0	0	1	152	(12)	140
		0	**110**	**68**	**(13,083)**	**0**	**0**	**25**	**(12,880)**	**474**	**(12,406)**
As at 30 June 2013		**35,730**	**30,726**	**(1,790)**	**317,484**	**(3,093)**	**(1,777)**	**(10,534)**	**366,746**	**8,828**	**375,574**
As at 1 Jan 2014		**35,730**	**30,727**	**(1,790)**	**336,616**	**(4,126)**	**(1,477)**	**(20,929)**	**374,751**	**11,163**	**385,914**
Total comprehensive income											
Result after income tax		0	0	0	24,608	0	0	0	24,608	2,839	27,447
Other comprehensive income after income tax											
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0	0	0	0	2,831	2,831	191	3,022
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0	0	0	(2,857)	0	(2,857)	0	(2,857)
		0	**0**	**0**	**24,608**	**0**	**(2,857)**	**2,831**	**24,582**	**3,030**	**27,612**
Transactions with shareholders											
Capital increase	5	1,863	51,274	0	0	0	0	0	53,137	0	53,137
Dividends	5	0	0	0	(14,515)	0	0	0	(14,515)	(4,563)	(19,078)
Reclassification non-controlling interests	6	0	0	0	(454)	0	0	0	(454)	(341)	(795)
Addition non-controlling interests		0	0	0	(971)	0	0	0	(971)	14,788	13,817
Other changes		0	134	197	(80)	0	0	0	251	(8)	243
		1,863	**51,408**	**197**	**(16,020)**	**0**	**0**	**0**	**37,448**	**9,876**	**47,324**
As at 30 June 2014		**37,593**	**82,135**	**(1,593)**	**345,204**	**(4,126)**	**(4,334)**	**(18,098)**	**436,781**	**24,069**	**460,850**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Jan–June 2014	Jan–June 2013
Result before income tax	**35,578**	**32,205**
Cash flows from operating activities	5,189	23,751
Cash flows from investing activities	(156,956)	(18,751)
Cash flows from financing activities	159,733	(14,666)
Total cash flows	**7,966**	**(9,666)**
Free cash flows	**(147,394)**	**9,495**

EUR thousand	2014	2013
Funds at 1 Jan	**15,965**	**24,476**
Effects of foreign exchange differences	29	(226)
Total cash flows	7,966	(9,666)
Funds at 30 June	**23,960**	**14,584**

SEGMENT REPORTING

	External revenue		Internal Revenue		EBIT	
EUR thousand	Jan–June 2014	Jan–June 2013	Jan–June 2014	Jan–June 2013	Jan–June 2014	Jan–June 2013
EUROPEAN UNITS	376,997	320,904	45,438	39,658	46,804	44,652
AREA UNITS	163,136	154,199	28	27	2,781	3,847
VENTURES	–	–	–	–	(8,433)	(8,753)
Segment consolidation	–	–	(45,466)	(39,685)	(133)	(628)
PALFINGER Group	**540,133**	**475,103**	**0**	**0**	**41,019**	**39,118**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

GENERAL

PALFINGER AG is a publicly listed company headquartered in Salzburg, Austria. The main business activity is the production and sale of innovative lifting solutions for use on commercial vehicles and in the maritime field.

REPORTING BASES

In principle, the same accounting and valuation methods used in the consolidated financial statements for the 2013 financial year were applied to this condensed interim consolidated financial information of PALFINGER AG and its subsidiaries as at 30 June 2014, which was prepared on the basis of IAS 34. The consolidated financial statements for the year ended 31 December 2013 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 used, please refer to the consolidated financial statements of PALFINGER AG for the year ended 31 December 2013.

This interim consolidated financial information provided by PALFINGER AG was not reviewed by an auditor.

CHANGES IN ACCOUNTING AND VALUATION METHODS

The application of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities became mandatory in the EU for the first time for the period starting on 1 January 2014.

IFRS 10 provides for a new and more comprehensive definition of the term “control” with the purpose of creating a uniform basis for defining the scope of consolidation. According to the new concept, an investor controls an investee when the investor has the power to decide on relevant processes, has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IAS 27 will henceforth only contain provisions on the accounting of interests in subsidiaries in separate financial statements.

