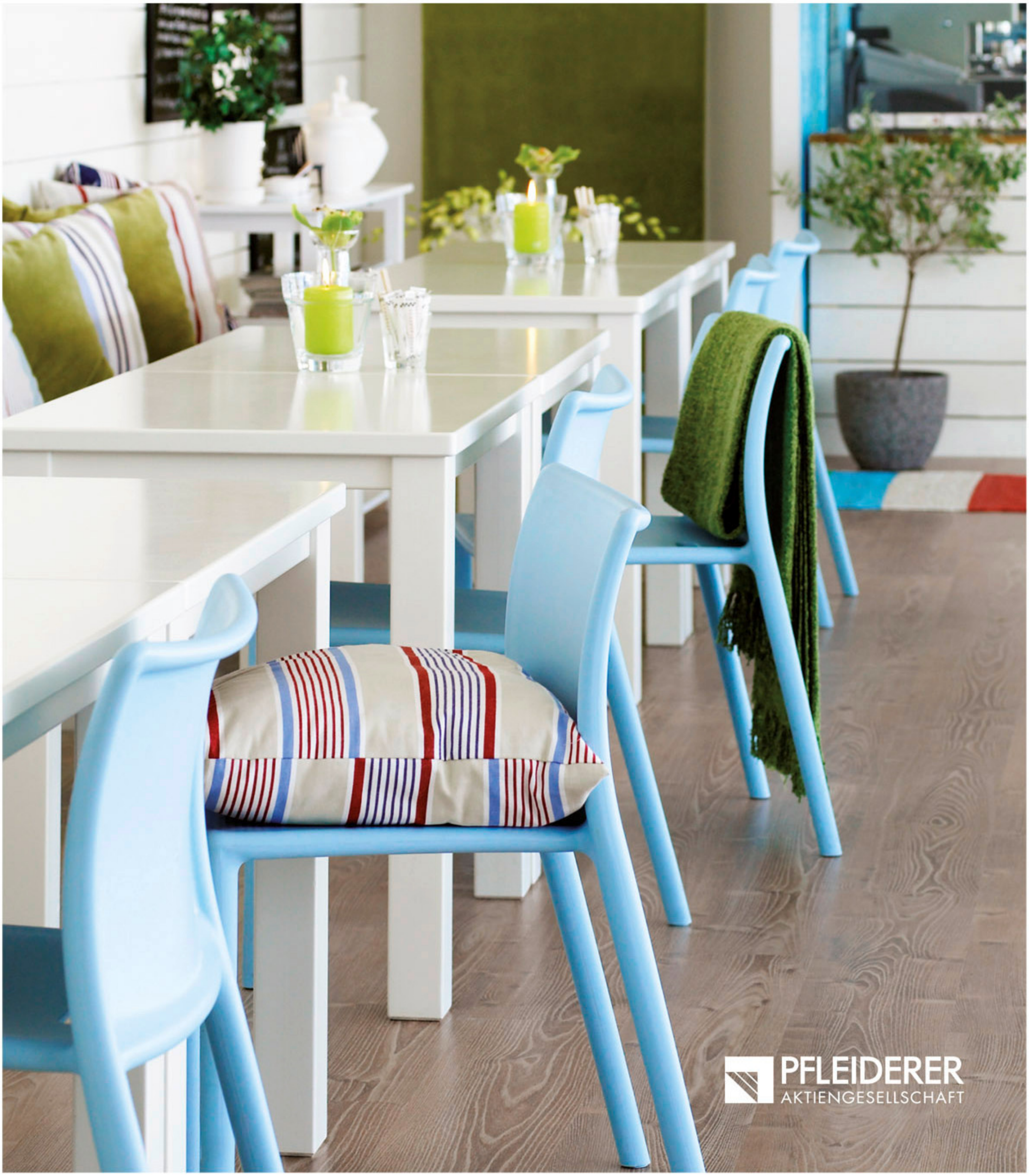
SIX MONTHS REPORT

JANUARY 1 – JUNE 30, 2008



PFLEIDERER AKTIENGESELLSCHAFT

Half-year report on the six months ended June 30, 2008

- Revenue up by 3.5% compared with prior-year period to €917 million
- Economic slowdown and rising raw-material prices take effect
- EBITDA of €119 million at level of prior-year period (€121 million)
- EBT includes one-time expense of €10 million for relocation of La Baie MDF plant
- North America business gains larger market share in a difficult environment
- Cost-reduction program takes effect in Eastern Europe – improved quality of earnings
- Western Europe increases EBITDA margin to 17.2%
- Additional cost-reduction actions initiated in all regions
- Successful bond issue in a volume of more than €165 million

Pfleiderer Group: key figures at June 30

Amounts in € million	Jan. 1 - June 30, 2008	Jan. 1 - June 30, 2007	Apr. 1 - June 30, 2008	Apr. 1 - June 30, 2007
Revenue	916.9	886.2	449.1	458.5
International share (%)	71.9	70.4	71.7	72.6
EBITDA	119.5	121.0	59.1	64.6
EBITDA margin (%)	13.0	13.7	13.2	14.1
EBIT	54.8	70.5	22.6	36.5
EBT from continuing operations	22.9	48.1	8.5	23.2
Profit for the period	16.3	33.1	5.4	15.6
Profit attributable to Pfleiderer shareholders	5.3	22.8	0.0	10.4
Earnings per share, basic (€)	0.10	0.43	0.00	0.20
Earnings per share, diluted (€)	0.10	0.43	0.00	0.19
Number of employees at end of period	5,861	5,869	5,861	5,869
Germany	2,573	2,562	2,573	2,562
Outside Germany	3,288	3,307	3,288	3,307
Average number of shares outstanding	50,953,244	52,982,722	50,953,244	52,982,722

Amounts in € million	June 30, 2008	Dec. 31, 2007	Change (%)
Total assets	2,037.8	1,921.3	6.1
Equity	772.3	801.0	-3.6
Equity ratio (%)	37.9	41.7	-9.1
Net debt	674.5	618.2	9.1

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Foreword by the Executive Board

Ladies and Gentlemen, dear Shareholders,

The first half of the year for the Pfleiderer Group was affected by the ongoing crisis of financial markets and further rises in raw-material prices. These two factors reduced economic growth. In this situation, we only partially succeeded in compensating for higher production costs by means of price increases. It is therefore very pleasing that we achieved revenue of €916.9 million in the first half of 2008 – a small increase of 3.5% compared with the first half of last year. EBITDA of €119.5 million was very close to the result for the prior-year period. The EBITDA margin decreased slightly by 0.7 of a percentage point to 13.0%. As in recent quarters, our business development differed widely in the various regions.

