Three Month-Report

JANUARY 1 – MARCH 31, 2011

- PRELIMINARY AND UNAUDITED -

PFLEIDERER
AKTIENGESELLSCHAFT

Interim Report on the Three Months Ended March 31, 2011

- Revenue in first three months of 2011 up by 10.1 percent compared with prior-year quarter to 391.4 million euros
- Adjusted EBITDA* of continuing operations of 22.6 million euros in first three months represents a margin of 5.8 percent
- First-quarter EBIT up by 8.8 million euros compared with prior-year period to 2.7 million euros
- Standstill agreement with banks and alternative investors has created an adequate timeframe to reach on a restructuring agreement

Pfleiderer Group: Key figures for the first quarter of 2011

Amounts in millions of euros	Jan. 1 – Mar. 31, 2011	Jan. 1 – Mar. 31, 2010
Revenue	391.4	355.6
International share (in percent)	72.2	70.9
EBITDA	20.2	22.2
EBITDA adjusted for extraordinary effects*	22.6	22.6
Adjusted EBITDA margin (in percent)	5.8	6.3
EBIT	2.7	-6.1
EBT of continuing operations	-34.9	-18.6
Loss for the period	-36.2	-16.4
Net loss attributable to shareholders of Pfleiderer AG	-41.3	-19.9
Loss per share – basic (in euros)	-0.70	-0.35
Loss per share – diluted (in euros)	-0.70	-0.35
Earnings per share of discontinued operations (in euros)	0.00	0.00
Number of employees at end of period	5,273	5,591
Germany	2,291	2,460
Outside Germany	2,982	3,131
Average number of shares outstanding (basic)	58,658,700	56,026,848

Amounts in millions of euros	Mar. 31, 2011	Dec. 31, 2010	Change
Total assets	1,438.7	1,417.5	+1.5%
Equity	27.7	42.0	-34.0%
Equity ratio	1.9%	3.0%	-36.7%
Net debt	995.6	960.1	+3.7%

* Adjusted for restructuring costs

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Foreword by the Chairman of the Executive Board

Dear Shareholders, Ladies and Gentlemen,

The first three months of this year were crucial for Pfleiderer AG because during that time, we laid the foundation stone for the successful restructuring of the company. Due to the effects of the financial and economic crisis as well as structural changes in our industry, we had to struggle in our core business with a substantial drop in demand and with excess capacity in the Western Europe and North America regions. As a consequence – driven by declining volumes and prices – we posted lower revenues, in some cases drastically lower. At the same time, we were confronted with significant price increases for raw materials. The resulting pressure on margins in combination with the high debt of the Pfleiderer Group meant that we were no longer able to maintain the financial key figures agreed upon with the banks. This triggered the banks' right of termination, which put the Pfleiderer Group in a situation that jeopardized its existence.

As a first step, we succeeded in December of last year in reaching a standstill agreement with our creditors. This allowed us to use the first quarter of 2011 to prepare a restructuring plan, describing the chances of the company's continued existence and pointing the way towards the reorganization of our financing. Under a great deal of pressure and with support from renowned experts, we then developed a comprehensive financial and operational restructuring concept which – and I am convinced of this – creates the right conditions for our company to return to a path of success.

At an extraordinary shareholders' meeting on April 7, just after the end of the reporting period that is, we presented the main points of this restructuring plan to our shareholders. In addition to operational actions, it also calls for a capital reduction and the far-reaching recapitalization of the company. It was already possible to sign a corresponding document with our creditors covering the key points, so Pfleiderer now has the prospect of a stable financial basis once again. The creditors are prepared to waive a large proportion of their claims in order to support the Pfleiderer Group's return to good health and to bring it back to a growth path. However, the restructuring will also require significant contributions from the shareholders and hybrid bondholders if it is to succeed.

For the successful organization of this restructuring, the Supervisory Board has appointed Hans-Joachim Ziems to the Executive Board; in this function, he is responsible for the Group's restructuring. With Mr. Ziems, the Pfleiderer Group has gained a skilled and very experienced restructuring specialist who will make an important contribution towards the successful implementation of the concept.

Despite all the challenges and uncertainties that we still see ahead, there is cause for optimism: This is due to the positive development of our business operations, where the restructuring measures we have initiated are already showing some positive effects. In Western Europe for example, we were able to raise our prices at the beginning of the year.

The Executive Board and the experts who are assisting us are convinced that the Pfleiderer Group is capable and worthy of a turnaround. In the coming months, we will work with all our strength on the ongoing implementation of the operational and financial restructuring and will make great efforts to obtain the required support from all parties involved.

Neumarkt, December 21, 2011

Hans H. Overdiek

Chairman of the Executive Board

Interim Group Management Report

(Preliminary and unaudited)

Economic Situation

Economic growth was unexpectedly strong in Germany in the first three months of 2011. After gross domestic product (GDP) increased by 0.5 percent in the fourth quarter of 2010 compared with the third, it grew by 1.4 percent in the first quarter of 2011 compared with the previous quarter, according to the calculations of the Federal Statistical Office.

According to estimates of the US Bureau of Economic Analysis, GDP in the United States grew by an annualized 1.9 percent in the first three months of 2011 (quarter-on-quarter), following 3.1 percent in the prior quarter. The US economy is thus growing significantly more slowly than in previous upswing phases, and above all too slowly to have a positive impact on the labor market.

In Eastern Europe, the economic upswing continued. After the Russian economy had already grown by 4.0 percent last year, the International Monetary Fund expects growth of another 4.3 percent in 2011. Worldwide demand for raw materials is strong again and is the main driver of growth in Russia. For Poland, the IMF anticipates growth of 3.8 percent in 2011, the same as last year.

According to the main confederation of the German engineered-wood and furniture industries (HDH/VDM), in the first three months of this year, sales of engineered wood in Germany increased by 12.3 percent compared with the prior-year period. And sales by the German furniture industry increased by 6.9 percent compared with the first quarter of 2010. The strongest growth was for sales of office furniture at 23.1 percent, but sales of kitchen furniture – important to Pfleiderer – also grew by 4.1 percent. In North America, markets for engineered wood continued their decline in the first three months of 2011 but at a reduced rate. According to the Composite Panel Association (CPA), particleboard volumes fell by 2.7 percent compared with the prior-year period. Capacity utilization of North American particleboard plants was 60.2 percent in March, according to the CPA. Demand for MDF was flat in North America in the first three months of this year compared with the prior-year period and capacity utilization of North American particleboard plants was 76.0 percent in March, according to the CPA.