The new standard IFRS 11, which supersedes IAS 31, governs the accounting of joint operations and joint ventures. In the future, joint ventures are to be posted in the consolidated financial statements using the equity method pursuant to IAS 28; the option of proportionate consolidation will no longer apply.

IFRS 12 contains the necessary disclosures regarding interests in subsidiaries, joint arrangements and investments in associates, which still have to be posted pursuant to IAS 28. The information to be disclosed is significantly more comprehensive than previously prescribed under IAS 27, 28 and 31.

In the course of the first-time application of the new IFRS 10, a comprehensive analysis of control over the 50:50 joint venture in China with Sany Automobile Hoisting Ltd., Changsha, (SANY) was carried out. Having analyzed in depth all information available, it was determined that PALFINGER has control over this joint venture in accordance with IFRS 10. Therefore, the joint venture had to be presented as a fully consolidated company. This was a discretionary decision that alternatively could also lead to the joint venture company having to be reported at equity should the facts of the case be interpreted differently and/or should the evaluations change. If this were the case, revenue generated in the first half of 2014 would be approx. EUR 9 million lower while earnings would remain approximately the same. Total assets would be reduced by approx. EUR 20 million and the equity held by the majority owners would hardly change, while the equity of the minority shareholders would be approx. EUR 12 million less. When included in the 2013 consolidated financial statements, the joint venture was not yet of a material size, so that for lack of materiality the previous year's figures were not adjusted.

Apart from that, the first-time application of these standards has no material impact on the consolidated financial statements for the year ended 31 December 2013 or the interim consolidated financial information for the first half of 2014. An adjustment of the previous year's figures was therefore not necessary, and the standards have been applied since 1 January 2014.

IFRIC 21 addresses the accounting for levies, and became mandatory in the EU for the first time for the period starting on 1 January 2014. The first-time application of this standard has no impact on this interim consolidated financial information.

No further changes in accounting and valuation methods were made in the first half of 2014.

SCOPE OF CONSOLIDATION

On 27 November 2013, an additional 15 per cent in Guima Palfinger S.A.S., Caussade, France, was sold to the minority shareholder Compagnie Générale Vincent, Étoile-sur-Rhône, France, at a purchase price of EUR 1,700 thousand, increasing the non-controlling interest from 20 per cent to 35 per cent. PALFINGER still holds control over the company. The transaction entered into force on 1 January 2014. The difference between the purchase price and the addition to the non-controlling interests in the amount of EUR 361 thousand was directly recorded in equity as retained earnings.

On 1 January 2014, Palfinger Marine Service AS, Rosendal, Norway, was sold to its employees at a purchase price of NOK 1. The negative impact on earnings from the deconsolidation of the company in the amount of EUR 57 thousand was reported under EBIT.

On 10 April 2014, Palfinger Dreggen Poland sp. z.o.o., Gdynia, Poland, was founded. Palfinger Marine- und Beteiligungs-GmbH and Palfinger Dreggen AS jointly hold 100 per cent in this company.

Acquisition of Palfinger systems

On 14 November 2013, the contracts for the acquisition of 85 per cent of the shares in Palfinger systems GmbH, Salzburg, and its investment companies were signed. This transaction was closed on 14 January 2014, following the closing of the follow-up acquisition of Megarme.

Palfinger systems GmbH, which is headquartered in Salzburg and operates a manufacturing and assembly plant in Weng im Gesäuse (Austrian province of Styria), has so far been owned by the Palfinger family. The company develops and produces innovative technologies in engineering and processing as well as tailor-made customer and project solutions. The advantage of these solutions is that they make work processes faster, more efficient, safer and more environmentally friendly than conventional methods.

As an innovation leader, PALFINGER has thus strengthened its presence in the marine sector. With its worldwide production and service structures, PALFINGER is able to contribute to the continued development of the market with these products.

