WE THINK ABOUT TOMORROW – TODAY

INTERIM REPORT FOR THE FIRST THREE QUARTERS OF 2014

PALFINGER

KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	Q1–Q3 2014	Q1–Q3 2013	Q1–Q3 2012	Q1–Q3 2011	Q1–Q3 2010
Income					
Revenue	795,103	716,068	688,220	624,002	464,916
EBITDA	81,666	79,310	74,413	73,536	40,342
EBITDA margin	10.3%	11.1%	10.8%	11.8%	8.7%
EBIT	55,637	55,996	51,957	52,442	23,664
EBIT margin	7.0%	7.8%	7.5%	8.4%	5.1%
Result before income tax	47,865	46,307	43,918	43,287	19,373
Consolidated net result for the period	32,416	34,302	31,747	32,661	11,711
Balance sheet					
Total assets	1,127,524	859,559	791,276	734,843	644,769
Net working capital (average)	215,000	181,729	149,420	117,823	133,309
Capital employed (average)	728,535	604,151	541,891	496,094	456,085
Equity	478,007	381,242	367,103	339,477	315,791
Equity ratio	42.4%	44.4%	46.4%	46.2%	49.0%
Net debt	373,041	243,199	187,866	169,804	152,361
Gearing	78.0%	63.8%	51.2%	50.0%	48.2%
Cash flows and investments					
Cash flows from operating activities	3,069	29,109	30,969	30,711	32,887
Free cash flows[1]	(165,493)	7,040	25	3,509	6,844
Net investments[1]	158,553	28,090	34,635	17,116	9,207
Depreciation, amortization and impairment	26,029	23,314	22,456	21,094	16,678
Payroll					
Average payroll during the reporting period[2]	7,537	6,436	6,064	5,972	4,494

1) Q1–Q3 2014: 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 SEPTEMBER 2014

ECONOMIC ENVIRONMENT

Whereas economic development, from a global perspective, was vague and uneven in the first six months of 2014, the weaknesses became more pronounced during the summer months. Consequently, the International Monetary Fund (IMF) once again lowered its growth forecast, specifically to 3.3 per cent for 2014 and 3.8 per cent for 2015. In the first half of 2014, the harsh winter in North America, the beginnings of the political crisis in Ukraine and the lack of growth in Latin America were to blame. The situation was moreover aggravated in the summer by the effects of the sanctions against Russia, concerns about the situation in Syria and a marked decline in German industrial production which took their toll on both the economic mood and performance.

Hence, 2014 is the fourth consecutive year in which the predicted economic growth has not materialized, particularly in Europe. Apparently, there is a dearth of growth drivers. In its outlook, the IMF mentions that a lack of potential growth has led to subdued investment – also in countries like the USA and Great Britain, which have basically overcome the crisis. All in all, the global economy is still suffering from consequences of the financial crisis such as high public and private debt as well as high unemployment.

Europe and South America are the regions currently posting the weakest performance. The German economy is forecast to grow by only 1.4 per cent in 2014 and 1.5 per cent in 2015. France is even weaker at 0.4 and 1.0 per cent, and for Italy a decline of 0.2 per cent is projected for 2014. With 1.3 per cent growth predicted in 2014 and 1.7 per cent in 2015, the development of Spain's economy is positive. The IMF forecasts that Great Britain will grow by 3.2 per cent in 2014 and 2.7 per cent the following year, ranging well above the European average.

The USA is bouncing back surprisingly well from the weather-related slump in the first quarter. The IMF predicts that the US economy will grow by 2.2 per cent in 2014 and 3.1 per cent in 2015.

The emerging markets have shown a mixed picture: The slowing of economic growth in China to 7.4 per cent in 2014 and 7.1 per cent in the following year seems to be welcomed by political leaders. Thanks to its wise economic policy, India will accelerate from 5.6 per cent in 2014 to 6.4 per cent in 2015, while Russia and Brazil will more or less stagnate.

The IMF recommends government investments in the respective infrastructures so as to stimulate investment and demand – even at the price of running into new debt.

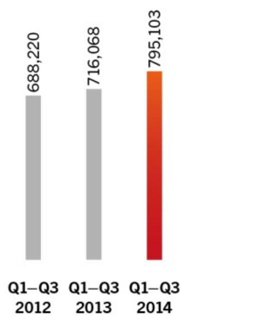
PERFORMANCE OF THE PALFINGER GROUP

In the first three quarters of 2014, the business performance of the PALFINGER Group continued to be satisfactory. The Group's revenue was stepped up by 11.0 per cent year on year through organic as well as inorganic growth, reaching a new record level of EUR 795.1 million. In other words, PALFINGER performed exceedingly well in comparison with other market players.

In contrast to previous years, most of the growth in revenue came from Europe, where the continuous market development was rewarded by the customers. However, the current volume of incoming orders suggests a slowdown in growth over the course of the rest of the financial year, particularly in Europe in the Loader Cranes business unit. The effects will be more pronounced in earnings than in revenue development. Looking at the third quarter alone, a decline in revenue, EBIT and the EBIT margin can be observed.

The month of September saw a clear decline in demand in PALFINGER's European markets. Incoming orders, which had already started to slow down in July and August, particularly in the cranes segment, nosedived in September. All in all, there is no indication in the European market that this negative trend might be reversed in the final months of the year to an extent that would compensate for the weak demand during the summer. PALFINGER recorded declines in revenue in Brazil as well.

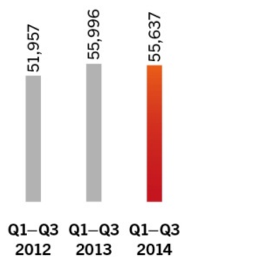
For the aforementioned reason, the Management Board of PALFINGER AG felt obliged to announce in October that PALFINGER's 2014 EBIT would probably fall short of the figure achieved in the previous year.