Revenue and Earnings – Comparison of Q1 2011 with Q1 2010

The sale of the Group's North American activities was not decided upon until the second quarter of 2011. For this reason, the figures for North America are still included in continuing operations for the first quarter of 2011. The Pfleiderer Group's **total revenue** of 391.4 million euros in the first quarter of 2011 was 10.1 percent higher than in the prior-year period. Positive exchange-rate effects, especially relating to the Canadian dollar and the Swedish krona, contributed earnings of 7.8 million euros. The growth primarily resulted from price effects. Volumes of surface-finished and raw panels decreased by approximately 6 percent compared with the prior-year quarter, due in particular to the closure of the plant in Ebersdorf. While volumes of surface-finished panels increased by nearly 1 percent, volumes of raw panels fell by nearly 12 percent. Unit sales of laminate flooring decreased significantly, due to weak business in North America. The proportion of revenue generated outside Germany in the first quarter was 72.2 percent, compared with 70.9 percent in the prior-year quarter.

Gross profit increased from 74.4 million euros to 85.8 million euros. However, significant increases in raw-material prices compared with the prior-year quarter – especially for wood and chemicals (glue and input materials) were offset by cost-reducing actions, price increases, and lower depreciation and amortization, and improved the **gross margin** to 21.9 percent (Q1 2010: 20.9 percent).

First-quarter **EBITDA** decreased to 20.2 million euros from 22.2 million euros in 2010. The EBITDA margin in the first quarter was thus 5.2 percent, compared with 6.3 percent a year earlier. Slightly positive exchange-rate effects contributed 0.3 million euros of total earnings. Adjusted for one-time charges of 2.4 million euros, EBITDA was almost unchanged at 22.6 million euros and the margin was 5.8 percent.

EBIT of 2.7 million euros was higher than in the first quarter of the prior year (minus 6.1 million euros). Depreciation and amortization amounted to 17.6 million euros (Q1 2010: 28.4 million euros).

Financial expense worsened from 12.5 million euros to 37.6 million euros. The higher interest expense resulted on the one hand from higher debt, the higher interest burden and costs of refinancing such as legal, bank and advisory expenses. Other financial expense includes losses of 6.9 million euros recognized on the valuation of financial items denominated in foreign currencies and income of 2.9 million euros from the mark-to-market valuation of interest-hedging instruments.

Loss from continuing operations before taxes worsened to 34.9 million euros from 18.6 million euros in the prior-year period. In the first quarter of this year, we recognized a tax expense of 1.3 million euros. After earnings attributable to other shareholders and hybrid bondholders, the loss attributable to shareholders of Pfleiderer AG amounts to 41.3 million euros (Q1 2010: loss of 19.9 million euros). The statement of income also includes the claims of the hybrid bondholders of 4.8 million euros; this amount was not paid out, but was recognized as a liability in the balance sheet. This results in diluted and basic **loss per share** of 70 euro cents (Q1 2010: loss of 35 euro cents).

Segment Report

Segment overview

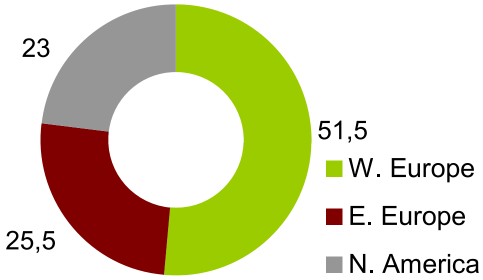
	Western Europe		Eastern Europe		North America		Group*	
Amounts in millions of euros	Q1 11	Q1 10	Q1 11	Q1 10	Q1 11	Q1 10	Q1 11	Q1 10
Revenue	206.4	193.7	102.2	76.6	92.2	95.1	391.4	355.6
EBIT	10.1	5.7	5.6	-3.5	-7.1	-4.2	2.7	-6.1
EBIT margin	*4.9*	*2.9*	*5.5*	*-4.5*	*-7.7*	*-4.4*	*0.7*	*-1.7*
Capital expenditure	3.0	2.9	0.6	3.7	0.6	18.0	4.3	24.6
Employees at end of period	2,490	2,649	1,581	1,578	1,097	1,239	5,273	5,591

* Due to consolidation, Group figures differ from the totals for the regions.

Western Europe

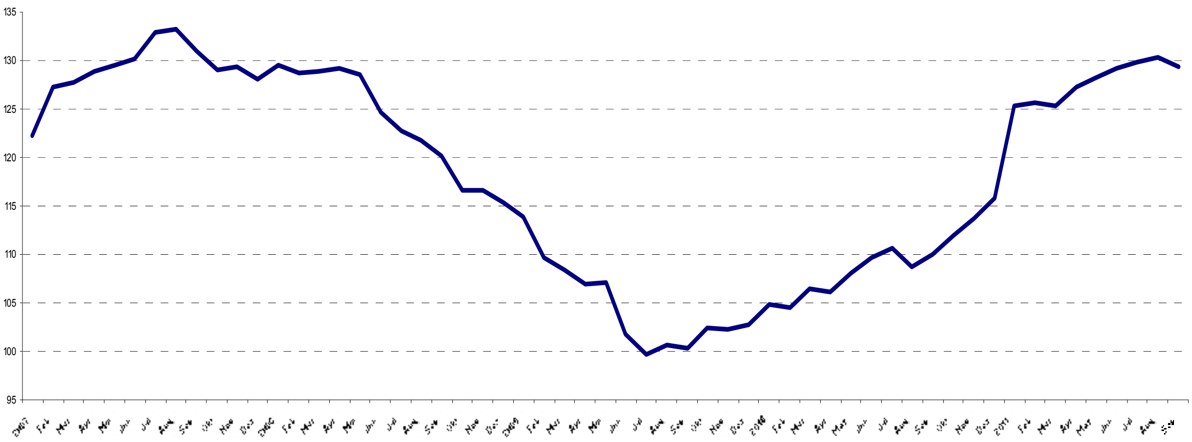
The Western Europe region posted an increase in revenue of 6.6 percent compared with the first quarter of 2010 to 206.4 million euros. In the comparison, however, it must be considered that the Ebersdorf plant contributed hardly any revenue in the first quarter due to its closure in Januar y 2011. As a result, unit sales of raw particleboard actually fell by about 45 percent compared with the prior-year period. But unit sales of raw MDF/HDF also decreased by almost 2 percent. On the other hand, unit sales of surface-finished panels increased slightly by3 percent. But prices increased significantly compared with the prior-year period for all product groups, most of all for raw particleboard. This was mainly due to the plant closures of the past two years, which have brought demand and production capacities in Germany more or less into equilibrium. With laminate flooring, we achieved volume growth of a good 2 percent in Europe compared with the prior-year period, due to our new sales strategy based on extending our product offering to the mid-price segment. The main growth was achieved in the mid-price segment.