Once again, the Western Europe region proved to be an unmitigated guarantee for success. This source of earnings within the Pfleiderer Group performed well once again with 5.0% growth to revenue of €516.0 million in a highly competitive region. This was primarily due to a well-balanced product mix with a multi-brand strategy, the right customer structure and excellent export success. On this basis, first-half EBITDA increased by 19.5% – a much higher rate than for revenue – to €89.0 million. The region also improved its EBITDA margin by another two percentage points to 17.2%. For the second half of the year, we anticipate a stable development in the region with another slight improvement in the profit margin.

Developments during the first six months of 2008 were less pleasing in North America, where revenue fell by 4.8% to €210.4 million. Consumers' ongoing lower propensity to spend had a negative impact on our business. Due to unacceptably high prices for timber and other factors of production, the MDF plant in La Baie, Canada, was closed and will be transferred in the coming months to North Carolina, USA, 50 kilometers south of the Pergo flooring plant. For this purpose, we have acquired the Moncure panel facility from our US competitor, ATC, effective August 1, 2008. The region's EBITDA amounted to €10.0 million (H1 2007: €16.3 million), so that the margin fell from 7.4% to 4.8%. This fall will be counteracted by further cost-reduction programs. The related restructuring costs and write-downs were recognized in the second quarter. We expect the relocation to result in a significant improvement in the earnings situation as of the new site's planned start of operation in the third quarter of 2009.

The market situation in Eastern Europe remains difficult, although the worst now seems to be over. Revenue increased by 11.2% to €206.0 million, but EBITDA decreased by €6.1 million to €28.2 million as a result of pressure on prices and higher material costs. However, the EBITDA margin in the second quarter improved by more than two percentage points compared with the first quarter to 14.8%. This is evidence of the first success of the changes we implemented in this difficult market. We are confident that we will be able to continue improving this margin in the second half of this year. In order to do so, we are also strengthening our activities in Russia, where the Group now achieves its highest EBITDA margin.

For the second half of the year, we must adjust to the fact that the peak of the economic cycle is now behind us and the consequences of the financial-market crisis will continue to have a negative impact on our business. At present, we see only a limited chance of passing on the full extent of increases in raw-material costs in the form of higher prices without a considerable time lag, so our target of €2 billion Group revenue and an EBITDA margin of 15% for the year 2008 will no longer be achieved. We must now assume that there will be shortfalls of 5% to 15% for both targets, but from our current perspective, we are certain of surpassing the EBITDA posted in the year 2007.

Group management report

Economic environment

Global economic growth is likely to continue weakening during the remaining months of 2008, but with strong regional differences. However, falling raw-material prices should be a positive factor during the second half of the year, even though the ongoing financial-market crisis will continue to be a burden on worldwide economic growth and consumer spending.

Following a surprisingly strong economy in Germany – our most important market – in the first quarter of this year, GDP growth is likely to have fallen significantly in the second quarter. Some estimates are actually for a slight contraction of gross domestic product in Q2. For the euro zone, the ifo economic institute assumes that there was stagnation in the second quarter of 2008, and has issued cautious forecasts for the second half of the year.

In Eastern Europe, the IMF anticipates a reduction in GDP growth for the full year, but nonetheless a rate of more than 4%. North America, and especially the United States, is still in the grip of the financial-market crisis. Falling real-estate prices are dampening private consumption and thus also GDP growth.

The situation in the engineered-wood markets of Western Europe has deteriorated since the beginning of the year. On the one hand, there is the burden of rising raw-material and energy costs; on the other hand, demand has weakened for particleboard and raw MDF. The situation for surface-finished board and high-value engineered wood remains good. In Eastern Europe, we see flat demand in Poland due to the strong Polish zloty. In Russia, however, growth is unabated. The market situation in North America remains difficult as a result of the mortgage crisis.

Revenue and earnings: comparison of Q2 2008 with Q2 2007

The slowdown of economic growth began to affect the Pfleiderer Group during the second quarter of 2008. However, compared with the second quarter of 2007, revenue decreased only slightly by 2% to €449.1 million. The decrease was partially due to the effects of currency translation, which had a total negative impact of €12.3 million. Other factors were falling selling prices for some products and the closure of the La Baie plant due to high costs for raw materials and other factors of production, causing a loss of revenue in the amount of €13 million despite partial compensation from the plant in Mont Laurier. Adjusted for exchange-rate effects and the closure of La Baie, revenue increased by 3.6% compared with the prior-year quarter. In regional terms, only North America had a decrease in revenue; Eastern Europe and Western Europe both posted increases. Selling prices developed very disparately by regional and by product. In general, there was less scope for passing on higher production costs by increasing our own prices.

Due to further increases in raw-material, energy and transport costs, as well as limited scope for passing on these increases, EBITDA decreased to €59.1 million from €64.6 million in the second quarter of

2007. EBITDA for the second quarter of 2008 includes not only the idling time costs for the La Baie plant, but also the expense of the planned relocation to the United States. The EBITDA margin fell from 14.1% in the prior-year quarter to 13.2% (13.5% without restructuring costs).

EBIT fell, partially due to the anticipated expense of €9.8 million for the relocation of the La Baie plant, from €36.5 million to €22.6 million.

Compared with the prior-year quarter, the net financial expense increased slightly from €13.0 million to €14.0 million.

The effective tax rate of 37.8% was higher than in Q2 2007 because no cross-border tax-loss carry-forwards could be utilized.

Of the profit for the period in the amount of €5.4 million, €0.5 million is attributable to minority interests and €4.8 million is attributable to the hybrid-bond holders, so the remaining €43 thousand is attributable to the Pfleiderer shareholders (0 euro cents per share). The expenses connected with the relocation of the La Baie plant reduced earnings per share by 14 euro cents.