DEVELOPMENT OF REVENUE
(EUR thousand)

In PALFINGER's other major markets, that is to say North America, Russia, as well as Asia and Pacific (including China), PALFINGER's business continued to perform positively. The companies acquired in 2013 and 2014 (Nimet Srl, Megarme, Palfinger systems) contributed significantly to revenue growth as they had already done in previous quarters.

In the first nine months of 2014, EBIT came to EUR 55.6 million, almost reaching the level recorded at the end of the third quarter of 2013, when EBIT was particularly high as a result of one-time effects from the acquisition of a majority stake in Nimet. The decline amounted to 0.7 per cent. The weaker demand for loader cranes in Europe was already reflected in earnings. In AREA UNITS, the negative results of the first quarter were compensated, with the result that the segment made a positive contribution to earnings in the first three quarters of 2014, albeit to a smaller degree than in the previous year. The consistent management of fixed costs and capital employed has been continued, with a focus on flexibility in production.

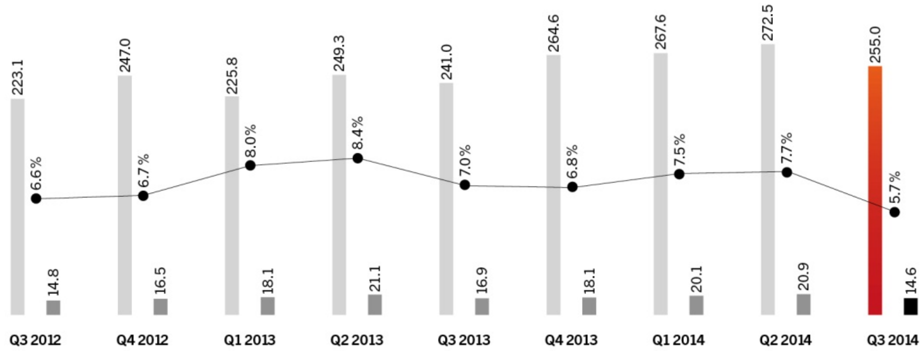


DEVELOPMENT OF EBIT
(EUR thousand)

Given that PALFINGER's long-term growth potential is seen in North America, Russia, China, Brazil and India, as well as in the Marine sector, PALFINGER is consistently continuing its positioning strategy in these markets. The two joint ventures with the Chinese SANY Group increased their operational success in the course of the first three quarters 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 Russia, PALFINGER achieved two further milestones in the development of the Russian market with the signing of two joint venture agreements with the publicly listed KAMAZ Group and the closing of the acquisition of a majority stake in PM-Group Lifting Machines.

The EBIT margin dropped from 7.8 per cent in the first three quarters of 2013 to 7.0 per cent. At EUR 32.4 million, the consolidated net result was slightly lower than the previous year's level of EUR 34.3 million.

The performance over the individual quarters since the third quarter of 2012 shows continuous growth of the PALFINGER Group up to the second quarter of 2014.



DEVELOPMENT OF REVENUE AND EBIT
(EUR million)

Revenue
EBIT
● EBIT margin (in per cent)

All in all, sales figures in the European core markets were higher in the first three quarters of 2014 than in 2013, with the countries presenting a mixed picture: while generating substantial increases in revenue in Switzerland, Sweden, Great Britain, Ireland, Belgium and the Netherlands, PALFINGER recorded declines in Denmark, Turkey, Africa and Australia. Spain was stimulated by growth at a modest level for the first time in several years.

The development of demand in North America is still satisfactory. PALFINGER recorded declining revenue in South America, and business was stable in Russia despite political uncertainty, whereas the lack of stability negatively impacted sales in the Middle East.

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 42.4 per cent, the equity ratio of the PALFINGER Group was still at a high level at the end of the first three quarters of 2014, but slightly lower than the figure reported at the end of the first three quarters of 2013 (30 Sept 2013: 44.4 per cent). Due to the capital increase in the amount of EUR 53.1 million required for PALFINGER's and SANY's cross shareholding, and the increase in earnings achieved in the previous year, equity rose by EUR 96.8 million, from EUR 381.2 million as at 30 Sept 2013 to EUR 478.0 million as at 30 Sept 2014. Total assets increased compared to the first three quarters of 2013, from EUR 859.6 million to EUR 1,127.5 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 25.4 per cent, total assets rose by 31.2 per cent in the same period.

The average net working capital increased in connection with the acquisitions made, from EUR 181.7 million in the first three quarters of 2013 to EUR 215.0 million. The average capital employed rose by EUR 124.4 million to EUR 728.5 million, and targeted Group-wide measures are being taken to achieve further optimization.

Net debt increased by 53.4 per cent year on year to EUR 373.0 million as at the end of September 2014 (30 Sept 2013: EUR 243.2 million). Transactions to be financed in the reporting period included, among others, the acquisition of an interest in SANY Automobile Hoisting Machinery Co., Ltd. and the acquisition of the Megarme Group, all of which drove up the gearing ratio to 78.0 per cent (30 Sept 2013: 63.8 per cent). 85.2 per cent of PALFINGER's total capital employed has been secured on a long-term basis.

In the first three quarters of 2014, cash flows from operating activities went down to EUR 3.1 million (Jan–Sept 2013: EUR 29.1 million), which was primarily attributable to the stronger build-up of net working capital than in the previous year. Free cash flows came to – EUR 165.5 million, reflecting primarily the investments in PALFINGER's cross shareholding with SANY.

At EUR 795.1 million, revenue was significantly higher than in the first three quarters of 2013, exceeding the previous year's figure by 11.0 per cent. Compared to the first three quarters of 2013, revenue increased by EUR 79.0 million (Jan-Sept 2013: EUR 716.1 million).