Revenue by region
in percent



EBIT of the Western Europe region increased to 10.1 million euros, compared with 5.7 million euros in the prior-year quarter. Higher sale prices compensated for the increase in raw-material costs.

Prices of raw particleboard in Germany
Price index 2005 = 100



Source: Federal Statistical Office

Eastern Europe

With revenue growth of 33.4 percent to 102.2 million euros in the first quarter, we posted the biggest regional increase in revenue compared with the prior-year period in Eastern Europe. Exchange-rate effects boosted revenue by 1.5 million euros. While volumes of raw particleboard decreased by approximately 4 percent, unit sales of surface-finished panels increased by just over 5 percent, while MDF/HDF panels posted growth of about 22 percent. The trend towards rising sale prices was also apparent in Eastern Europe and was responsible for double-digit revenue growth. This compensated for ongoing increases in raw-material costs.

EBIT amounted to 5.6 million euros, compared with minus 3.5 million euros in the first quarter of 2010. Higher unit sales and higher prices more than offset increases in raw-material costs, although the latter were substantial, at around 17 percent for wood for example.

North America

In our North American sales markets, first-quarter revenue fell by 3.1 percent to 92.2 million euros. Exchange-rate effects increased revenue by 3.7 million euros. Our unit sales of raw particleboard decreased by approximately 7 percent compared with the prior-year period. Unit sales of surface-finished panels actually fell by about 13 percent. Due to the ongoing ramp-up of the plant in Moncure, we were able to more than double our unit sales of MDF compared with the prior-year quarter, although the total market remained flat. Unit sales of laminate flooring slumped by more than a quarter. Competition became tougher in particular due to cheap imports from Asia.

First-quarter EBIT fell to minus 7.1 million euros from minus 4.2 million euros in the prior year.

Financial Position – Comparison of March 31, 2011 with December 31, 2010

The balance sheet total increased compared with the end of 2010 by 1.5 percent to 1,438.7 million euros. Current assets rose by 1.8 percent to 499.6 million euros. This was primarily due to the 21.1 percent increase in receivables and other assets to 196.2 million euros. Non-current assets rose by 1.3 percent to 939.1 million euros, partially due to the increase of 17.6 million euros in deferred tax assets to 74.8 million euros.

The structure of the **liabilities side** is still affected by the Group's upcoming new financing. Until the steps agreed upon in the context of the new financing are implemented, including the capital increase, these non-current financial liabilities will be presented as current. The negative development of earnings reduced the equity of the Pfleiderer shareholders to minus 474.1 million euros, and thus led to total equity of 27.7 million euros, compared with 42.0 million euros at the end of 2010. As a result, the equity ratio fell from 3.0 percent to 1.9 percent.

The Group's **net debt** increased compared with the end of 2010 by 35.4 million euros to 995.5 million euros.

Cash Flows

In the first three months of 2011, the Group had a net cash outflow from operating activities of 4.9 million euros, compared with a net cash inflow of 21.2 million euros in the prior-year period. This change is mainly the result of our suppliers' shorter payment terms.

Capital Expenditure

Capital expenditure including advance payments in the first three months of 2011 fell to 4.3 million euros (Q1 2010: 24.6 million euros). Of that total, 3.0 million euros was invested in the Western Europe region and 0.6 million euros was invested in the Eastern Europe region. An amount of 0.6 million euros was invested in North America.

Workforce

The number of persons employed by the Group at March 31, 2011 was 5.7 percent lower than a year earlier at 5,273. In Western Europe, the workforce decreased due to the plant closures by 6.0 percent to 2,490 persons; in Eastern Europe, it increased slightly by 0.2 percent to 1,581. In North America, the number of persons employed fell by 11.5 percent to 1,097. Compared with the end of 2010, the Group's workforce contracted by 100 persons to 5,273.

Events after the Interim Balance Sheet Date

In May 2011, Pfleiderer AG agreed with its banks and alternative investors on a far-reaching restructuring concept. Details are included in the Opportunities and Outlook section of this interim report.

On June 20, 2011, a creditors' meeting decided with a large majority to approve the waiver of hybrid bonds called for in the restructuring agreement and of the interest accumulated on those hybrid bonds in return for the transfer at no cost of option rights to purchase four percent of the shares of Pfleiderer AG after the capital increase.

At an extraordinary shareholders' meeting held on July 21, 1011, the Executive Board and the Supervisory Board proposed carrying out a massive capital cut in a magnitude that would lead to the shareholders at first holding only approximately 1 percent of Pfleiderer's share capital, but they would then be able to raise their equity interest to approximately 16 percent by way of a capital increase. In order to return to a sound equity base, the plans call for a debt waiver of approximately 305 million euros plus accumulated interest and fees and a cash capital increase resulting in an injection of funds of up to 100 million euros.

In the second quarter of 2011, the Executive Board decided to sell the activities in North America in the context of Pfleiderer's restructuring. In the reports as of the second quarter of 2011, this business center is presented as discontinued operations.

After the balance sheet date of June 30, 2011, several lawsuits were initiated by hybrid bondholders and shareholders contesting the resolutions of the creditors' meeting and the shareholders' meeting. We have applied in court for release proceedings in both cases. On October 27, the Frankfurt District Court rejected our application for release relating to the creditors' meeting. Pfleiderer will appeal against that ruling. Also in the main proceedings, the court of first instance has ruled that the resolutions of the creditors' meeting are invalid. Pfleiderer will also appeal against this verdict.