Segment report on Q2

Segment overview

	Western Europe		Eastern Europe		North America		Group*	
Amounts in € million	Q2 08	Q2 07	Q2 08	Q2 07	Q2 08	Q2 07	Q2 08	Q2 07
Revenue	255.8	252.0	100.8	92.1	99.5	120.0	449.1	458.5
EBITDA	44.4	41.1	14.9	16.4	1.3	8.5	59.1	64.6
EBITDA margin (%)	17.4	16.3	14.8	17.8	1.3	7.1	13.2	14.1
EBIT	31.7	27.9	6.7	10.8	-14.3	-0.7	22.6	36.5
EBT (total)	23.6	18.0	0.1	9.3	-16.1	-5.0	8.4	23.0
Capital expenditure	15.7	6.7	27.5	31.5	6.0	5.6	50.3	44.6
Number of employees	2,853	2,871	1,762	1,660	1,119	1,229	5,861	5,869

* Figures for the Group differ from the totals for the regions due to consolidation adjustments.

Western Europe

The Western Europe region is the Group's most important region and accounted for 57% of total revenue in the second quarter of this year. In a weakening market environment, this segment developed positively once again and increased its second-quarter revenue by approximately 2% to €255.8 million. This was primarily due to internationalization and sales activities with a strong customer focus. The main growth drivers were office furniture, interior fittings and exports (kitchen cabinets), whereas demand for MDF/HDF and laminate fell slightly in the area of flooring. While prices for HPL and surface-finished products remained stable in Western Europe and higher costs were partially offset by better prices and an improved product mix, prices fell for raw particleboard and HDF/MDF.

With an EBITDA margin of 17.4% compared with 16.3% in the prior-year quarter, the region once again demonstrated its solid profitability. This is the result of a long-term product strategy, effective cost management – especially by optimizing the production process, the strategic selection of customers, and a further improvement in the product mix.

We anticipate a stable development during the rest of the year. There is a risk, however, that economic growth might weaken in Western Europe in the second half of 2008, which could lead to increased pressure on margins.

Eastern Europe

The situation in the Eastern Europe region differed greatly between the two markets of Poland and Russia. While Russia is the Group's profit star, the Polish plants are operating in a difficult market environment. The strong Polish zloty has significantly impaired our customers' export opportunities and thus reduced their demand for our products. In addition, excess capacity in the Polish market is depressing prices for particleboard and MDF. Our activities in Russia are developing extremely well, however. We have succeeded in increasing our unit sales while fully passing on the higher prices of raw materials to our customers.

Despite this generally difficult market situation, we were able to increase our revenue in the region compared with the prior-year quarter by 9% to €100.8 million, representing approximately 22% of the Group's total revenue. The growth was the result of the new MDF activities in Poland as well as the plant in Russia.

EBITDA decreased from €16.4 million to €14.9 million due to the higher raw-material costs than in the prior-year period and the unsatisfactory utilization of the MDF plant in Grajewo. This represents a decline in the EBITDA margin from 17.8% to 14.8%. In this context, it must be stated that the cost-reduction program we started in the first quarter of 2008 has taken effect and the EBITDA margin improved by 2.2 percentage points compared with the previous quarter. This was achieved although there has still been no improvement in the market situation.

In the third quarter of this year, another surface-finishing plant will go into operation in Russia, and will result in a further improvement in revenue and profit margin in the region. The market situation in Poland will remain difficult, although we anticipate a gradual improvement for MDF.

North America

There are still no signs of recovery in our sales markets in North America. Economic output in the United States indicates that the country is still on the verge of a recession.

Our revenue in the region decreased by 17% to €99.5 million, due to the plant closure in La Baie (expense of €13 million) and exchange-rate effects (expense of €16 million). Adjusted for these effects, revenue measured in local currency increased by 8% compared with the prior-year quarter.

Unit sales of flooring grew by approximately 13% compared with the prior-year quarter, although the volume of the overall market contracted by 10%. However, due to the trend towards less expensive products and the fall of the dollar against the euro, there was actually a slight decrease in revenue. Within one year, Pfleiderer expanded its market share from 16% to the present level of 25%, mainly at the expense of importers into the North American market.

Panels, which account for approximately 54% of the North American market, suffered a fall in revenue of approximately 17% and nearly 5% in terms of volume compared with the prior-year quarter, due to the closure of the La Baie plant, falling prices and currency effects.

As cost increases in the North America region could only be partially passed on to customers in the form of higher prices, and the relocation of the La Baie plant requires restructuring expenses, EBITDA fell compared with the prior-year quarter from €8.5 million to €1.3 million. EBIT includes anticipated costs and write-downs in a total amount of €9.8 million for the La Baie plant, so in the second quarter of 2008 there was an EBIT loss of €14.3 million.

With the relocation of the MDF plant from Canada to the United States (Moncure, NC), we will quickly set up an efficient integrated production facility near our laminate factory in Raleigh with an investment of only about €80 million, which is significantly less than would be required for a new factory. The start of production is planned for the fourth quarter of 2009. The new site has the advantages of substantially lower timber prices, the elimination of the exchange-rate risk, and significantly lower transport costs.

In the second half of 2008, further measures will be initiated at all our sites with the aim of compensating for the cost increases, because we do not anticipate any improvement in the overall market in 2008.

Revenue and earnings: comparison of H1 2008 with H1 2007

In the first six months of 2008, we increased total revenue by 3.5% compared with the first half of last year to €917 million. We achieved this growth in a difficult economic environment despite negative exchange-rate effects of €13.6 million and the loss of €19.9 million revenue from the closure of the plant in La Baie, and despite the fact that those customers had to be partially supplied from the plant in Mont Laurier. The growth drivers were improved productivity, selective price increases, the startup of the MDF plant in Grajewo, Poland, and the expansion of production in Novgorod, Russia. Adjusted for exchange-rate effects, the plant closure in La Baie and the additional contribution from Pergo, revenue was 2.7% higher than in the first half of 2007. It remains to be seen to what extent the financial-market crisis will affect the general economy, so it may be rather difficult to pass on the higher cost of raw materials to our customers in the second half of 2008.

Despite the above-average increase in cost of sales, first-half EBITDA decreased only slightly from €121.0 million to €119.5 million. EBIT for the first half of 2008 includes higher scheduled depreciation because of the expansion of production capacities and the anticipated expenses of €9.8 million for the relocation of the La Baie plant. First-half EBIT decreased from €70.5 million to €54.8 million, whereby exchange-rate movements had a negative effect of €1.5 million.

The first-half financial expense increased from €22.5 million to €31.8 million. €5.6 million of the increase was due to valuations on the respective balance sheet dates of foreign currency positions and forward exchange transactions, and €2.4 million was the result of interest-rate hedging.