In the course of the acquisition of Palfinger systems, subordinate mezzanine capital of EUR 12,992 thousand was taken over. Prior to the takeover by PALFINGER AG, the minority shareholder waived its claim to repayment until the point in time when Palfinger systems GmbH, as the issuer, generates positive net results for the period. However, repayment by the issuer is possible at any time. It becomes mandatory as soon as Palfinger systems GmbH posts a positive net result for the period, the issuer is able to provide the necessary liquidity and PALFINGER AG resolves to pay a dividend. Until revival of the repayment obligation, the mezzanine capital will be subject to interest based on the 3-month EURIBOR interest rate plus a mark-up of 100 base points. As soon as the repayment obligation is revived, the mezzanine capital will be subject to interest based on the 3-month EURIBOR plus a mark-up of 500 base points, which will be increased to 800 base points one year after revival of the repayment obligation. It is currently impossible to predict the development of the results of Palfinger systems GmbH; therefore, when entering the mezzanine capital in the books in the course of the takeover, it was reported at a low fair value.

Moreover, in a letter of intent, Palfinger systems GmbH stated its intention to pay the minority shareholder a disproportional dividend. The objective was to grant, on a gradual basis, the shareholder a disproportionally high participation in the company's profits by 31 December 2025. However, the actual distribution of profits is subject to the decision of the Annual General Meeting and is resolved upon on a year-by-year basis depending on the unit's actual financial position, cash flows and result of operations. The company is under no obligation to pay a dividend. With its majority interest of 85 per cent, PALFINGER AG fully benefits from any increase in the company's value.

As neither the mezzanine capital nor the disproportional dividend arrangement provides for an obligation to supply liquid funds, these instruments meet the criteria for the classification as equity instruments laid down in IAS 32. Therefore, future payments will also be presented as part of the distribution of profits.

Acquisition of Megarme

On 25 November 2013, the contracts for the acquisition of the Megarme Group were signed. The takeover of 70 per cent of the shares in the Megarme Group was closed on 14 January 2014. The minority shareholders hold a put option regarding the remaining 30 per cent, entitling them to offer the remaining shares to PALFINGER. This obligation is reported under liabilities from puttable non-controlling interests.

The Megarme Group specializes in the service business and is composed of three companies in the Arab region: in Dubai, Abu Dhabi and Qatar. It provides rope access technologies applied by rope access professionals. The solutions provided by the Megarme Group are necessary for the business model of Palfinger systems in order to be able to operate as a full-service provider.

With the takeover of Megarme, PALFINGER has acquired its first locations in the Arab region, which is an important market for these industries. The takeover of Megarme also marks another step in the internationalization of the PALFINGER Group. Megarme is adding value-creation structures in the Arab region to the Group as well as many years of experience with the market.

Henceforth, Palfinger systems GmbH and the Arab Megarme Group will expand PALFINGER's portfolio for the shipping and offshore industries.

Both companies offer special systems for accessing and performing repair and maintenance work on ships and oil rigs, including interior and exterior cleaning, rust and paint removal, recoating, inspection and repairs.

PALFINGER will provide not only innovative special access products of Palfinger systems but also the required highly qualified Megarme service personnel, making the newly available solutions an interesting alternative to the comparatively expensive and time-consuming scaffolding.

At the time of acquisition, the accumulated purchase price for both acquisitions, which mutually depend on each other, was allocated on the basis of the preliminarily estimated fair values as follows:

EUR thousand	2014
Purchase price paid in cash	17,963
Liabilities from puttable non-controlling interests	8,209
Subtotal	**26,172**
Net assets	(14,420)
Goodwill	**11,752**

The potential non-controlling interests from the mezzanine capital and the disproportional dividend are not included in the purchase price allocation, as their fair values are only marginal.

The final valuation of the purchase price allocation will be effected within 12 months of the date of acquisition, once all the bases for calculating the fair values, in particular relating to the customer base and the brand, have been analyzed in detail.

The goodwill generated cannot be used for tax purposes.