EBIT amounting to EUR 55.6 million (Jan–Sept 2013: EUR 56.0 million) and the Group's consolidated net result of EUR 32.4 million (Jan–Sept 2013: EUR 34.3 million) demonstrate PALFINGER's ability to post strong earnings even under difficult market conditions.

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 long-term development of the Company's value. In 2014, the focus is being placed on integrating the companies acquired in the previous year and consolidating the market presence in Russia.

The strategic partnership with SANY was further expanded in May through a cross shareholding arrangement. In the second quarter, PALFINGER acquired an interest in the Argentinian company HIDRO-GRUBERT. This long-standing family business is the Argentinian market leader for access platforms.

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, is proceeding according to plan. If construction continues to progress as planned, production will start in China in the fourth quarter of 2014, and in Russia in the second quarter of 2015. In Bergheim, Austria, the construction of the new headquarters is proceeding without any delays.

In the third quarter, PALFINGER and the publicly listed KAMAZ Group agreed on the establishment of two joint ventures. The PALFINGER Group will hold 49 per cent and the KAMAZ Group 51 per cent in the joint venture focussing on mounting, which will specialize in truck bodies. The joint venture company will equip trucks with loading and handling systems. In addition to the existing dealer network of KAMAZ, the establishment of a separate network of dealers and service centres is planned. The company will have its registered office in Naberezhnye Chelny in Tatarstan, not far from the headquarters of the KAMAZ Group. The objective is to deliver more than 3,000 truck bodies per year by 2019.

PALFINGER's stake in the cylinder production joint venture will be 51 per cent. PALFINGER will acquire this interest in the existing cylinder production of KAMAZ in Neftekamsk in the Bashkortostan region and will invest in modernization of the plants. A targeted 80,000 cylinders for cranes, trucks and building machinery are to be built there per year by 2019.

At the beginning of October, the PALFINGER Group also finalized the acquisition of a 60 per cent interest in PM-Group Lifting Machines, Russia, by PALFINGER CIS GmbH. An additional 20 per cent was acquired by Steindl Forsttechnik GmbH.

PM-Group Lifting Machines is an important producer of cranes for timber and recycling in Russia. PM-Group Lifting Machines comprises the two Russian crane manufacturers Velmash and Solombalsky. They produce and distribute a broad range of timber and recycling cranes. In addition, the group also offers loader cranes, stationary cranes, hooklifts and customized solutions. With its extensive sales network, comprising 86 dealers, service centres and regional offices, PM-Group Lifting Machines is the perfect addition to the market development efforts being pursued by PALFINGER.

At this year's IAA, PALFINGER presented itself as the international market leader for mobile loader cranes and the technological trendsetter for hydraulic lifting and work systems. On an area of 1,400 square metres, PALFINGER displayed its broad range of products; this included the world premiere of the new L-crane series for the more efficient handling of building materials, the presentation of PALFINGER's timber and recycling cranes represented by the EPSILON M-series, and PALFINGER's truck mounted forklifts and tail lifts, as well as the premiere of the DIN skip loader generation and the Jumbo class NX access platform P 480, which was presented for the first time in Germany.

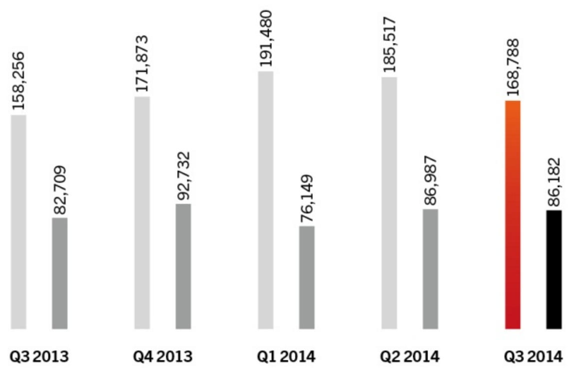
PALFINGER successfully completed another issue of promissory notes. The Company raised three loans by issuing promissory notes with the value date 24 October 2014, a total volume of EUR 105 million, and maturities of five, seven and ten years. The issue attracted great interest and was primarily subscribed to by Austrian, German and Chinese investors. PALFINGER had already issued such loans in 2009 and 2012.

In the first three quarters of 2014, PALFINGER's Management Board and investor relations team participated in international road shows, investor conferences, trade fairs and stock exchange days. In the first three weeks of the period under review, the price of PALFINGER's shares increased, but by the end of the quarter it had gone down again and closed at EUR 25.00, which is below the 2013 year-end closing price. After the profit alert issued at the beginning of October, PALFINGER's shares dived by more than 20 per cent and were quoted at approximately EUR 18 at the end of October.

Sustainability is an integral part of the strategy pursued by the PALFINGER Group. For this reason, PALFINGER is delighted that a development team at the Lengau site has received the Upper Austrian Environment and Sustainability Award in recognition of its development of PALFINGER Hybrid, which facilitates the noiseless and emission-free operation of loader cranes by connecting to the local power grid. Moreover, the Integrated Annual Report 2013, which was prepared in accordance with the standards of IFRS, GRI G4 and SASB, received numerous national as well as international prizes for the completeness, consistency, transparency and precision of its contents. From among these awards, first place in the Austrian Sustainability Reporting Award (ASRA) is particularly noteworthy.

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)

EUROPEAN UNITS
AREA UNITS

* 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 global Marine business area, which is composed of the business units Marine Cranes, Wind Cranes, Offshore Cranes, Launch & Recovery Systems, After Sales & Service and the new Boats business unit, as well as the two business units Systems and Megarme.