Earnings from continuing operations in the first half of 2008 were subject to an effective tax rate of 29% - as in the first half of last year – and amounted to €16.2 million. After the deduction of profits attributable to minority interests and the hybrid bond holders, the profit attributable to Pfleiderer shareholders amounts to €5.3 million. This is equivalent to earnings per share of 10 euro cents, compared with 43 euro cents in the prior-year period. The relocation of the La Baie plant reduced earnings per share by 14 euro cents.

Segment report on H1

Segment overview

	Western Europe		Eastern Europe		North America		Group*	
Amounts in € million	H1 08	H1 07	H1 08	H1 07	H1 08	H1 07	H1 08	H1 07
Revenue	516.0	491.4	206.0	185.3	210.4	221.0	916.9	886.2
EBITDA	89.0	74.5	28.2	34.3	10.0	16.3	119.5	121.0
EBITDA margin (%)	17.2	15.2	13.7	18.5	4.8	7.4	13.0	13.7
EBIT	63.7	50.6	12.0	23.1	-13.2	1.1	54.8	70.5
EBT (total)	46.0	35.9	1.4	20.4	-24.7	-6.2	22.7	47.9
Capital expenditure	24.1	9.1	36.7	63.2	8.9	9.9	70.9	83.0
Number of employees	2,853	2,871	1,762	1,660	1,119	1,229	5,861	5,869

* Figures for the Group differ from the totals for the regions due to consolidation adjustments.

Western Europe

Western Europe represents a success story within the Group, with more than half of total revenue and a constantly improving profit margin in recent years. In a tougher market environment, the region increased its revenue by 5% compared with the first half of 2007 to €516 million. As Pergo was not consolidated until March 1, 2007, most of this growth resulted from the increased contribution from Flooring Europe in the first two months of the year. While demand for surface-finished products and HPL continued to grow, sales of MDF/HDF declined. During the first half of 2008, it was difficult to implement price increases for some products, namely raw particleboard and MDF. Selective price increases were possible for surface-finished products, however.

We have further improved our cost situation by continuously enhancing our production processes. Compared with the prior-year period, we increased EBITDA by 19.5% to €89.0 million. The EBITDA margin in the first half of the year thus improved by two percentage points to 17.2%.

The economic slowdown in Europe may restrict our ability to adjust prices upwards. Nonetheless, on the basis of our product program, the continuous enhancement of production processes and tighter managements, we anticipate stable profitability for this region in the rest of the year.

Eastern Europe

In Eastern Europe, the market situation differs widely between Poland and Russia. Whereas revenue growth continues unabated in Russia with very good margins, demand from our customers in Poland is depressed due to the strong zloty. The output of the Polish furniture industry, which is highly dependent on exports, fell in the first half of 2008 by approximately 20% compared with the prior-year period.

In addition, prices for particleboard and MDF have come under pressure due to the increased production capacities in the region. The import of particleboard nearly tripled compared with the prior-year period. Despite this headwind, we increased our revenue in the region by 11.2%, partially due to the new MDF plant in Grajewo and sales of particleboard in Russia.

Compared with the prior-year period, EBITDA decreased from €34.3 million to €28.2 million, equivalent to a reduction in the EBITDA margin from 18.5% to 13.7%. The margin came under pressure primarily from sharp increases in raw-material prices and falling sale prices in Poland. The cost-reduction program we initiated in the first quarter of this year took effect and improved the EBITDA margin in the second quarter of 2008 by 2.2 percentage points compared with the first quarter.

We assume that competition will remain tough in Poland, and will counteract this situation with further cost-reduction actions. The situation of strong demand should continue in Russia, however. At the same time, we will further improve the quality of our margins by raising the proportion of high-value products. This development will be aided by the third surface-finishing plant, which is due to go into operation in August 2008.

North America

The crisis of financial markets in North America has had a negative impact on demand in our markets. Revenue decreased in the first half of the year by 4.8% compared with the prior-year period. This was partially due to the weakness of the dollar, which caused a €22.3 million fall in revenue. On the other hand, the closure of the La Baie plant resulted in a revenue drop of €19.9 million, because the plant in Mont Laurier was only able to partially compensate for the lost output. Pergo made a positive contribution with revenue of €18.4 million in the months of January and February 2008. In local currency and adjusted for the effects of La Baie and Pergo, revenue grew by 5.5%. This is a remarkable success in view of the lower demand due to the weaker economy.

Flooring continued to gain market share in a difficult market environment, and was able to implement slight price increases. The sale of our products by major retailing chains is running satisfactorily, with a trend towards products in the low-price segment. Panel sales were lower than in the prior-year period due to the closure of the La Baie plant. It has not been possible to pass on the increased cost of raw materials by raising our prices.

The profitability of our business in North America is unsatisfactory at present. The cost-reduction measures taken last year were implemented effectively, but did not fully offset the higher prices of raw materials on the one hand and partial falls in particleboard prices. First-half EBITDA decreased from €16.3 million to €10.0 million. The result includes restructuring costs of €1.5 million for the relocation of the La Baie plant. The closure of La Baie required another write-down of fixed assets in an amount of €8.3 million, which is included in EBIT. Due to this earnings situation, the cost-reduction actions will be continued and intensified in the second half of 2008.

Following the relocation of the La Baie plant entailing investment of €80 million, we expect the new facility in North Carolina to go into production in the third quarter of 2009. At this site, we will have significant cost advantages from timber prices about half as high as in La Baie, substantially lower transport costs, and the integrated production of particleboard and MDF. This will allow us to achieve a considerable improvement in profitability in the North America region.

Assets situation: comparison of June 30, 2008 with December 31, 2007

Compared with the end of 2007, the balance sheet total increased by 6.1% to €2,038 million. A successful bond issue led to a cash inflow of €165 million on the date of payment – June 30, 2008, which could only be partially applied to redeem financial liabilities on the balance sheet date, with the result that total assets increased by €116.5 million at June 30, 2008. The bond serves to optimize the maturities of the Group's debt. We were able to secure this financing with maturities of three, five and seven years at investment-grade conditions.

Due to the cash inflow from the bond issue, cash and cash equivalents increased by €121.5 million to €138.7 million. Compared with December 31, 2007, receivables and other assets increased by €67.1 million to €187.7 million. This increase is primarily related to longer times for payment granted to major customers in North America. Our effective inventory management led to a fall in inventories of more than 15%; compared with the end of last year they fell by €35.7 million to €194.0 million. During the same period, non-current assets decreased by €36.5 million to €1,486.4 million; €32.1 million of the reduction was accounted for property, plant and equipment.