The Federal Antitrust Authority has carried out preliminary investigations in Germany of Pfleiderer AG, some of its subsidiaries, and competitors in the engineered-wood industry concerning illegal price fixing. On September 15, 2011, the Federal Antitrust Authority imposed a fine on Pfleiderer and competitor companies. Pfleiderer has waived its right to appeal against the fine, so the verdict of an infringement of antitrust law is final.

As successor to Hanno C. Fiedler, who stepped down from the Supervisory Board as of August 31, 2011, Florian Kawohl was appointed as a new member by court order upon an application by Pfleiderer's Executive Board and Supervisory Board. With the departure of Mr. Fiedler, the position of Supervisory Board Chairman had also become vacant. As a successor in this function, the Supervisory Board elected Harald Joachim Joos on September 16, 2011; Mr. Joos had been appointed as a member of the Supervisory Board by court order on July 12, 2011.

At the end of March, Ernst Pelzer stepped down from the Executive Board, after he had concluded the milestones of the restructuring as agreed. As of April 5, Hans-Joachim Ziems was appointed Member of the Executive Board for Restructuring. As of October 17, 2011, Pawel Wyrzykowski and Heiko Graeve stepped down from the Executive Board. The tasks of Mr. Wyrzykowski and Mr. Graeve will be performed by the other members of the Executive Board, Hans H. Overdiek, Chairman of the Executive Board, and Hans-Joachim Ziems.

Risk Report

One of the fundamental management tasks is to establish and implement an effective internal control (IC) and risk-management (RM) system complying with the requirements of corporate governance and best practices.

Like other companies, Pfleiderer is exposed to a large number of risks connected with entrepreneurial activities. In order to counteract such uncertainties and to meet the requirements of constant changes in the applicable laws and regulations of various jurisdictions, the Pfleiderer Group has established IC, RM and internal auditing systems that are uniform throughout the Group. These instruments are continually further developed and regularly adapted to changing conditions.

As part of the existing process, the Executive Board and the Supervisory Board are informed, regularly and if required ad hoc, about risks that could significantly influence the business development of the business units or of the entire Group.

The tasks and organization of risk management at Pfleiderer and the risks to which the company is exposed were described in detail in the Management Report of Annual Report 2010. That document can be seen on the website of Pfleiderer AG at *www.pfleiderer.com* under the heading "Investor Relations/Reports and Presentations," and can be downloaded if required.

The Pfleiderer Group is subject to a number of risks, which can be summarized as follows:

Restructuring and financing risks

- Pfleiderer is in an earnings and liquidity crisis with a high level of debt, which is threatening its existence. The balance sheet structure is to be improved by the financial restructuring decided upon by the creditors, including a capital increase. But it is uncertain as to whether the earnings and liquidity situation can be improved on a sustained basis.

- The planned debt relief on the side of the creditors is contingent on the implementation of the actions decided upon by both the bond creditors and the shareholders in separate meetings. If the lawsuits brought by the hybrid bondholders or the shareholders contesting the measures decided upon are ultimately successful or not all contractual conditions of the restructuring concept are fulfilled, the execution of the capital increase and the waiver of receivables are no longer possible and the creditors will be able to make their claims due immediately and utilize their collateral. The continued existence of the Pfleiderer Group would then be directly jeopardized.
- The ongoing stabilization of the Pfleiderer Group requires the implementation of an operational restructuring concept, for which there is no guarantee of success.
- Pfleiderer has to fulfill various operating and financial conditions, which are stipulated in the re-structuring credit agreement and in the credit agreements. These conditions restrict the operating scope for action of the Pfleiderer Group. Any breaches of these conditions may result in the termination of the senior-debt credit agreements and possibly in the insolvency of Pfleiderer.
- It is not certain that the funds available to Pfleiderer will be sufficient to take the measures required in the context of the restructuring concept.
- Due to the restructuring, Pfleiderer's ability to pay dividends will be substantially affected or even excluded in the coming years.
- Even after the restructuring actions are concluded and the partial waiver of claims takes effect, the Pfleiderer Group will still be highly indebted, which may restrict its flexibility in the management of its business.
- It is not certain that Pfleiderer can generate sufficient cash flows from operating activities to make interest payments and capital repayments of the ongoing financing, or that Pfleiderer will have access to sufficient financing possibilities if or when required.
- If the proceeds from the sale of the two North American business centers, Panel North America and Flooring North America, are lower than the credit liabilities held by those business centers, further impairments may be required. In addition, those credits would have to be repaid from the cash flows of the other business centers.
- Uncertainty concerning the future composition of the Executive Board may have a negative impact on Pfleiderer's business operations.
- If the planned MDF plant in Novgorod cannot be completed in good time, the implementation of the restructuring concept will be jeopardized.
- As a result of restructuring and the difficult financial situation, Pfleiderer might not be able to make the required investment to modernize its production facilities and keep them competitive or to establish additional production plants.

Market risks

- Increased production costs due to higher prices of raw materials, of other materials required for production, or of energy may lead to falling margins and earnings in the extremely competitive environment in which the Pfleiderer Group is active.
- Pfleiderer's business depends on the general economy, in particular on demand for furniture and for construction and renovation.
- Competitors or customers could set up new production facilities in the area served by a Pfleiderer plant, resulting in intensified competition. In particular the MDF plant in Grajewo,

Poland is threatened by the construction of a similar plant in the vicinity by Sweedwood. As a result, some revenue will be lost after the expected ramp-up of this plant in 2012.