At the time of acquisition, the net assets acquired, on the basis of the fair values, were broken down as follows:

EUR thousand	Fair value
Non-current assets	
Intangible assets	9,929
Property, plant and equipment	10,661
Investments in associated companies	436
Deferred tax assets	34
Non-current financial assets	573
Other non-current assets	88
	21,721
Current assets	
Inventories	12,185
Trade receivables	6,794
Other current assets	1,359
Cash and cash equivalents	239
	20,577
Non-current liabilities	
Non-current financial liabilities	4,760
Non-current provisions	1,243
Deferred tax liabilities	66
	6,069
Current liabilities	
Current financial liabilities	7,383
Current provisions	74
Tax liabilities	273
Trade payables and other non-current liabilities	14,079
	21,809
Net assets	**14,420**

The trade receivables taken over have a gross value of EUR 7,411 thousand. The impairment loss for probable bad debt is EUR 617 thousand.

The goodwill associated with the acquisition primarily reflects the benefits expected from synergies, from the potential arising from market expansion in the shipping and offshore industries, and from staff know-how.

Net cash flows from the acquisitions were as follows:

EUR thousand	2013/2014
Cash flows from operating activities	
Transaction costs	(132)
Cash flows from investing activities	
Purchase price paid in cash	(17,963)
Cash and cash equivalents	239
Net cash flows from the acquisitions	**(17,856)**

Acquisition of SANY's lifting business

PALFINGER and SANY agreed to expand their partnership by way of acquiring a 10 per cent economic interest in each other's companies. On 10 December 2013, the agreements for the acquisition of 10 per cent in SANY's lifting business were signed. SANY Lifting is the unit within the SANY Group that specializes in mobile, tower and crawler cranes. The 10 per cent participation was carried out through the issue of new shares, by SANY Automobile Hoisting Machinery Co., Ltd., Changsha City, in the course of a capital increase against cash contributions. The purchase price was approx. EUR 110 million.

In turn, SANY Heavy Industries acquired an interest of 10 per cent in PALFINGER AG. Half of the stake in PALFINGER AG acquired by SANY Heavy Industries (1,863,258 shares) took the form of new shares issued to SANY from the authorized capital of PALFINGER AG; the other half of the stake was effected through the acquisition of existing shares from the Palfinger family. The price payable by SANY was EUR 29 per share. For further details on the capital increase, please see Note (5) Equity.

The transaction was closed on 14 May 2014 once the official and formal approvals had been obtained. However, only information as at the end of the first quarter is available to PALFINGER. Therefore, the purchase price allocation was carried out using the figures as at 31 March 2014. PALFINGER estimates that the changes as at 14 May 2014 have been marginal.

Net cash flows from the cross shareholding were as follows:

EUR thousand	2013/2014
Cash flows from operating activities	
Transaction costs	(1,135)
Cash flows from investing activities	
Purchase price paid in cash	(109,978)
Cash flows from financing activities	
Capital increase excl. issuing costs	52,839
Net cash flows	**(58,274)**

The 10 per cent interest in SANY Automobile Hoisting Machinery Co., Ltd. is included in the consolidated financial statements at equity as an associated company.

At the time of acquisition, the purchase price for the interest in SANY Automobile Hoisting Co., Ltd., was allocated on the basis of the preliminarily estimated fair values as follows:

EUR thousand	2014
Purchase price paid in cash	109,978
Subtotal	**109,978**
Pro-rata net assets	(18,797)
Goodwill	**91,181**

The goodwill generated cannot be used for tax purposes.

Net assets include non-current assets in the amount of EUR 315,635 thousand and net working capital in the amount of –EUR 132,567 thousand.

The goodwill associated with the acquisition primarily reflects the benefits expected from the potential arising from market expansion and from staff know-how.

PALFINGER only has access to the figures as at the end of a quarter. Given that the relevant information will always become available only after PALFINGER has published the respective quarterly report, it was decided to carry out the initial consolidation as at 31 March 2014 and to use the results of the previous quarter when preparing the consolidated financial statements. As a consequence, no results have been included in this interim financial information and the results for the period 31 March 2014 to 30 June 2014 will be presented in the interim financial information as at 30 September 2014.

Acquisition of PM-Group Lifting Machine

On 18 December 2013, PALFINGER signed the contract regulating the takeover of the majority of shares in the Russian PM-Group Lifting Machine. The transaction is scheduled to be closed within the next weeks as soon as the official approvals have been obtained.

