Nine Month-Report

JANUARY 1 – SEPTEMBER 30, 2011

- PRELIMINARY AND UNAUDITED -

Interim Report on Nine Months Ended September 30, 2011

- Revenue in the first nine months of 2011 up 7.8 percent year on year to 892.8 million euros
- Adjusted nine-month EBITDA* of continuing operations of 88.7 million euros, equivalent to a margin of 9.9 percent
- Improvement of 27.7 million euros in nine-month EBIT to 30.7 million euros
- Revenue growth in Eastern Europe of 27.0 percent compared with prior-year period

Pfleiderer Group: Key Figures for the First Nine Months of September 2011

(Presentation of continuing operations – the business in North America is presented as discontinued operations and the prior-year figures have been adjusted accordingly.)

Amounts in millions of euros	Jan. 1 – Sept. 30, 2011	Jan. 1 – Sept. 30, 2010 (adjusted)	July 1 – Sept. 30, 2011	July 1 – Sept. 30, 2010 (adjusted)
Revenue	892.8	827.8	297.5	283.9
International share (in percent)	64.4	61.4	64.3	60.9
EBITDA	72.3	65.1	28.1	26.6
EBITDA adjusted for extraordinary effects*	88.7	67.2	34.6	28.1
Adjusted margin EBITDA (in percent)	9.9	8.1	11.6	9.9
EBIT	30.7	3.0	14.4	5.9
EBT before taxes of continuing operations	-49.8	-18.6	-0.4	-15.7
Loss for the period	-102.7	-47.3	-27.9	-28.5
Net loss attributable to shareholders of Pfleiderer AG	-119.6	-58.5	-34.3	-31.5
Loss per share – basic (in euros)	-2.04	-1.01	-0.58	-0.54
Loss per share – diluted (in euros)	-2.04	-1.01	-0.58	-0.54
Loss per share of discontinued operations (in euros)	-1.11	-0.45	-0.08	-0.30
Number of employees at end of period	5,064	5,445	5,064	5,445
Germany	2,108	2,423	2,108	2,423
Outside Germany	2,956	3,022	2,956	3,022
Average number of shares outstanding (basic)	58,658,700	57,350,044	58,658,700	57,350,044

Amounts in millions of euros	Sept. 30, 2011	Dec. 31, 2010	Change
Total assets	1,362.5	1,417.5	-3.9%
Equity	-72.6	42.0	--
Equity ratio	--	3.0%	--
Net debt	677.3**)	960.1	Not comparable

* Adjusted for restructuring costs ** Only continuing operations

Contents

Foreword by the Chairman of the Executive Board

Dear Shareholders, Ladies and Gentlemen,

The Pfleiderer Group's upward operating trend that began in the first half of 2011 continued in the third quarter of the year. The key figures of our business development are pointing in the right direction. In particular, the success of implementing our operational restructuring has been apparent.

The Group's revenue from continuing operations in the third quarter of 297.5 million euros was nearly 5 percent higher than in the third quarter of last year. Eastern Europe was once again the growth driver, with revenue growth of approximately 20 percent. It is true that the third quarter is traditionally the strongest quarter of the year, but in view of the difficult economic situation and the resulting market uncertainty an, especially in Europe, this positive development can by no means be taken for granted.

It was possible to raise prices significantly in both Western and Eastern Europe, allowing us to compensate for ongoing sharp increases in raw-material costs and yielding positive margin effects. The EBITDA margin adjusted for one-time expenses from the ongoing restructuring increased to 11.6 percent in the third quarter. This clearly demonstrates the progress we are making in our business operations.

Unfortunately, as in our half-year report, we are still not able to present the substantial positive financial effects of the planned capital measures in this interim report. Nonetheless, we posted a profit after taxes from continuing operations in the third quarter of 2011 of 1.6 million euros. The net loss for the third quarter, which also includes the loss of discontinued operations, primarily reflects the restructuring expenses and the continuation of high interest payments; at just under 28 million euros, it is a slight improvement on the loss for the prior-year quarter.

The restructuring continues to progress as planned. The operational actions in Western Europe have largely been completed and the process of sale has started for our operations in North America.