Entrepreneurial risks

- Dependence on major customers may have a negative impact on Pfleiderer's business operations and earnings.
- Pfleiderer is subject to exchange-rate risks.
- Interest-rate fluctuations and risks from hedging transactions may reduce Pfleiderer's earnings.
- Pfleiderer's balance sheet includes a substantial amount of assets for which there is a risk of impairment, such as goodwill, property, plant and equipment and inventories.
- The emission-limiting regulations set by the European Union for the engineered-wood industry may be made stricter.
- The stricter environmental requirements of the Province of Quebec (in Canada) for industrial plants as of June 30, 2016 will require re-equipping and cost-intensive investment of a content and magnitude that cannot yet be properly estimated.
- Stricter regulation in the European Union of the use of formaldehyde – a key material in the methods used by Pfleiderer to produce engineered wood – might necessitate changes in the production process and/or materials used as well as cost-intensive investments.
- Pfleiderer might be responsible for action with regard to land and water pollution at its production sites.
- There is a risk that Pfleiderer's provisions for pension obligations are not fully covered by the contractual trust arrangement (CTA).
- Industrial property rights essential for Pfleiderer's business operations might be contested.
- Pfleiderer's insurance cover might prove to be inadequate.
- It is not certain that Pfleiderer will continue to be able to recruit and retain highly qualified executives.
- Pfleiderer must add qualified specialists to its workforce; it is not certain that it will be possible to recruit and retain sufficient skilled workers.
- The Pfleiderer Group is dependent on the uninterrupted operation of its computer and IT systems. Pfleiderer has also started a project to harmonize its heterogeneous IT environment, the realization of which is not guaranteed.
- Customers and/or competitors may claim compensation for damages in connection with antitrust proceedings brought against Pfleiderer.
- There is a risk that Pfleiderer might not be able to collect receivables from its customers.
- Pfleiderer operates production plants mainly with continuously working machinery in multiple shifts. In the case of any disturbances in the value chain (e.g. fire or danger of explosion), the inherent high organizational and technical complexity means there is a danger of production downtimes and quality problems, as well as risks for the environment and work safety.

Tax risks

- Pfleiderer and the other owners of the Pfleiderer Group are subject to a large number of tax risks:

- Substantial additional taxes may become due as a result of future tax field audits.
- In connection with the financial restructuring of the Pfleiderer Group, additional tax expenses may arise in other tax jurisdictions outside Germany.
- Additional tax expenses may arise in connection with the cash settlement of warrants with options.
- Tax-loss carryforwards and other non-utilized losses and/or interest carryforwards may be lost as a result of a transfer of ownership as part of the capital increase.

Overall risk assessment

As described above, Pfleiderer is subject to a large number of risks. The most significant area of risk at present relates to the implementation of the planned financial restructuring concept. If it fails, the existence of Pfleiderer as a going concern will be directly jeopardized.

Opportunities and Outlook

Pfleiderer's opportunities depend to a great degree on the implementation of the operating and financial restructuring concept at the individual subsidiaries. In December 2010, Pfleiderer reached a standstill agreement with its first-lien creditors in order to work out a financial and operating restructuring concept. In May 2011, Pfleiderer AG agreed with the creditor of Financing Circle West, i.e. financial liabilities excluding Eastern Europe, on the financial details of the Group's restructuring concept, and signed the related contracts. The contracts call for a debt waiver by the creditors to the financial liabilities of Pfleiderer AG and key subsidiaries (excluding Financing Circle Eastern Europe) in an amount of 40 percent of the credit lines utilized at May 5, 2011, in addition to a portion of the accumulated interest and fees. With the implementation of these measures by the March 2012, this would represent an amount of approximately 395 million euros.

In May 2011, the creditors also provided an additional amount of 100 million euros in the form of a senior collateralized loan obligation (super senior). Half of the super-senior loan is to be repaid after the capital changes are carried out. For the ongoing credit lines, the covenants are to be suspended for two years after the waiver.

At an extraordinary shareholders' meeting held on July 21, 1011, the Executive Board and the Supervisory Board proposed carrying out a massive capital cut in a magnitude that would lead to the shareholders at first holding only approximately 1 percent of Pfleiderer's share capital, but they would then be able to increase their equity interest to approximately 16 percent by way of a capital increase. In order to return to a sound equity base, this cash capital increase should then result in an injection of funds of up to 100 million euros. Of that total, 60 million euros should be raised by those of the creditors who participate in the capital increase, while up to 40 million euros should come from the shareholders of Pfleiderer AG or from third parties. Those creditors are also prepared to provide another super senior loan of up to 40 million euros to cover the amount of the capital increase that is not raised from the shareholders or third parties; so the planned injection of funds of 100 million euros is assured in any event.

When the capital increase is completed, those creditors will hold at least 80 percent of the increased share capital of Pfleiderer AG. That proportion can increase to the extent that neither the current shareholders nor third parties acquire the new shares allotted to them in the capital increase. The majority position reflects the significant waiver of claims and the guarantee of the cash injection from the super senior loan of up to 40 million euros. The current shareholders can increase their proportion of share capital by up to 15 percentage points from approximately 1 percent to approximately 16 percent by acquiring the new shares allotted to them in the capital increase for cash contributions of up to 40 million euros. The holders of the hybrid bond issued in 2007 with a nominal volume of 275 million euros will fully waive their rights and have decided to swap their bonds for 4 percent of the share capital after the capital increase has been carried out. Including the accumulated unpaid interest and assuming that the measures take effect in March 2012, this represents further debt relief of approximately 346 million euros.

Other creditors who also waive 40 percent of their claims but do not wish to participate in the capital increase will receive bonds with warrants, which can be converted into shares under certain conditions.

On the creditors' side, the debt reduction described above is subject to the measures being taken that were agreed upon by the bondholders and the shareholders in separate meetings. The actions described above – provided they are realized – will lead to a significant debt reduction for the Pfleiderer Group and will restore a sound equity base. On October 27, the Frankfurt District Court rejected our application for release relating to the creditors' meeting. Pfleiderer will appeal against this ruling. Also in the main proceedings, the court of first instance has ruled that the resolutions of the creditors' meeting are invalid. Pfleiderer will also appeal against this verdict. If the legal action taken by hybrid bondholders or shareholders against the action decided upon is successful or if not all of the contractual terms of the restructuring concept are fulfilled, the capital increase and the waiver of claims will no longer take place and the creditors will be able to make their claims due immediately with utilization of their collateral. The existence of Pfleiderer AG as a going concern would then be jeopardized.

The operational restructuring concept is based on the following key points:

- The sale of the North American business in order to stop losses and reduce the complexity of the organization.
- The restructuring of Western European operations by closing plants. That should bring supply and demand into equilibrium again. Good progress has already been made; production capacity of particleboard in Germany of approximately 6.5 million square meters will be faced with demand of a good 6 million square meters, according to the European Panel Federation. In 2009, total production capacity in Germany was still 8 million square meters. This has already led to significant scope for price adjustment, with the result that producers in Western Europe are now operating in the black again.
- The enhanced efficiency of indirect functions by reducing the size of headquarters and the rationalization of processes through better integration.
- And finally, participation in the growth in Eastern Europe by investing in the continued construction of the MDF plant in Novgorod.