PM-Group Lifting Machine, headquartered in St. Petersburg, is an important Russian producer of cranes for timber and recycling. With the two brands Velmash and Solombalsky, it produces and distributes a broad range of timber and recycling cranes. The group's portfolio also includes loader cranes, stationary cranes, hooklifts and customized solutions.

For PALFINGER, this takeover means an important step in its expansion of business activities in Russia, enabling the Company to offer an extended product range and enhanced service to its customers. Moreover, sales opportunities for PM products are seen in India and China.

Acquisition of HIDRO-GRUBERT

On 25 June 2014, PALFINGER agreed to acquire an interest of 30 per cent in Andrés N. Bertotto S.A.I.C., a company based in Río Tercero, Córdoba, Argentina, which operates under the brand of HIDRO-GRUBERT. Moreover, PALFINGER was granted the option to take over the majority of the company's shares during the next three to five years. The closing of the transaction took place on 31 July 2014. This shareholding is going to open up the Latin American access platform market for PALFINGER and thereby further strengthen the Company's market position on the American continent (see also p. 29: Key events after the reporting date).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Reconciliation of the results according to the cost of sales method and the total cost method

As of the 2013 financial year, the consolidated income statement is no longer being prepared using the total cost method but according to the cost of sales method. The reconciliation from one format to the other is as follows:

Jan–June 2013

EUR thousand	Changes in inventories and own work capitalized	Materials and external services	Employee benefits expenses	Depreciation, amortization and impairment	Other income	Other expenses	Total
Cost of sales	10,954	(255,233)	(78,412)	(9,167)	0	(28,037)	(359,895)
Other operating income	0	0	0	0	6,655	0	6,655
Research and development costs	3,386	(461)	(11,162)	(1,738)	528	(2,785)	(12,232)
Distribution costs	(89)	(543)	(22,124)	(2,151)	0	(12,329)	(37,236)
Administrative expenses	0	(265)	(19,634)	(1,853)	0	(15,781)	(37,533)
Other operating expenses	0	0	0	0	0	(4,016)	(4,016)
Total	**14,251**	**(256,502)**	**(131,332)**	**(14,909)**	**7,183**	**(62,948)**	**(444,257)**

Jan–June 2014

EUR thousand	Changes in inventories and own work capitalized	Materials and external services	Employee benefits expenses	Depreciation, amortization and impairment	Other income	Other expenses	Total
Cost of sales	7,366	(277,882)	(88,285)	(12,303)	0	(36,074)	(407,178)
Other operating income	0	0	0	0	8,216	0	8,216
Research and development costs	4,059	(515)	(12,710)	(632)	682	(3,919)	(13,035)
Distribution costs	(55)	(838)	(22,553)	(2,220)	0	(12,642)	(38,308)
Administrative expenses	(1)	95	(24,594)	(1,902)	0	(17,553)	(43,955)
Other operating expenses	0	0	0	0	0	(6,221)	(6,221)
Total	**11,369**	**(279,140)**	**(148,142)**	**(17,057)**	**8,898**	**(76,409)**	**(500,481)**

(2) Other operating income

Other operating income, totalling EUR 2,709 thousand (previous year: EUR 1,678 thousand), relates to the reversal of a purchase price liability from acquisitions, as the local results generated by the unit make the utilization of this liability unlikely.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(3) Property, plant and equipment

Due to the acquisitions of Megarme and Palfinger systems, property, plant and equipment increased with respect to land and buildings by EUR 6,996 thousand, with respect to undeveloped land by EUR 232 thousand, with respect to plants, machinery and tools by EUR 1,958 thousand, and with respect to other plant, fixtures, fittings and equipment by EUR 1,475 thousand.

In addition, property, plant and equipment increased as compared to 31 December 2013 due to additions to land and buildings in the amount of EUR 6,060 thousand (previous year until 30 June 2013: EUR 973 thousand), plants, machinery and tools in the amount of EUR 4,892 thousand (previous year until 30 June 2013: EUR 2,282 thousand), fixtures, fittings and equipment in the amount of EUR 5,946 thousand (previous year until 30 June 2013: EUR 3,845 thousand). Prepayments and assets under construction increased due to additions in the amount of EUR 9,649 thousand (previous year until 30 June 2013: EUR 6,079 thousand).