In the first three quarters of 2014, the EUROPEAN UNITS segment reported revenue of EUR 545.8 million, corresponding to an increase of 13.9 per cent compared to the first three quarters of 2013, when revenue was EUR 479.2 million.

Taken together, the acquisitions of Nimet Srl, Palfinger systems and Megarme contributed around 55 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 around 30 per cent.

At EUR 62.2 million, the segment's EBIT was at a level comparable to that achieved in the first three quarters of 2013. The EBIT margin for this segment was kept at a high level, coming to 11.4 per cent.

Loader Cranes
In the first three quarters 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 Switzerland, Sweden, Great Britain, Ireland, Belgium and the Netherlands. Sales in Spain have also been developing well since the beginning of the year. Sales in Denmark, Africa and Australia, and exports to Russia, slowed down. All in all, the orders received so far suggest a less positive development for the fourth quarter of 2014.

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 three quarters of 2014. Successful cooperation with the non-European business areas led to rising demand. In South America, Madal started the production of EPSILON cranes.

Tail Lifts
Tail Lifts recorded a slight decline in revenue in the first three quarters of 2014. The existing product portfolio of this business unit was enhanced in order to better meet market needs. A new product series targeting the British market was developed.

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 (formerly Container Handling Systems) managed to slightly increase its contribution to earnings. This positive development is being supported by continued optimization of administrative and value-creation processes. New products will be added to the unit's portfolio starting from 2015.

Truck Mounted Forklifts
In the business unit Truck Mounted Forklifts, where revenue was previously at a low level, increases of more than 30 per cent were achieved in the first three quarters of 2014. 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 three quarters of 2014 and earnings rose at an even higher rate. PALFINGER sees growth potential, primarily in China, Russia and the Arab region.

Marine
The Marine business area, including the companies acquired, recorded revenue growth of approx. 30 per cent in the period under review, the main contributor to this positive organic development being the Marine Cranes business unit. 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 three quarters of 2014. Higher capacity utilization in the first three quarters enhanced the productivity of this business unit. Moreover, manufacturing for third parties was expanded further.

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 medium-term objective is to generate two thirds of the consolidated revenue in these regions.

In the first three quarters of 2014, revenue generated by the AREA UNITS segment increased by 5.2 per cent from EUR 236.9 million in the first three quarters of 2013 to EUR 249.3 million. This growth is primarily attributable to the business areas Asia and Pacific and, since the second quarter, North America. Hence, the share in revenue generated by the areas outside Europe was 31.4 per cent.

Due to weather-related declines in the business units Loader Cranes and Access Platforms in North America in the first quarter of 2014, bottlenecks in funding administered by Brazil's Special Agency for Industrial Financing (FINAME) and the collapse of exports to Russia, the segment's contribution to earnings was lower than in the first three quarters of 2013. As expected, performance was high in the Asia and Pacific business area. The AREA UNITS segment's negative results for the first quarter were partly compensated by high capacity utilization in the second and third quarters and the continuously positive development of incoming orders. In the first three quarters of 2014, the segment's EBIT came to EUR 6.4 million, down from EUR 7.3 million in the same period of the previous year.

North America
Revenue in North America increased during the highly successful second quarter. The positive trend continued in the third quarter, and the high number of incoming orders suggests that positive contributions to earnings will also be generated in the last three months of 2014. The main drivers of this business area are the Loader Cranes, Access Platforms and Tail Lifts business units.

South America

In South America, due to changes in the foreign currency exchange rate and a slowdown in the local market, revenue decreased. 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 after this region's highly positive performance in 2012 and 2013. 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 and completion of the product range.

Asia and Pacific

The business area Asia and Pacific recorded major increases in revenue compared to the first three quarters of 2013, resulting primarily from the successful joint ventures in China. 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 previous years, revenue remained stable in the CIS business area in the period under review as the Russian ruble depreciated. Exports to Russia have come to a halt as a consequence of the sanctions imposed and the weak currency, as Russian customers have no access to funding. INMAN, however, succeeded in substantially increasing both sales and revenue. In addition, the investment project aimed at capacity expansion was continued; the plant will start operations in the second quarter of 2015 and thereby support the positive development of the local product range. The closing of the PM-Group Lifting Machines transaction, for which the contract had been negotiated in December 2013, took place at the beginning of October 2014. As previously reported, the establishment of two joint venture companies with Russia's largest truck producer KAMAZ had been agreed upon in the summer. One joint venture company will manufacture truck bodies and equip trucks with loader cranes, tail lifts and hooklifts, while the other will produce hydraulic cylinders.

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 three quarters of 2014, priority was placed on the shareholding in HIDRO-GRUBERT, as well as on the development of the two joint venture companies with KAMAZ and the closing of the PM-Group transaction. Substantial costs in this unit were incurred by the cross shareholding of PALFINGER and SANY, accomplished in May. This unit's EBIT for the first three quarters of 2014 was –EUR 12.4 million, as compared to – EUR 13.2 million for the same period in 2013.

OUTLOOK

The increasingly challenging market environment in the 2014 financial year confirmed 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 enhanced 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 July 2014, PALFINGER has recorded a considerable decrease in demand in the European core markets and in South America. High growth potential is still seen in the other non-European regions and the global Marine business area. All in all, the management expects a substantial increase in revenue in the current financial year, in which case revenue would exceed the 1 billion euro threshold for the first time in the Company's history. EBIT is expected to fall short of the figure achieved in 2013.

Thanks to many years of internationalization and diversification, the PALFINGER Group is well equipped to weather fluctuations in demand or in business – including more substantial ones. In particular the programmes to increase the flexibility of all processes and to ensure permanent control of fixed costs allow PALFINGER to continue to be an active player in the market.