A condition for all our opportunities is that the financial and operational restructuring concept is implemented successfully. The revenue generated by the Group's continuing operations is likely to grow by a medium-to-high single-digit percentage in full-year 2011 due to the market recovery and despite the plant closures. The Eastern Europe region will probably grow at a double-digit rate, while Western Europe will remain fairly flat as a result of the plant closures. In the year 2012, we currently anticipate a decrease in Group revenue, as we assume that our business operations in North America will be sold. On a comparable basis, however, Pfleiderer expects to achieve further growth also in 2012, unless the current framework conditions worsen substantially, due for example to an exacerbating sovereign-debt crisis.

The earnings situation of the Group and thus of Pfleiderer AG will be substantially affected in the year 2011 by the costs of restructuring. Despite a significant improvement in our operating activities, we continue to anticipate an operating loss for the full year. A further improvement in the Group's operating profitability is expected in the year 2012.

Disclaimer

This report contains forward-looking statements that are based on current assessments by the Pfleiderer management and on specific assumptions concerning future developments. Such statements are subject to risks and uncertainties that are beyond Pfleiderer's ability to control and/or its sphere of influence, and that therefore cannot be precisely assessed by Pfleiderer. These risks and uncertainties may lead to actual developments differing substantially from our assessments. Among other things, such risks and uncertainties include the future market environment and economic conditions, the behavior of other market players, the implementation of the restructuring concept, the successful integration of new acquisitions, and the realization of expected synergy effects.

Neumarkt, December 21, 2011

Hans H. Overdiek   Hans-Joachim Ziems

Responsibility Statement

Statement pursuant to Section 37y of the German Securities Trading Act (WpHG) in conjunction with Section 37w Subsection 2 No. 3 of the WpHG

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group's interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the financial year.

Neumarkt, December 21, 2011

Hans H. Overdiek Hans-Joachim Ziems

Pfleiderer Shares

In the first three months of 2011, the price of Pfleiderer shares was primarily influenced by the results of the restructuring negotiations. The accumulated losses consumed the shareholders' capital and uncertainty about the success of the restructuring negotiations put considerable pressure on the share price in the first quarter of the year. On March 31, 2011, the shares were listed at 161.1 euro cents, which is 33.7 percent lower than the price at the end of 2010.

Key figures

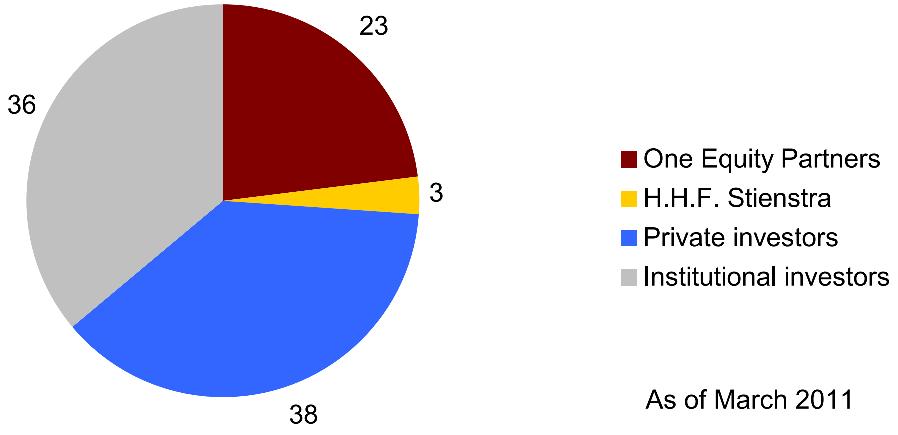
		Q1 2011	2010
Share price [1]			
lowest	euros	1.347	1.712
highest	euros	2.450	7.33
closing	euros	1.611	2.43
Number of shares at end of period		58,658,700	58,658,700
Market capitalization at end of period	million euros	94.5	143
Earnings per share (continuing operations)	euros	-0.70	-12.38
Average daily trading [2]		496,536	420,411

German securities identification number		676474
ISIN		DE0006764749
Reuters symbol		PFDGn.DE
Bloomberg symbol		PFD4 GY
Stock exchanges		Xetra, Frankfurt am Main, regional stock exchanges
Free float on March 31, 2011	percent	76.7
Stock-exchange segment		Prime Standard

1) Source: Bloomberg 2) Number of shares per day on Xetra

Shareholder structure by group

In percent



As of March 2011

Condensed Interim Consolidated Financial Statements

(Preliminary and unaudited)

Consolidated Statement of Income (IFRS)

In thousands of euros	Jan. 1 – Mar. 31, 2011	Jan. 1 – Mar. 31, 2010
Revenue	391,386	355,579
Cost of sales	-305,612	-281,225
Gross profit	**85,774**	**74,354**
Selling expenses	-50,017	-52,990
Administrative expenses	-31,180	-28,877
Research and development expenses	-738	-826
Other operating income and expense	-1,168	2,193
Operating profit/loss	**2,672**	**-6,146**
Interest income	208	67
Interest expense	-34,260	-19,337
Other financial income/expense	-3,536	6,775
Financial expense, net	**-37,587**	**-12,495**
Loss of continuing operations before taxes	**-34,915**	**-18,641**
Income taxes	-1,262	2,214
Loss of continuing operations	**-36,178**	**-16,427**
Profit/loss of discontinued operations	0	0
Income taxes on discontinued operations	0	0
Loss for the period	**-36,178**	**-16,427**
thereof attributable to minority interests	271	-1,113
thereof attributable to hybrid bondholders	4,831	4,550
thereof attributable to shareholders of Pfleiderer AG	**-41,280**	**-19,864**
Loss per share – basic	-0.70	-0.35
Loss per share – diluted	-0.70	-0.35
Loss per share from continuing operations after minority interests	-0.70	-0.35
Earnings per share from discontinued operations	0.00	0.00
Average number of shares issued (basic)	58,658,700	56,026,848