On the other side of the balance sheet, current liabilities and other debt decreased by €33.7 million to €233.4 million. Net debt increased by €56.3 million to €674.5 million. On the basis of net debt, the gearing ratio as of June 30, 2008 was therefore 87%, compared with 77% at the end of 2007.

Equity decreased from €801.0 million to €772.3 million, primarily due to the dividend distribution of €15.3 million, the reduction in hybrid capital of €4.0 million, and the decision to pay a dividend of €16.9 million to other shareholders (Pfleiderer Grajewo). Due to the fall in equity on the one hand and the increase in total assets on the other, the equity ratio fell from 41.7% to 37.9%. This development will be reversed in the next quarter because the liquidity from the bond issue will be used to reduce debt further, resulting in a reduction in total assets.

Cash flows

The cash flow from operating activities amounted to an inflow of €35.5 million in the first half of 2008. The reduction was due on the one hand to lower EBIT compared with the prior-year period and on the other hand to the reduction of €29.0 million in non-current liabilities (e.g. trade liabilities) compared with the end of 2007. In the first quarter of 2008, there was a net cash outflow from operating activities of €12.3 million.

Capital expenditure

The Group invested €70.9 million in the first half of this year (H1 2007: €81.5 million). Of that total, €50.3 million was invested in the second quarter of 2008. One of the main areas of investment was the Eastern Europe region with €36.7 million, mainly for setting up the MDF plant in Novgorod, Russia. €24.1 million was invested in Western Europe, mainly for modernization and productivity improvements, and €8.9 million was invested in North America.

Workforce

The number of persons employed by the Group at June 30, 2008 remained nearly constant compared with June 30, 2007 at 5,861, although revenue increased during that period. Within the Group, employee numbers changed the most in North America, with a reduction of 110 persons to 1,119. The workforce in Eastern Europe expanded, however, by 102 to 1,762 persons.

Events after the balance sheet date

In July 2008, 589,543 own shares were acquired for a total amount of €4,988,283. The number of treasury shares held at July 24, 2008 was 2,947,749, equivalent to 5.53% of our share capital. The treasury shares are to be used to serve stock options and for acquisitions.

Uniboard, our North American subsidiary, is relocating its HDF production from La Baie in Canada to Moncure in North Carolina, USA, where it acquired a particleboard plant from competitor ATC Panel effective August 1, 2008. With the closure of the unprofitable plant in Canada and investment of approximately €80 million at the US site, we will create the right conditions to become the cost leader for the production of laminate flooring also in North America.

Report on opportunities and risks

The tasks and organization of risk management at Pfleiderer and the risks to which the Group is exposed were described in detail in the 2007 Group management report, which is part of Annual Report 2007. The document can be viewed on the website of Pfleiderer AG in the Investor Relations/Reports section, and can be downloaded if required.

On the basis of the currently available information, there have been no material changes to the risk situation described in Annual Report 2007 during the first half of 2008. No risks have been identified that could jeopardize the continued existence of the Pfleiderer Group.

Opportunities for the Group may arise from an improvement in the economic situation, making it easier to increase the prices of our products. A fall in raw-material prices would provide some relief on the cost side.

Report on expected developments

Against the backdrop of the economic slowdown and the current weakening of engineered-wood markets in Europe, Pfleiderer anticipates a more moderate development of unit sales in Western Europe. We will counteract the ongoing pressure from raw-material costs by means of further investment in rationalization and productivity improvements, especially at the Arnsberg, Leutkirch and Nidda plants. This should result in higher output volumes combined with lower production costs. We intend to compensate for the weak demand in some parts of our markets by increasing our exports to growing markets.

In Eastern Europe, however, we expect lower rates of revenue growth, especially in Poland, whereas the Russian market should continue its strong growth. We plan to put another surface-finishing line into operation at our site in Russia this summer. We aim to improve the quality of our margins in Poland with further cost-reduction actions in the second half of this year.

North America will continue to be a great challenge for all market players during the rest of 2008. It is only possible to a limited extent to pass on the increases in raw-material prices to customers in the form of higher sale prices. Product innovations, cost reductions and productivity improvements must be implemented to improve earnings. Due to our good competitive position, we assume that we will continue to gain market share.

For the second half of the year, we must adapt to the fact that the peak of economic growth is now behind us and the economic consequences of the financial-market crisis may affect our business. At present, we see only limited possibilities of adequately passing the increases in raw-material prices without a time lag, so the achievement of our targets of €2 billion revenue and a 15% EBITDA margin are unlikely to be achieved in the year 2008. At present, we anticipate shortfalls of 5% to 15% for both targets.

Our investment planning calls for Group-wide capital expenditure of approximately €200 million in full-year 2008. Most of that amount will be invested in setting up the new MDF plant in Novgorod. Another important project is the doubling of production capacities in the glue-resin production of the Polish company, Silekol.

In our production facilities, we will continue to reduce production costs at all sites in 2008. One focus of these efforts is the transfer of best practices on the basis of our Global Pfleiderer Production System (GPPS).

In the year 2009, our business will still be affected by the economic situation, with only moderate growth likely from today's perspective. In North America, we aim to gain additional market share and to improve the profitability of our North American operations. In Eastern Europe, we will expand our market presence in particular as a result of our second plant in Novgorod, Russia. In Western Europe, we are focusing on the expansion of the export business from Germany.

Disclaimer

This report contains forward-looking statements that are based on current assessments by Pfleiderer's managements 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 the assessments. Among other things, such risks and uncertainties include the future market environment and economic conditions, the behavior of other market players, the successful integration of new acquisitions, and the realization of expected synergy effects.