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 Northern American market and the Marine business area harbour 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 SEPTEMBER 2014

This interim consolidated financial information of PALFINGER AG was neither fully audited nor reviewed by an auditor.

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	July–Sept 2014	July–Sept 2013	Jan–Sept 2014	Jan–Sept 2013
Revenue		**254,970**	**240,965**	**795,103**	**716,068**
Cost of sales	1	(196,422)	(182,830)	(603,600)	(542,725)
Gross profit		**58,548**	**58,135**	**191,503**	**173,343**
Other operating income	2	2,461	2,832	10,677	9,487
Research and development costs	1	(7,224)	(6,164)	(20,259)	(18,396)
Distribution costs	1	(18,083)	(17,360)	(56,391)	(54,596)
Administrative costs	1	(20,852)	(19,379)	(64,807)	(56,912)
Other operating expenses		(2,140)	(2,699)	(8,361)	(6,715)
Income from associated companies	4	1,908	1,513	3,275	9,785
Earnings before interest and taxes – EBIT		**14,618**	**16,878**	**55,637**	**55,996**
Interest income		275	127	674	525
Interest expenses		(3,810)	(2,996)	(10,156)	(9,061)
Exchange rate differences		(26)	93	480	(1,153)
Other financial result	7	1,230	0	1,230	0
Net financial result		**(2,331)**	**(2,776)**	**(7,772)**	**(9,689)**
Result before income tax		**12,287**	**14,102**	**47,865**	**46,307**
Income tax expense		(2,248)	(3,229)	(10,380)	(8,795)
Result after income tax		**10,039**	**10,873**	**37,485**	**37,512**
attributable to					
shareholders of PALFINGER AG (consolidated net result for the period)		**7,809**	**9,614**	**32,416**	**34,302**
non-controlling interests		**2,230**	**1,259**	**5,069**	**3,210**
EUR					
Earnings per share (undiluted and diluted)	6	0.21	0.27	0.89	0.97
Average number of shares outstanding		36,379,056	35,398,555	36,379,056	35,398,555

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	July–Sept 2014	July–Sept 2013	Jan–Sept 2014	Jan–Sept 2013
Result after income tax	**10,039**	**10,873**	**37,485**	**37,512**
Amounts that may be reclassified to the income statement in future periods				
Unrealized profits (+)/losses (–) from foreign currency translation	11,267	(5,641)	14,516	(10,352)
Deferred taxes thereon	(876)	321	(1,045)	214
Effective taxes thereon	44	109	(14)	280
Unrealized profits (+)/losses (–) from cash flow hedge				
Changes in unrealized profits (+)/losses (–)	(4,188)	(17)	(9,082)	1,203
Deferred taxes thereon	438	(191)	430	244
Effective taxes thereon	641	202	1,875	(508)
Realized profits (–)/losses (+)	314	130	1,392	355
Deferred taxes thereon	14	(52)	132	(125)
Effective taxes thereon	(92)	0	(477)	17
Other comprehensive income after income tax	**7,562**	**(5,139)**	**7,727**	**(8,672)**
Total comprehensive income	**17,601**	**5,734**	**45,212**	**28,840**
attributable to				
shareholders of PALFINGER AG	**13,095**	**4,673**	**37,676**	**25,899**
non-controlling interests	**4,506**	**1,061**	**7,536**	**2,941**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	30 Sept 2014	31 Dec 2013	30 Sept 2013
Non-current assets				
Intangible assets		199,622	173,707	174,517
Property, plant and equipment	3	253,532	218,371	217,323
Investment property		356	369	373
Investments in associated companies	4	128,035	12,955	13,685
Other non-current assets		2,330	1,746	1,537
Deferred tax assets		15,843	20,206	21,318
Non-current financial assets	9	4,228	1,871	1,888
		603,946	**429,225**	**430,641**
Current assets				
Inventories	5	266,517	215,445	226,440
Trade receivables	5	205,158	163,792	161,051
Other current receivables and assets		24,929	21,557	22,686
Tax receivables		2,517	3,093	4,646
Current financial assets	9	2,409	433	666
Cash and cash equivalents		22,048	15,965	13,429
		523,578	**420,285**	**428,918**
Total assets		**1,127,524**	**849,510**	**859,559**
Equity				
Share capital		37,593	35,730	35,730
Additional paid-in capital		82,136	30,727	30,731
Treasury stock		(1,593)	(1,790)	(1,790)
Retained earnings	6	343,267	331,013	322,248
Foreign currency translation reserve		(9,939)	(20,929)	(15,548)
		451,464	**374,751**	**371,371**
Non-controlling interests		26,543	11,163	9,871
		478,007	**385,914**	**381,242**
Non-current liabilities				
Liabilities from puttable non-controlling interests	7, 9	22,842	17,370	17,021
Non-current financial liabilities	9	246,925	184,681	188,815
Non-current provisions	8, 9	33,475	38,592	35,917
Deferred tax liabilities		6,029	7,652	8,053
Other non-current liabilities		3,153	4,561	3,413
		312,424	**252,856**	**253,219**
Current liabilities				
Current financial liabilities	9	154,801	51,219	69,836
Current provisions		12,415	12,351	12,500
Tax liabilities		6,243	5,172	5,198
Trade payables and other current liabilities		163,634	141,998	137,564
		337,093	**210,740**	**225,098**
Total equity and liabilities		**1,127,524**	**849,510**	**859,559**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Note	Share capital	Additional paid-in capital	Treasury stock	Other retained earnings
As at 1 Jan 2013		**35,730**	**30,616**	**(1,858)**	**305,879**
Total comprehensive income					
Result after income tax		0	0	0	34,302
Other comprehensive income after income tax					
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0	0
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0	0
		0	**0**	**0**	**34,302**
Transactions with shareholders					
Dividends		0	0	0	(13,448)
Reclassification non-controlling interests	7	0	0	0	1,210
Addition non-controlling interests		0	0	0	0
Disposal non-controlling interests		0	0	0	(870)
Other changes		0	115	68	(27)
		0	**115**	**68**	**(13,135)**
As at 30 Sept 2013		**35,730**	**30,731**	**(1,790)**	**327,046**
As at 1 Jan 2014		**35,730**	**30,727**	**(1,790)**	**336,616**
Total comprehensive income					
Result after income tax		0	0	0	32,416
Other comprehensive income after income tax					
Unrealized profits (+)/losses (–) from foreign currency translation		0	0	0	0
Unrealized profits (+)/losses (–) from cash flow hedge		0	0	0	0
		0	**0**	**0**	**32,416**
Transactions with shareholders					
Capital increase	6	1,863	51,274	0	0
Dividends	6	0	0	0	(14,515)
Reclassification non-controlling interests	7	0	0	0	1,134
Addition non-controlling interests		0	0	0	(971)
Other changes		0	135	197	(80)
		1,863	**51,409**	**197**	**(14,432)**
As at 30 Sept 2014		**37,593**	**82,136**	**(1,593)**	**354,600**