Consolidated Statement of Comprehensive Income

In thousands of euros	Jan. 1 – Mar. 31, 2011	Jan. 1 – Mar. 31, 2010
Loss for the period after taxes	**-36,178**	**-16,427**
Currency translation differences	21,201	29,513
Derivative financial instruments	-47	503
Total of income and expense recognized directly in equity (after taxes)	**21,153**	**30,016**
Total of income and expense recognized in equity	**-15,024**	**13,589**
Thereof attributable to:		
Minority interests	439	3,951
Hybrid bondholders	4,831	4,550
Shareholders of Pfleiderer AG	-20,295	5,088
	-15,024	**13,589**

Consolidated Balance Sheet (IFRS)

Assets

In thousands of euros	Mar. 31, 2011	Dec. 31, 2010
Cash and cash equivalents	35,822	55,739
Receivables and other assets	196,213	161,980
Inventories, net	169,586	168,685
Income tax receivables	2,517	4,006
Other assets	10,160	8,188
Assets of discontinued operations	85,345	92,192
Current assets	**499,641**	**490,790**
Property, plant and equipment, net	533,898	541,499
Intangible assets, net	319,105	316,827
Financial assets	5,414	5,361
Deferred tax assets	74,780	57,210
Other assets	5,900	5,859
Non-current assets	**939,097**	**926,756**
Total assets	**1,438,738**	**1,417,546**

Equity and liabilities

In thousands of euros	Mar. 31, 2011	Dec. 31, 2010
Payables and other debt	196,462	198,752
Financial liabilities	782,360	777,259
Provisions	33,630	34,701
Tax liabilities	4,885	5,142
Other debt	5,569	321
Liabilities from discontinued operations	14,650	14,536
Current liabilities	**1,037,557**	**1,030,711**
Financial liabilities	248,995	238,571
Retirement benefit obligation	21,786	21,376
Deferred tax liabilities	76,103	57,214
Other debt	6,861	6,990
Provisions	19,779	20,724
Non-current liabilities	**373,525**	**344,875**
Share capita	150,166	150,166
Reserves including retained earnings and loss for the period	-474,057	-433,499
Treasury shares	0	0
Other comprehensive income	-1,923	-22,908
Equity of shareholders of Pfleiderer AG	**-325,814**	**-306,241**
Hybrid capital	322,396	317,564
Minority interests	31,076	30,637
Total equity	**27,657**	**41,960**
Total equity and liabilities	**1,438,738**	**1,417,546**

Consolidated Statement of Cash Flows (IFRS)

In thousands of euros	Jan. 1 – Mar. 31, 2011	Jan. 1 – Mar. 31, 2010
Earnings before interest and taxes (EBIT)	2,672	-6,146
Net income taxes paid	1,289	247
Depreciation and amortization	17,552	27,882
Gain/loss on the disposal of fixed assets	-25	21
Change in retirement benefit obligation	861	331
Cash inflow	**22,349**	**22,335**
Change in current assets	-40,118	-43,507
Change in other non-current assets	227	5,293
Change in current liabilities excluding financial debt	13,555	36,541
Change in non-current liabilities excluding financial debt	-867	-95
Other non-cash expense and income	0	656
Cash flow from operating activities	**-4,854**	**21,223**
Payments for intangible assets	-3,496	-1,608
Payments for property, plant and equipment	-332	-27,220
Proceeds from the sale of property, plant and equipment	48	1,570
Cash flow from investing activities	**-3,780**	**-27,258**
Cash flow from operating activities and investing activities	**-8,634**	**-6,035**
Change in financial liabilities	22,969	6,440
Change in externally factored receivables	-10,214	-33,457
Capital increase	0	34,229
Proceeds from the sale of hybrid bonds	0	18,165
Sale of treasury shares	-24,000	-12,226
Interest paid	208	67
Interest received including accrued interest on hybrid bonds	-11	-100
Other financing activities	**-11,048**	**13,118**
Net change in cash and cash equivalents	-19,682	7,083
Effects of exchange-rate changes on cash held in foreign currencies	-234	4,037
Change in cash and cash equivalents of discontinued operations	0	0
Change in cash and cash equivalents from first-time consolidation and deconsolidation	0	0
Cash and cash equivalents at January 1	55,739	59,292
Cash and cash equivalents at March 31	35,822	70,412

Consolidated Statement of Changes in Equity (IFRS)

In thousands of euros	Issued share capital	Reserves including retained earnings and profit for the period	Treasury shares	Other comprehensive income		**Subtotal**	Hybrid capital	Minority interests	Total
				Foreign currency translation	Valuation of financial derivatives				
Balance at January 1, 2011	**150,166**	**-433,499**	**0**	**-22,975**	**67**	**-306,241**	**317,564**	**30,637**	**41,960**
Increase in issued capital						**0**			0
Treasury shares						**0**			0
Change in adjustment item from currency translation				21,015		**21,015**		186	21,201
Valuation of financial derivatives					-29	**-29**		-18	-47
Profit/loss for the period		-41,280				**-41,280**	4,831	271	-36,178
Sale of hybrid bonds						**0**			0
Deferred payment to hybrid bondholders						**0**			0
Effect of stock option plans		722				**722**			722
Balance at March 31, 2011	**150,166**	**-474,057**	**0**	**-1,960**	**38**	**-325,814**	**322,395**	**31,076**	**27,657**

In thousands of euros	Issued share capital	Reserves including retained earnings and profit for the period	Treasury shares	Other comprehensive income		**Subtotal**	Hybrid capital	Minority interests	Total
				Foreign currency translation	Valuation of financial derivatives				
Balance at January 1, 2010	**136,515**	**302,078**	**-43,073**	**-50,533**	**-2,036**	**342,951**	**260,204**	**28,544**	**631,699**
Increase in issued capital	13,651	20,700				**34,351**			34,351
Treasury shares		-24,908	43,073			**18,165**			18,165
Change in adjustment item from currency translation				24,449		**24,449**		5,064	29,513
Valuation of financial derivatives					503	**503**			503
Profit/loss for the period		-19,864				**-19,864**	4,550	-1,113	-16,427
Sale of hybrid bonds						**0**			0
Deferred payment to hybrid bondholders						**0**	-4,550		-4,550
Effect of stock option plans		655				**655**			655
Balance at March 31, 2010	**150,166**	**278,661**	**0**	**-26,084**	**-1,533**	**401,210**	**260,204**	**32,495**	**693,909**