(4) Investments in associated companies

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

EUR thousand	2014	2013
As at 1 Jan	**12,955**	**14,977**
Additions	110,558	0
Share in the net result for the period	1,367	2,875
Dividends	(2,312)	(3,934)
Foreign currency translation	(11)	27
Disposals	0	(990)
As at 30 June/31 Dec	**122,557**	**12,955**

The increase resulted from the acquisition of the 10 per cent shareholding in SANY Automobile Hoisting Machinery Co., Ltd.

(5) Equity

The Annual General Meeting held on 12 March 2014 approved a resolution for payment of a dividend in the amount of EUR 14,515 thousand (previous year: EUR 13,448 thousand) out of the 2013 profits. This dividend – paid to PALFINGER AG shareholders on 18 March 2014 – was equivalent to a dividend of EUR 0.41 per share (previous year: EUR 0.38 per share).

The amount of EUR 4,550 thousand (previous year: EUR 3,500 thousand) was paid to the non-controlling shareholders of EPSILON Kran GmbH on 18 March 2014.

At the Extraordinary General Meeting of 3 November 2011, the Management Board was authorized, pursuant to sec. 169 of the Companies Act, to increase the share capital, subject to the approval of the Supervisory Board, by 31 October 2016 by up to EUR 10 million by means of issuing up to 10 million new ordinary bearer or registered shares (no-par-value shares) against contributions in cash or in kind – in several tranches, if necessary – and to determine the issue price, the terms of issue and any further details pertaining to the implementation of the capital increase in agreement with the Supervisory Board.

Moreover, the Management Board was authorized to exclude the subscription right of shareholders, subject to the approval of the Supervisory Board

(i) if the capital increase is made against contributions in kind, which is to say that shares are issued for the purpose of acquiring businesses, enterprises, business units or shares in one or more companies in Austria or abroad or
(ii) if the capital increase is made for the purpose of listing the shares of the Company on a foreign stock exchange or
(iii) in order to exempt any fractional amounts from the subscription rights of shareholders or
(iv) in order to service an over-allotment (greenshoe) option granted to issuing banks.

On 27 January 2014, the Management Board of the Company passed a resolution, which was approved by the Supervisory Board on 17 February 2014, to increase the share capital of the Company by EUR 1,863,258.00, from EUR 35,730,000.00 to EUR 37,593,258.00, by using part of the authorized capital to issue, against contributions in kind and excluding the subscription right of the other shareholders, 1,863,258 no-par-value bearer shares with one vote and a pro-rated share in the share capital of EUR 1 each per no-par-value share. This capital increase was entered into the commercial register on 14 May 2014.

The new shares were issued exclusively to SANY Germany GmbH, Cologne, Germany, which is exclusively allowed to subscribe to such shares. The new shares entitle their holders to profit-sharing as of 1 January 2014.

The capital increase was effected against contributions in kind for the purpose of funding the acquisition of 10 per cent in SANY Lifting Business. The total nominal amount of the increase in share capital in the amount of EUR 1,863,258.00 and the total issue amount of the new shares, namely EUR 54,034,482.00, were raised in full.

The premium of EUR 52,171 thousand and the issuing costs of EUR 1,196 thousand, less EUR 299 thousand in deferred tax income, were recognized in equity as additional paid-in capital.

The movements in shares outstanding are shown below:

Shares	2014	2013
As at 1 Jan	**35,401,910**	**35,389,410**
Exercise of stock option	36,122	12,500
Capital increase against contributions in kind	1,863,258	0
As at 30 June/31 Dec	**37,301,290**	**35,401,910**

On the basis of a consolidated net result for the period of EUR 24,607 thousand (Jan–June 2013: EUR 24,688 thousand), undiluted earnings per share were EUR 0.69 (Jan–June 2013: EUR 0.70). Due to the low dilution effect of the stock option programme, diluted earnings per share were identical to undiluted earnings per share.