Equity attributable to the shareholders of PALFINGER AG					
Retained earnings					
Remeasurements acc. to IAS 19	Valuation reserves acc. to IAS 39	Foreign currency translation reserve	Total	Non-controlling interests	Equity
(3,093)	**(2,891)**	**(5,983)**	**358,400**	**6,474**	**364,874**
0	0	0	34,302	3,210	37,512
0	0	(9,589)	(9,589)	(269)	(9,858)
0	1,186	0	1,186	0	1,186
0	**1,186**	**(9,589)**	**25,899**	**2,941**	**28,840**
0	0	0	(13,448)	(3,500)	(16,948)
	0	0	1,210	(351)	859
0	0	0	0	4,701	4,701
0	0	24	(846)	(384)	(1,230)
0	0	0	156	(10)	146
0	**0**	**24**	**(12,928)**	**456**	**(12,472)**
(3,093)	**(1,705)**	**(15,548)**	**371,371**	**9,871**	**381,242**
(4,126)	**(1,477)**	**(20,929)**	**374,751**	**11,163**	**385,914**
0	0	0	32,416	5,069	37,485
0	0	10,990	10,990	2,467	13,457
0	(5,730)	0	(5,730)	0	(5,730)
0	**(5,730)**	**10,990**	**37,676**	**7,536**	**45,212**
0	0	0	53,137	0	53,137
0	0	0	(14,515)	(4,910)	(19,425)
0	0	0	1,134	(2,025)	(891)
0	0	0	(971)	14,788	13,817
0	0	0	252	(9)	243
0	**0**	**0**	**39,037**	**7,844**	**46,881**
(4,126)	**(7,207)**	**(9,939)**	**451,464**	**26,543**	**478,007**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Jan–Sept 2014	Jan–Sept 2013
Result before income tax	**47,865**	**46,307**
Cash flows from operating activities	3,069	29,109
Cash flows from investing activities	(175,767)	(28,666)
Cash flows from financing activities	178,323	(10,859)
Total cash flows	**5,625**	**(10,416)**
Free cash flows	**(165,493)**	**7,040**

EUR thousand	2014	2013
Funds at 1 Jan	**15,965**	**24,476**
Effects of foreign exchange differences	458	(631)
Total cash flows	5,625	(10,416)
Funds at 30 Sept	**22,048**	**13,429**

SEGMENT REPORTING

	External revenue		Internal revenue		EBIT	
EUR thousand	Jan–Sept 2014	Jan–Sept 2013	Jan–Sept 2014	Jan–Sept 2013	Jan–Sept 2014	Jan–Sept 2013
EUROPEAN UNITS	545,785	479,160	45,438	58,581	62,151	62,257
AREA UNITS	249,318	236,908	168	29	6,426	7,274
VENTURES	-	-	-	-	(12,385)	(13,232)
Segment consolidation	-	-	(45,606)	(58,610)	(555)	(303)
PALFINGER Group	**795,103**	**716,068**	**0**	**0**	**55,637**	**55,996**

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 September 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 Machinery Co.,Ltd., Changsha, was carried out. Having analysed 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 three quarters of 2014 would be approx. EUR 14 million lower while earnings would remain approximately the same. Total assets would be reduced by approx. EUR 24 million and the equity held by the majority owners would hardly change, while the equity of the minority shareholders would be approx. EUR 13 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 three quarters 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.

On 14 August 2014, PALFINGER and KAMAZ, the largest Russian truck manufacturer, agreed on the establishment of two joint ventures. The PALFINGER Group will hold 49 per cent and the KAMAZ Group 51 per cent in the joint venture focussing on mounting, which will specialize in truck bodies. PALFINGER's stake in the cylinder production joint venture will be 51 per cent. PALFINGER will acquire this interest in the existing cylinder production of KAMAZ in Neftekamsk in the Bashkortostan region and will invest in modernization of the plants. Subject to the necessary approvals, the closing of both transactions and hence the foundation of the new joint venture companies is planned for the end of November 2014.

On 1 September 2014, the remaining 20 per cent of the shares in Palfinger Russland GmbH, Salzburg, were redeemed. Until then, these shares had been reported as puttable non-controlling interests.

In the course of optimizing the Group's structure, a process which was begun in 2012, Palfinger EMEA GmbH, Salzburg, was entered into the commercial register on 25 September 2014 under the demerger and takeover agreement of 2 June 2014 to become a wholly-owned subsidiary of PALFINGER AG by way of a demerger. This company bundles all the participations held by the area EMEA.