Neumarkt, August 1, 2008

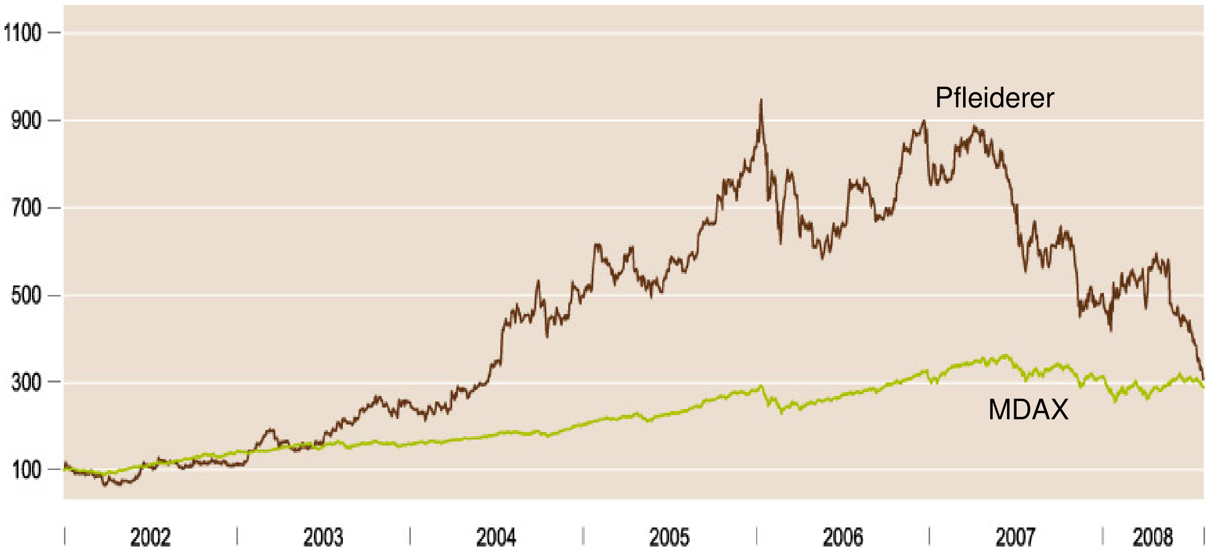
Hans H. Overdiek	Michael Ernst	Dr. Robert Hopperdietzel	Heiko Graeve

Pfleiderer shares

After our share price performed better than the relevant indices in the first quarter of the year, it came under considerable pressure during the second quarter. Over the first half of 2008, our stock lost 39% of its value, compared with an 8% fall for the MDAX. However, the drop in our share price took place in combination with a significantly lower trading volume than in the previous quarters, indicating that the price fall was caused not by pressure to sell our shares, but by investors' unwillingness to buy in the current economic situation. At present, investors are avoiding companies with low market capitalization, equities with a strong economic dependence and companies with a high proportion of their business in the United States. To a certain extent, our shares fulfill all of these criteria. An additional factor is that investment-fund managers' have become significantly more risk averse. This is apparent from the much lower price-to-earnings ratios they are prepared to pay for equity investments. Whereas in the spring of 2007, P/E ratios of up to 30 were paid for our shares, the ratio has now fallen to between 8 and 10.

The falling market capitalization has also had an impact on our MDAX ranking. While we have slipped to position 59 in terms of market capitalization, we are in 35th place in terms of trading volume.

Pfleiderer and MDAX, indexed
6 years; December 31, 2001 = 100



Key figures

		Q2 2008	FY 2007
Share price			
lowest price	€	8.67	12.77
highest price	€	16.91	25.61
closing price	€	8.67	14.24
Number of shares at end of period	shares	53,326,100	53,326,100
Market capitalization at end of period	€ million	462	752
Earnings per share (continuing operations)	€	0.00	1.00
Average daily trading volume [1]	shares	294,500	532,700

German securities identification number (WKN)	676474
International securities identification number (ISIN)	DE0006764749
Reuters symbol	PFDGn.DE
Bloomberg symbol	PFD4 GY
Stock exchanges	Xetra, Frankfurt am Main, regional stock exchanges
Free float at June 30, 2008	69%
MDAX weighting at June 30, 2008	0.39%
Stock-exchange segment	Prime Standard

1 per day on Xetra

Responsibility statement by the Executive Board

To the best of our knowledge and in accordance with the applicable reporting 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 presents a fair review of the development and performance of the business and of the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group during the remaining months of the financial year.

Neumarkt, August 1, 2008

Hans H. Overdiek   Michael Ernst   Dr. Robert Hopperdietzel   Heiko Graeve

Interim consolidated financial statements

Consolidated income statement (IFRS)

€ thousand	**Jan. 1 - June 30, 2008**	Jan. 1 - June 30, 2007	**Apr. 1 - June 30, 2008**	Apr. 1 - June 30, 2007
Revenue	916,860	886,162	449,140	458,548
Cost of sales	-680,968	-638,757	-337,507	-325,560
Gross profit	**235,892**	**247,405**	**111,633**	**132,988**
Selling expenses	-119,553	-123,337	-57,050	-67,034
Administrative expenses	-65,741	-57,670	-32,506	-30,867
Research and development expenses	-2,082	-1,299	-1,081	-898
Other operating income and expenses	6,145	5,442	1,480	2,013
Profit from continuing operations	**54,661**	**70,541**	**22,476**	**36,202**
Interest income	3,446	5,393	1,938	2,928
Interest expense	-27,449	-28,011	-14,009	-16,334
Net income from investments	93	0	93	282
Other financial expense/income	-7,900	139	-2,041	135
Financial expense, net	**-31,810**	**-22,479**	**-14,019**	**-12,989**
Profit from continuing operations before income taxes	**22,851**	**48,062**	**8,457**	**23,213**
Income tax expense	-6,633	-13,874	-3,193	-6,518
Profit from continuing operations	**16,218**	**34,188**	**5,264**	**16,695**
Loss from discontinued operations	-105	-182	-31	-172
Income tax gain/expense on discontinued operations	153	-876	153	-875
Profit for the period	**16,266**	**33,130**	**5,386**	**15,648**
thereof attributable to minority interest	1,290	6,839	548	1,798
thereof attributable to hybrid bondholders	9,680	3,483	4,795	3,483
thereof attributable to shareholders of Pfleiderer AG	**5,296**	**22,808**	**43**	**10,367**
Earnings per share, basic (€)	0.10	0.43	0.00	0.20
Earnings per share, diluted (€)	0.10	0.43	0.00	0.19
Earnings per share from continuing operations (€)	0.10	0.45	0.00	0.22
Earnings per share from discontinued operations (€)	0.00	-0.02	0.00	-0.02
Average number of shares outstanding, basic	50,953,244	52,982,722	50,953,244	52,982,722

Consolidated balance sheet (IFRS)