(6) Liabilities from puttable non-controlling interests

The following table shows the movement in liabilities from puttable non-controlling interests:

EUR thousand	2014	2013
As at 1 Jan	**17,370**	**18,999**
Corporate acquisitions	8,209	0
Interest cost	169	318
Increase through profit and loss	0	96
Redemption	(206)	(1,364)
Increase directly in equity	596	400
Reversal directly in equity	0	(1,079)
As at 30 June/31 Dec	**26,138**	**17,370**

The addition relates to the acquisition of Megarme and Palfinger systems as at 14 January 2014.

(7) Non-current provisions

As at the end of 2013, there were contingent considerations, agreed upon in 2012, from the acquisition of subsidiaries. These considerations depended on the future EBITDA of the units. Those purchase price portions that were to have become due and payable in 2015 and 2019 were reversed, as their utilization was no longer to be reckoned with.

Provisions for pensions and other post-employment benefits as well as for severance payments and anniversary bonuses are valued using the projected unit credit method. The amounts of the provisions are determined on the basis of an actuarial opinion prepared by an actuary as at the balance sheet date. For the interim consolidated financial information, these amounts are extrapolated.

(8) Financial instruments

The carrying amounts of financial instruments not measured at fair value deviate only insignificantly from their fair values and hence constitute appropriate approximate values.

As at 30 June 2014, the Group held the following categories of financial instruments measured at fair value:

	Fair value		Level 2 fair value		Level 3 fair value	
EUR thousand	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
Non-current assets						
Non-current financial assets	1,110	1,110	1,110	1,110	0	0
Current assets						
Current financial assets	80	295	80	295	0	0
Non-current liabilities						
Liabilities from puttable non-controlling interests	3,593	3,630	0	0	3,593	3,630
Non-current financial liabilities	4,453	817	4,453	817	0	0
Non-current provisions (contingent purchase price payments)	0	2,534	0	0	0	2,534
Current liabilities						
Current financial liabilities	1,348	1,357	1,348	1,357	0	0

The reconciliation of the carrying amounts of Level 3 fair values is shown in the following table:

EUR thousand	2014	2013
As at 1 Jan	**6,164**	**7,650**
Interest cost	284	560
Redemption	(206)	(204)
Reversal through profit and loss	(2,713)	(1,781)
Increase through profit and loss	0	96
Exchange rate differences	64	(157)
As at 30 June/31 Dec	**3,593**	**6,164**

Level 2 fair values are derived from observable market data. On the basis of observable currency and interest-rate data, the fair values of the financial instruments are calculated internally using the discounted cash flow method. Level 3 fair values are measured internally using acknowledged calculation models on the basis of market interest rates of identical assets with the same duration and implicit volatilities. They are calculated using the discounted cash flow method on the basis of strategic planning.

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 June 2014.

RELATED PARTIES

There were no substantial changes compared to 31 December 2013 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 for the year ended 31 December 2013 for further information on individual business relations.

STOCK OPTION PROGRAMME

The development of the stock option programmes of PALFINGER AG can be seen in the following table:

	Herbert Ortner		Christoph Kaml		Wolfgang Pilz		Martin Zehnder		Alexander Doujak		Total	
Development of stock options	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
As at 1 Jan	40,000	40,000	25,000	50,000	25,000	25,000	25,000	25,000	0	15,000	115,000	155,000
Options exercised	(16,054)	0	0	(12,500)	(10,034)	0	(10,034)	0	0	0	(36,122)	(12,500)
Options lapsed	(23,946)	0	0	(12,500)	(14,966)	0	(14,966)	0	0	(15,000)	(53,878)	(27,500)
As at 30 June/31 Dec	0	40,000	25,000	25,000	0	25,000	0	25,000	0	0	25,000	115,000
Exercise price of options exercised	10.12			16.57	10.12		10.12					
Share price at exercise date	28.2			20.46	28.2		28.2					

Please refer to the consolidated financial statements of PALFINGER AG for the year ended 31 December 2013 for further information on these stock option programmes.