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 sell the remaining shares to PALFINGER. This obligation is reported as 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 provides 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
Liability 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 analysed 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 receivables and 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 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-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-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 (6) 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 was 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 from the acquisition	**(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 Machinery 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)
Capital increase	(11,053)
Goodwill	**80,128**

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, the results for the period 31 March 2014 to 30 June 2014 have been included in this interim financial information as at 30 September 2014.

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.

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 is 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 was as follows:

EUR thousand	2014
Purchase price paid in cash	746
Purchase price not yet fallen due	1,137
Contingent consideration not yet fallen due (on trust account)	1,226
Subtotal	**3,109**
Pro-rata net assets	(1,331)
Goodwill	**1,778**

Net assets include non-current assets in the amount of EUR 1,330 thousand and net working capital in the amount of EUR 2,729 thousand.

Acquisition of PM-Group Lifting Machines

The closing of the acquisition of a 60 per cent share in PM-Group Lifting Machines, Russia, was concluded on 1 October 2014. For further details, see page 37 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–Sept 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	18,040	(387,327)	(115,526)	(14,429)	0	(43,483)	(542,725)
Other operating income	0	0	0	0	9,487	0	9,487
Research and development costs	5,067	(728)	(16,365)	(2,880)	819	(4,309)	(18,396)
Distribution costs	(82)	(589)	(32,693)	(3,178)	0	(18,054)	(54,596)
Administrative costs	0	(382)	(29,984)	(2,827)	0	(23,719)	(56,912)
Other operating expenses	0	0	0	0	0	(6,715)	(6,715)
Total	**23,025**	**(389,026)**	**(194,568)**	**(23,314)**	**10,306**	**(96,280)**	**(669,857)**

Jan–Sept 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	10,555	(410,460)	(130,408)	(19,013)	0	(54,274)	(603,600)
Other operating income	0	0	0	0	10,677	0	10,677
Research and development costs	5,881	(761)	(18,707)	(951)	1,028	(6,749)	(20,259)
Distribution costs	(77)	(1,169)	(33,146)	(3,232)	0	(18,767)	(56,391)
Administrative costs	(21)	146	(36,731)	(2,833)	0	(25,368)	(64,807)
Other operating expenses	0	0	0	0	0	(8,361)	(8,361)
Total	**16,338**	**(412,244)**	**(218,992)**	**(26,029)**	**11,705**	**(113,519)**	**(742,741)**

(2) Other operating income

Other operating income, totalling EUR 2,708 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 6,757 thousand (previous year until 30 Sept 2013: EUR 1,684 thousand), plants, machinery and tools in the amount of EUR 7,409 thousand (previous year until 30 Sept 2013: EUR 4,138 thousand) and to fixtures, fittings and equipment in the amount of EUR 9,609 thousand (previous year until 30 Sept 2013: EUR 6,342 thousand). Prepayments and assets under construction increased due to additions in the amount of EUR 15,743 thousand (previous year until 30 Sept 2013: EUR 9,146 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	113,668	0
Share in the net result for the period	3,275	2,875
Dividends	(2,312)	(3,934)
Foreign currency translation	449	27
Disposals	0	(990)
As at 30 Sept/31 Dec	**128,035**	**12,955**

The increase resulted from the acquisition of the 10 per cent shareholding in SANY Automobile Hoisting Machinery Co., Ltd and the 30 per cent shareholding in Andrés N. Bertotto S.A.I.C.

Income from associated companies is composed as follows:

EUR thousand	Jan–Sept 2014	Jan–Sept 2013
Share in the net result for the period	3,275	2,542
Income from disposed associated companies	0	81
Income from revaluation of investments in associated companies due to acquisition	0	7,162
Total	**3,275**	**9,785**

(5) Inventories and trade receivables

Inventories increased by EUR 51,072 thousand as compared to 31 December 2013, mainly due to the building up of inventories in the business area North America because of strong demand, and the acquisitions made in 2014.

The increase in trade receivables of EUR 41,366 thousand refers primarily to receivables from manufacturing orders as well as trade receivables in the EUROPEAN UNITS segment.

(6) 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 10,000,000.00 by means of issuing up to 10.000.000 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,

- 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
- if the capital increase is made for the purpose of listing the shares of the Company on a foreign stock exchange or
- in order to exempt any fractional amounts from the subscription rights of shareholders or
- 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 Sept/31 Dec	**37,301,290**	**35,401,910**

On the basis of a consolidated net result for the period of EUR 32,416 thousand (Jan–Sept 2013: EUR 34,302 thousand) undiluted earnings per share were EUR 0.89 (Jan–Sept 2013: EUR 0.97). Due to the low dilution effect of the stock option programme, diluted earnings per share were identical to undiluted earnings per share.

(7) 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	225	318
Increase through profit and loss	0	96
Reversal through profit and loss	(1,229)	0
Redemption	(2,626)	(1,364)
Increase directly in equity	893	400
Reversal directly in equity	0	(1,079)
As at 30 Sept/31 Dec	**22,842**	**17,370**

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

(8) 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.