€ thousand	June 30, 2008	Dec. 31, 2007	June 30, 2007
ASSETS			
Cash and cash equivalents	138,664	17,197	33,190
Receivables and other assets	187,675	120,608	199,766
Inventories, net	193,991	229,693	229,264
Income tax receivables	4,615	4,672	4,796
Other current assets	16,108	11,371	15,781
Assets classified as held for sale	10,351	14,814	3,624
Current assets	**551,404**	**398,355**	**486,421**
Property, plant and equipment	836,960	869,078	841,508
Intangible assets	561,624	563,616	558,483
Financial assets	4,404	4,511	5,382
Deferred tax assets	69,396	61,227	73,909
Other non-current assets	13,998	24,497	7,179
Non-current assets	**1,486,382**	**1,522,929**	**1,486,461**
Total assets	**2,037,786**	**1,921,284**	**1,972,882**

€ thousand	June 30, 2008	Dec. 31, 2007	June 30, 2007
EQUITY AND LIABILITIES			
Payables and other debt	233,402	267,088	284,360
Financial liabilities	240,904	170,925	181,164
Provisions	55,825	61,347	51,105
Tax liabilities	12,261	6,731	1,571
Other liabilities	9,945	2,018	6,146
Liabilities directly associated with assets classified as held for sale	12,159	16,129	32,134
Current liabilities	**564,496**	**524,238**	**556,480**
Financial liabilities	572,266	464,453	492,026
Retirement benefit obligation	16,775	17,843	19,013
Deferred tax liabilities	66,761	58,954	90,578
Other liabilities	14,544	25,796	128
Provisions	30,687	28,961	26,673
Non-current liabilities	**701,033**	**596,007**	**628,418**
Capital contributions and subscribed capital	136,515	136,515	136,515
Reserves including retained earnings and profit for the period	370,730	379,875	339,865
Treasury shares	-43,037	-43,432	-9,734
Other comprehensive income	-5,369	-1,891	6,307
Hybrid capital	266,954	270,915	270,915
Minority interest	46,464	59,057	44,116
Equity	**772,257**	**801,039**	**787,984**
Total equity and liabilities	**2,037,786**	**1,921,284**	**1,972,882**

Consolidated cash flow statement (IFRS)
for the period of January 1 to June 30

€ thousand	Jan. 1 - June 30, 2008	Jan. 1 - June 30, 2007
Earnings before interest and taxes (EBIT)	54,816	70,541
Net income taxes paid	-4,764	-8,005
Depreciation, amortization and impairments	64,640	50,441
Gain/loss on the disposal of non-current assets	-264	-1,172
Change in pension provisions	412	1,178
Change in current assets	-30,903	-55,609
Change in other non-current assets	12,681	-367
Change in current liabilities excluding financial liabilities	-49,465	16,019
Change in non-current liabilities excluding financial liabilities	-9,900	4,188
Other non-cash expenses and income	-1,738	677
Net cash inflow from operating activities	**35,515**	**77,891**
Payments for intangible assets	-4,146	-871
Payments for property, plant and equipment	-38,170	-80,333
Payments for financial assets	0	-269
Payments for and proceeds from the sale of companies and equity interests in consolidated companies	-14,364	-391,877
Proceeds from the sale of intangible assets	598	9
Proceeds from the sale of property, plant and equipment	1,523	3,143
Proceeds from the sale of financial assets	1,093	417
Net cash outflow from investing activities	**-53,466**	**-469,781**
Net cash outflow from operating and investing activities	**-17,951**	**-391,890**
Change in financial liabilities	180,865	155,648
Change in externally factored receivables	-403	6,451
Dividend payment to the shareholders of Pfleiderer AG	-15,290	-13,217
Contributions from hybrid bondholders	0	269,517
Payment for share buyback	0	-10,130
Interest paid	-24,084	-23,516
Interest received	3,446	4,873
Other financing activities	-5,972	132
Net cash inflow from financing activities	**138,562**	**389,758**
Net change in cash and cash equivalents	120,611	-2,132
Effects of exchange rate changes on cash held in foreign currencies	144	613
Change in cash and cash equivalents from discontinued activities	689	-9,214
Change in cash and cash equivalents from additions to the consolidated group	23	8,518
Cash and cash equivalents at January 1	**17,197**	**35,405**
Cash and cash equivalents at June 30	**138,664**	**33,190**

Consolidated statement of changes in equity (IFRS) for the period of January 1 to June 30

€ thousand	Share capital	Reserves, including retained earnings and profit for the period	Treasury shares	Other comprehensive income	Hybrid capital	Minority interest	Total
Balance at January 1, 2007	**136,515**	**302,309**	**-1,222**	**-1,737**	**0**	**106,443**	**542,308**
Treasury shares	0	-809	-8,512	0	0	0	-9,321
Change in adjustment item							
for foreign currencies	0	0	0	8,044	0	-1,657	6,387
Profit for the period	0	22,808	0	0	0	6,839	29,647
Issuance/redemption of hybrid capital	0	0	0	0	270,915	0	270,915
Profit attributable to hybrid bondholders	0	0	0	0	3,483	0	3,483
Deferral of distribution to hybrid bondholders	0	0	0	0	-3,483	0	-3,483
Dividends paid	0	-13,217	0	0	0	-5,802	-19,019
Dividends approved		0	0	0	0	0	0
Change in the consolidated group	0	29,471	0	0	0	-61,707	-32,236
Effect of stock option plans	0	-697	0	0	0	0	-697
Balance at June 30, 2007	**136,515**	**339,865**	**-9,734**	**6,307**	**270,915**	**44,116**	**787,984**

€ thousand	Share Capital	Reserves, including retained earnings and profit for the period	Treasury shares	Other comprehensive income	Hybrid capital	Minority interest	Total
Balance at January 1, 2008	**136,515**	**379,875**	**-43,432**	**-1,891**	**270,915**	**59,057**	**801,039**
Treasury shares	0	-151	395	0	0	0	244
Change in adjustment item	0	0	0	-3,478	0	3,002	-476
for foreign currencies	0	5,296	0	0	0	1,290	6,586
Profit for the period	0	0	0	0	-3,961	0	-3,961
Issuance/redemption of hybrid capital	0	0	0	0	9,680	0	9,680
Profit attributable to hybrid bondholders	0	0	0	0	-9,680	0	-9,680
Deferral of distribution to hybrid bondholders	0	-15,290	0	0	0	0	-15,290
Dividends paid	0	0	0	0	0	-16,885	-16,885
Dividends approved	0	0	0	0	0	0	0
Change in the consolidated group							
Effect of stock option plans	0	1,000	0	0	0	0	1,000
Balance at June 30, 2008	**136,515**	**370,730**	**-43,037**	**-5,369**	**266,954**	**46,464**	**772,257**