KEY EVENTS AFTER THE REPORTING DATE

Acquisition of HIDRO-GRUBERT

On 25 June 2014, PALFINGER agreed to acquire an interest of 30 per cent in Andrés N. Bertotto S.A.I.C., a company based in Río Tercero, Córdoba, Argentina, which operates under the brand of HIDRO-GRUBERT. Moreover, PALFINGER was granted the option to take over the majority of the company's shares during the next three to five years. The transaction was closed on 31 July 2014.

HIDRO-GRUBERT produces access platforms, hydraulic knuckle-boom cranes and truck bodies in Río Tercero in the Argentinian province of Córdoba. It is the undisputed market leader in Argentina. This shareholding is going to open up the Latin American access platform market for PALFINGER and thereby further strengthen the Company's market position on the American continent.

The company will be included in the consolidated financial statements at equity as an associated company.

At the time of acquisition, the purchase price allocation on the basis of the preliminarily estimated fair values, which has not yet been completed, was as follows:

EUR thousand	2014
Purchase price paid in cash	732
Purchase price not yet fallen due	1,098
Contingent consideration not yet fallen due (on trust account)	1,203
Subtotal	**3,033**
Pro-rata net assets	(1,401)
Goodwill	**1,632**

Net assets include non-current assets in the amount of EUR 1,315 thousand and net working capital in the amount of EUR 2,758 thousand.

STATEMENT OF LEGAL REPRESENTATIVES PURSUANT TO SEC. 87 PARA. 1 OF THE STOCK EXCHANGE ACT

We confirm, to the best of our knowledge, that the condensed interim consolidated financial information gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the relevant accounting standards and that the consolidated management report gives a true and fair view of important events that have occurred during the first six months of the 2014 financial year and their impact on the condensed interim consolidated financial information, of the principal risks and uncertainties for the remaining six months of the 2014 financial year and of the major related party transactions to be disclosed.

Salzburg, 24 July 2014

Herbert Ortner m.p.
Chief Executive Officer

Christoph Kaml m.p.
Chief Financial Officer

Wolfgang Pilz m.p.
Chief Marketing Officer

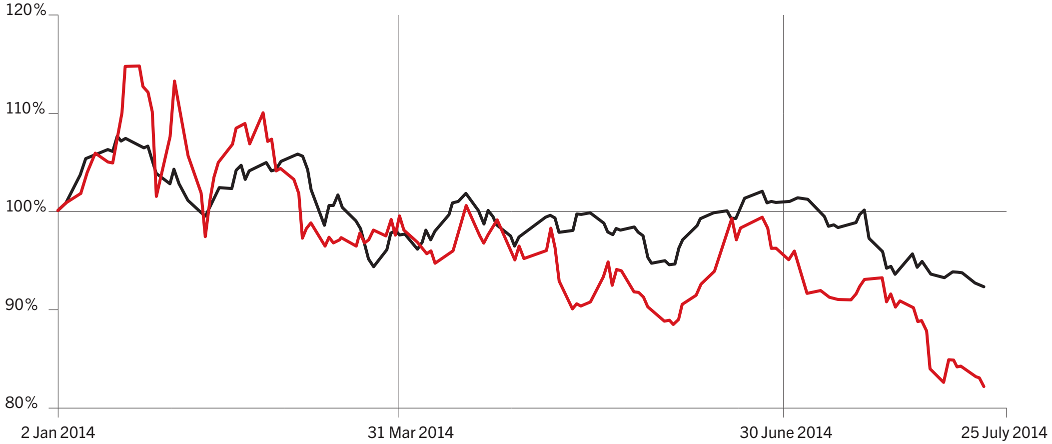
Martin Zehnder m.p.
Chief Operating Officer

SHAREHOLDER INFORMATION

HY1 2014

International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	37,593,258
of which own shares	291,968
Price as at 30 June 2014	EUR 26.80
Earnings per share (HY1 2014)	EUR 0.69
Market capitalization as at 30 June 2014	EUR 1,007,499,314.4 thousand

SHARE PRICE DEVELOPMENT



PALFINGER AG
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INVESTOR RELATIONS

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FINANCIAL CALENDAR

7 November 2014	Publication of results for the first three quarters of 2014

Additional dates such as trade fairs or road shows will be announced at the Company's website under Financial Calendar.

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

This report contains forward-looking statements made 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 different from those predicted.

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