(9) 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 September 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 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013	30 Sept 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	69	295	69	295	0	0
Non-current liabilities						
Liabilities from puttable non-controlling interests	0	3,630	0	0	0	3,630
Non-current financial liabilities	7,266	817	7,266	817	0	0
Non-current provisions (contingent purchase price payments)	0	2,534	0	0	0	2,534
Current liabilities						
Current financial liabilities	3,063	1,357	3,063	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	338	560
Redemption	(2,626)	(204)
Reversal through profit and loss	(3,919)	(1,781)
Increase through profit and loss	0	96
Exchange rate differences	42	(157)
As at 30 Sept/31 Dec	**0**	**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 September 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	
Changes in 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 Sept/ 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 PM-Group Lifting Machines

On 18 December 2013, PALFINGER signed the contract regulating the takeover of the majority of shares in PM-Group Lifting Machines, Russia. On 1 October 2014, the PALFINGER Group finalized the acquisition of a 60 per cent interest in PM-Group Lifting Machines, Russia. An additional 20 per cent was acquired by Steindl Forsttechnik GmbH. Regarding the remaining 20 per cent, the non-controlling shareholders hold a put option to sell the remaining shares to PALFINGER, and PALFINGER holds a call option. Both options may be exercised in 2019. Until the point in time when the call/put options are exercised, the non-controlling shareholders are entitled to a disproportional dividend. These obligations are reported as liabilities from puttable non-controlling interests.

PM-Group Lifting Machines is an important producer of cranes for timber and recycling in Russia and comprises the two Russian crane manufacturers Velmash and Solombalsky. They produce and distribute a broad range of timber and recycling cranes. In addition, the group also offers loader cranes, stationary cranes, hooklifts and customized solutions. With its extensive sales network, comprising 86 dealers, service centres and regional offices, PM-Group Lifting Machines is the perfect addition to the market development efforts being pursued by PALFINGER/EPSILON.

For PALFINGER, this takeover constitutes an important step in the expansion of its business activities in Russia, turning Russia into one of PALFINGER's three most important markets. This enables the Company to offer an extended product range and enhanced service to its customers. Moreover, PALFINGER sees sales opportunities for PM products in India and China.

Given the high complexity of the transaction and the size of the acquisition, as well as the short time period between the closing and the publication of this interim financial information, the purchase price allocation was based on preliminary values. 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, the brand, incoming orders, inventories, property, plant and equipment, and provisions as well as deferred taxes have been analysed in detail.

At the time of acquisition, the purchase price allocation on the basis of the preliminarily estimated fair values was as follows:

EUR thousand	**2014**
Purchase price paid in cash	18,000
Liability from puttable non-controlling interests	10,421
Pro-rata net assets of non-controlling interests (Steindl Forsttechnik GmbH)	4,096
Subtotal	**32,517**
Net assets	(20,480)
Goodwill	**12,037**

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	8,384
Property, plant and equipment	10,689
Deferred tax assets	317
Non-current financial assets	42
Other non-current assets	43
	19,475
Current assets	
Inventories	11,105
Trade receivables	2,357
Other current receivables and assets	864
Tax receivables	19
Cash and cash equivalents	545
	14,889
Non-current liabilities	
Non-current financial liabilities	2,248
Non-current provisions	472
Deferred tax liabilities	2,129
	4,849
Current liabilities	
Current financial liabilities	1,907
Current provisions	751
Tax liabilities	40
Trade payables and other current liabilities	6,336
	9,035
Net assets	**20,480**

The trade receivables taken over have a gross value of EUR 2,487 thousand. The impairment loss for probable bad debt is EUR 130 thousand.

The goodwill associated with the acquisition primarily reflects the benefits expected from synergies, from the potential arising from market expansion in Russia, primarily in the field of timber and recycling cranes, and from staff know-how.

Net cash flows from the acquisition were as follows:

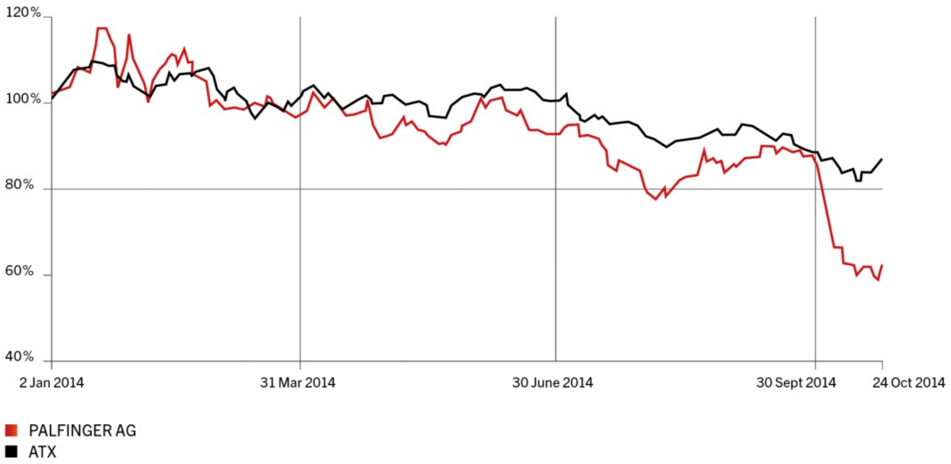
EUR thousand	2014
Cash flows from operating activities	
Transaction costs	(181)
Cash flows from investing activities	
Purchase price paid in cash	(18,000)
Cash and cash equivalents	545
Net cash flows from the acquisition	**(17,636)**

No other material events requiring disclosure occurred after the end of the interim reporting period.

SHAREHOLDER INFORMATION

Q1–Q3 2014	
International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	37,593,258
of which own shares	291,968
Price as at 30 September 2014	EUR 25.00
Earnings per share (Q1–Q3 2014)	EUR 0.89
Market capitalization as at 30 September 2014	EUR 939,831.45 thousand

SHARE PRICE DEVELOPMENT



INVESTOR RELATIONS

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FINANCIAL CALENDAR

6 February 2015	Balance sheet press conference
11 March 2015	Annual General Meeting
13 March 2015	Ex-dividend day
17 March 2015	Dividend payment day
30 April 2015	Publication of results for the first quarter of 2015
30 July 2015	Publication of results for the first half of 2015
30 October 2015	Publication or results for the first three quarters of 2015

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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