Consolidated segment report (IFRS) for the period of January 1 to June 30

Pfleiderer Group € thousand	**Jan. 1 - June 30, 2008**	Jan. 1 - June 30, 2007	**Apr. 1 - June 30, 2008**	Apr. 1 - June 30, 2007
Revenue	916,860	886,162	449,140	458,548
International share (%)	71.9	70.4	71.7	72.6
EBITDA	119,456	120,982	59,076	64,588
EBITDA margin (%)	13.0	13.7	13.2	14.1
EBIT	54,816	70,541	22,631	36,484
EBT from continuing operations	22,851	48,062	8,457	23,212
EBT from discontinued operations	-105	-182	-31	-172
EBT total	22,746	47,880	8,426	23,040

Western Europe € thousand	**Jan. 1 - June 30, 2008**	Jan. 1 - June 30, 2007	**Apr. 1 - June 30, 2008**	Apr. 1 - June 30, 2007
Revenue	515,959	491,363	255,787	252,018
EBITDA	88,978	74,463	44,391	41,054
EBITDA margin (%)	17.2	15.2	17.4	16.3
EBIT	63,727	50,576	31,681	27,885
EBT	45,991	35,852	23,568	17,958

Eastern Europe € thousand	**Jan. 1 - June 30, 2008**	Jan. 1 - June 30, 2007	**Apr. 1 - June 30, 2008**	Apr. 1 - June 30, 2007
Revenue	206,041	185,347	100,752	92,080
EBITDA	28,163	34,250	14,908	16,422
EBITDA margin (%)	13.7	18.5	14.8	17.8
EBIT	12,021	23,103	6,747	10,802
EBT	1,372	20,437	96	9,279

North America € thousand	**Jan. 1 - June 30, 2008**	Jan. 1 - June 30, 2007	**Apr. 1 - June 30, 2008**	Apr. 1 - June 30, 2007
Revenue	210,368	220,981	99,494	120,016
EBITDA	10,017	16,265	1,253	8,466
EBITDA margin (%)	4.8	7.4	1.3	7.1
EBIT	-13,191	1,095	-14,280	-667
EBT	-24,697	-6,194	-16,085	-4,982

Notes to the interim consolidated financial statements as of June 30, 2008

1. Basis of presentation

The interim consolidated financial statements, the interim group management report and the responsibility statement by the Executive Board have been prepared in accordance with the "German Accounting Standard No. 16" (DRS 16). Please refer to our Annual Report 2007 for further information. The consolidated financial statements and the group management report for the year ended December 31, 2007, as published in our Annual Report 2007, form the basis for these interim consolidated financial statements. These interim consolidated financial statements and the related interim group management report have been reviewed by external auditors.

The interim consolidated financial statements have been prepared in compliance with all of the issued International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) and interpretations, which have to be applied according to Regulation No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the EU.

The consolidation methods have not changed compared with December 31, 2007.

The interim consolidated financial statements do not contain all of the notes and disclosures that are required for consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2007 (www.pfleiderer.com). Where no notes or disclosures have been made in these interim consolidated financial statements, no material changes have occurred compared with the notes and disclosures contained in the consolidated financial statements for the year ended December 31, 2007.

2. Accounting policies

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 consolidated financial statements for the year 2007. Please therefore refer to Annual Report 2007. Unlike in the previous year, prepayments made for non-current assets are no longer reported under property, plant and equipment, but under other current assets. Also unlike in the previous year, gains and losses on the measurement on the balance sheet date of foreign-currency loans are reported under other financial income/expense.

3. Acquisitions

On February 4, 2008, Pfleiderer AG reached an agreement with the decopa industries GmbH, a German manufacturer of edging, to take over that company's business operations. The acquisition of decopa industries GmbH, which reported revenue of €2.0 million in 2007, took effect as of February 1, 2008. Pfleiderer acquired all of the company's material assets.

Because of the short time between the acquisition and the preparation of the interim consolidated financial statements, the initial accounting for the asset deal is classified as provisional, in accordance with IFRS 3.62. The purchase price including transaction costs amounted to €2.0 million. The preliminary allocation of the purchase price resulted in a negative goodwill amount of €2.7 million, which was recognized immediately as a gain in the income statement in accordance with IFRS 3.56.

4. Earnings per share

	Jan. 1 - June 30, 2008	Jan. 1 - June 30, 2007
Profit for the period (€ thousand)	16,266	33,130
Less minority interest (€ thousand)	-1,290	-6,839
Less profit attributable to hybrid bondholders (€ thousand)	-9,680	-3,483
Profit attributable to shareholders of Pfleiderer AG (€ thousand)	**5,296**	**22,808**
Average number of shares outstanding, basic	50,953,244	52,982,722
Average number of share outstanding, diluted	51,123,765	53,251,046
Earnings per share, basic (€)	**0.10**	**0.43**
Earnings per share, diluted (€)	**0.10**	**0.43**

5. Dividends

During the second quarter of 2008, Pfleiderer AG paid a dividend for the 2007 financial year. The amount of the dividend was €0.30 per no-par-value share carrying dividend rights. In the corresponding prior-year period, Pfleiderer AG paid a dividend of €0.25 per no-par-value share carrying dividend rights.

6. Shareholdings of Executive Board and Supervisory Board members, stock option plans

At June 30, 2008, the members of the Executive Board of Pfleiderer AG held 212,580 shares and 769,784 stock options. The members of the Supervisory Board held 45,533 shares and 6,216 stock options.

In the first two quarters of the year 2008, the members of the Executive Board were not granted any options to subscribe to shares in return for the contribution of a personal investment as part of the stock option plan of Pfleiderer AG.

170,521 stock options were “in the money” at June 30, 2008, and therefore resulted in an arithmetical dilution of earnings per share.

7. Treasury shares

Pfleiderer AG did not acquire any of the company’s own shares in the first six months of the financial year. During the period of January 1 to June 30, 2008, 30,243 shares were issued to participants in share-based payment plans after they exercised their stock options.

Neumarkt, August 1, 2008

Hans H. Overdiek   Michael Ernst   Dr. Robert Hopperdietzel   Heiko Graeve