Condensed Group Segment Report (IFRS)

Jan. 1 - Mar. 31, 2011 In thousands of euros	External revenue	Internal revenue	Segment earnings EBIT	Segment assets at Mar. 31, 2011
Region Western Europe	202,033	4,400	10,062	511,337
Region Eastern Europe	96,888	5,271	5,578	540,141
Region North America	92,176	0	-7,061	151,162
Subtotal	**391,097**	**9,671**	**8,579**	**1,202,640**
Headquarters	0	15,221	-6,481	51,743
Other	289	98	-34	7,378
Discontinued operations	0	0	0	85,345
Consolidation	0	-24,990	608	91,632
Pfleiderer Group	**391,386**	**0**	**2,672**	**1,438,738**

Jan. 1 - Mar. 31, 2010 In thousands of euros	External revenue	Internal revenue	Segment earnings EBIT	Segment assets at Mar. 31, 2010
Region Western Europe	187,843	5,866	5,701	692,519
Region Eastern Europe	72,368	4,214	-3,467	558,483
Region North America	95,079	0	-4,203	628,430
Subtotal	**355,290**	**10,080**	**-1,969**	**1,879,432**
Headquarters	0	22,361	-4,249	50,513
Other	289	92	1	7,998
Discontinued operations	0	0	0	10,280
Consolidation	0	-32,533	71	159,357
Pfleiderer Group	**355,579**	**0**	**-6,146**	**2,107,580**

Internal reporting takes place on the basis of IAS/IFRS financial statements. Therefore, no explanation of the reconciliation to the consolidated financial statements is necessary. The composition of the segments has not changed compared with the previous periods. Corporate-financing activities and holding-company functions are reported under “Headquarters.” “Other” includes those companies that do not fulfill the defining criteria of a reportable segment.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 30, 2011

(Preliminary and unaudited)

1. Basis of presentation

The condensed interim consolidated financial statements and interim group management report have been prepared in accordance with IAS 34 Interim Reporting and German Accounting Standard No. 16 (DRS 16). Please refer to our Annual Report 2010 for further information. The preliminary and unaudited consolidated financial statements and group management report for the year ended December 31, 2010 as published in our Annual Report 2010 form the basis for these interim consolidated financial statements.

These consolidated financial statements have been prepared in accordance with Section 315a of the German Commercial Code (HGB) “Consolidated Financial Statements According to International Accounting Standards” and in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Accounting Standards Board (IASB), as adopted by the European Union under Regulation No. 1606/2002 of the European Parliament and the European Council concerning the application of international accounting standards in the EU. The requirements of the applied standards have been entirely fulfilled and allow the presentation of the actual situation with regard to the assets, liabilities, financial position and profit or loss of Pfleiderer AG.

The consolidation principles have not changed compared with December 31, 2010.

The condensed interim consolidated financial statements do not include all of the notes and disclosures that are required for annual consolidated financial statements, and should therefore be read in conjunction with the preliminary and unaudited consolidated financial statements for the year ended December 31, 2010 (www.pfleiderer.com). Where no notes or disclosures have been made to these condensed interim consolidated financial statements, no material changes have occurred compared with the notes and disclosures to the preliminary and unaudited consolidated financial statements for the year ended December 31, 2010.

Material occurrences and transactions are explained in the interim group management report.

2. Accounting principles

Recognition and measurement, as well as the notes and disclosures, are based on the same accounting policies and calculation methods that were applied in the preparation of the preliminary and unaudited consolidated financial statements for the year 2010. Various new or amended standards and interpretations of the IASB or of the IFRIC have been recognized by the European Union. The effects of these standards and interpretations are only of minor importance for the financial statements of the Pfleiderer Group.

3. Dividends

Pfleiderer AG has not paid a dividend for the year 2010, neither was a dividend paid for the year 2009.

4. Shares held by Executive Board and Supervisory Board members and stock option plans

At March 31, 2011, the members of the Executive Board of Pfleiderer AG held 410,004 shares (prior year: 552,794) and 524,880 share options (prior year: 1,134,504). The members of the Supervisory Board held 1,519,262 shares (prior year: 1,877,468) and 6,580 share options (prior year: 6,580).

Within the framework of the stock option plan of Pfleiderer AG, the members of the Executive Board were not granted any options to subscribe for shares in return for an equity investment in the first three months of 2011.

No share options were in the money at March 31, 2011; therefore, no share options contributed towards an arithmetical dilution of earnings per share.

5. Changes in the Boards

Herbert Noichl was appointed as an interim member of the Supervisory Board on February 4. In this function, Mr. Noichl succeeds to Friedhelm Päfgen, who stepped down from his position as of December 31, 2010. Wolfgang Haupt stepped down from the Supervisory Board for personal reasons as of March 1, 2011. Dr. Helmut Burmester stepped down from his position as of February 17, 2011. Effective February 17, Christopher von Hugo stepped down from his position as Chairman of the Supervisory Board and also departed from the Supervisory Board. As of February 18, 2011, Hanno C. Fiedler took over as Chairman of the Supervisory Board on an interim basis until the next shareholders' meeting. The Nuremberg District Court appointed Alfred Hagebusch as a member of the Supervisory Board by court order of March 30, 2011. As successor to Mr. Fiedler, who left the Supervisory Board as of August 31, 2011, Florian Kawohl was appointed by court order upon the request of the company's Executive Board and Supervisory Board. With the departure of Mr. Fiedler, the position of Supervisory Board Chairman had become vacant. As the successor to this position, the Supervisory Board elected Harald Joachim Joos, who had already been appointed as a member of the Supervisory Board by court order of July 12, 2011.

Effective March 31, 2011, Ernst Pelzer stepped down from the Executive Board. Hans-Joachim Ziems was appointed as a new member of the Executive Board with responsibility for restructuring as of April 5. Pawel Wyrzykowski and Heiko Graeve left the Executive Board on October 17, 2011.

6. Events after the Interim Balance Sheet Date

Events after the interim balance sheet date are listed in the Interim Group Management Report.

Neumarkt, December 21, 2011

Hans H. Overdiek

Hans-Joachim Ziems