A small number of shareholders and creditors have taken legal action to rescind the capital measures approved by large majorities of the shareholders' meeting and the exchange of hybrid bonds for share purchase warrants approved by the creditors' meeting. We have made a so-called release application to enable us to implement the resolutions in the near future despite the pending lawsuits. Meanwhile, the verdict at first instance of the Frankfurt am Main District Court in the rescinding action concerning the resolutions of the creditors' meeting has created some uncertainty in the public about the prospects of success of the planned financial restructuring. We believe this verdict is mistaken and have appealed to the Higher District Court in Frankfurt. We are confident that the Frankfurt Higher District Court will confirm our opinion and we therefore do not see the restructuring as being jeopardized by the verdict at first instance. The court has not yet reached a decision in the release proceedings concerning the resolutions of the shareholders' meeting. The decision of the responsible Higher District Court in Nuremberg is expected in January 2012. In view of the urgency of implementing the capital measures decided upon by the shareholders' meeting, we are firmly convinced that the Nuremberg

Higher District Court will grant our application. Overall, we expect the release proceedings to be concluded by the end of February 2012.

Ladies and gentlemen, Pfleiderer AG is on a path of recovery. Due to the upcoming court rulings and the planned implementation of the capital measures, the next six months will now be crucial for the future of our company. Together, we have all created the required conditions to facilitate the company's lasting success.

We therefore enter the New Year with confidence, and thank you for your trust in a very difficult year.

Neumarkt, December 5, 2011

Hans H. Overdiek

Chairman of the Executive Board

Interim Group Management Report

(Preliminary and unaudited)

Economic Situation

The German economy regained some impetus in the third quarter. After gross domestic product (GDP) in the second quarter of the year only increased by 0.3 percent (revised from 0.1 percent) compared with the previous quarter, it rose by 0.5 percent in the third quarter (compared with the second), according to estimates by the Federal Statistical Office. This means that growth in Germany was significantly stronger than in the euro zone and in the 27 countries of the European Union, whose economies expanded by only 0.2 percent compared with the previous quarter. Growth in Germany was aided in particular by increased private consumption, while foreign trade, the previous growth driver, delivered little stimulus. Growth in the fourth quarter will be dampened by uncertainty about the peripheral euro countries, the discontinuation of state stimulus programs and growth weaknesses in some export markets. But for full-year 2011, the leading German economic-research institutes anticipate strong GDP growth in Germany of approximately 2.9 percent in their autumn expertise (2010: 3.5 percent). For 2012, they expect to see a growth rate of just 0.8 percent.

According to the first estimates of the US Bureau of Economic Analysis, GDP in the United States grew by an annualized 2.0 percent in the third quarter of 2011 (quarter on quarter), following 1.3 percent in the second quarter. The US economy is thus growing faster than expected, but significantly more slowly than in previous upswing phases, and above all too slowly to have a positive impact on the labor market. Growth has been driven by stimulus from private consumption, exports and companies' investment. The Case-Shiller house-price index has worsened almost continuously as the year has progressed and in September 2011 was 3.6 percent below the prior-year level. The recovery of the US real-estate market is an important precondition for a revival of private consumption and of our markets there.

In Eastern Europe, the economic upswing continued. After the Russian economy already grew by 4.0 percent last year, the International Monetary Fund expects growth of another 4.8 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, the same as last year.

According to the Association of German Wood Based Panel Industries (VHI), in the first eight months of this year, sales of engineered wood in Germany increased by 7.7 percent compared with the prior-year period. According to figures released by the ifo economic institute, business sentiment in the German wood industry remained at a solid level in October (20 points), but expectations have continued to worsen (minus 22 points) and indicate a weaker business development in the coming months. The sub-index of the furniture industry developed quite similarly: While the business situation in October was still quite robust (24 points), expectations became significantly negative. According to the VHI, sales by the German furniture industry increased in in the first eight months of the year by 8.1 percent compared with the prior-year period, mainly driven by exports. The strongest growth was for sales of office furniture at 21.6 percent, but sales of kitchen furniture also grew by 6.5 percent. In North America, markets for engineered wood continued their decline in the first nine months of 2011, but at a lower rate. According to the Composite Panel Association (CPA), particleboard volumes fell by 1.5 percent compared with the prior-year period, with slight growth of 1.8 percent in the United States and a decline of 9.0 percent in Canada. Capacity utilization of North American particleboard plants was

53.7 percent in September, according to the CPA. Demand for MDF fell compared with the first nine months of last year and capacity utilization of MDF plants was 68.4 percent in September.

Revenue and Earnings – Comparison of Q3 2011 with Q3 2010

Due to the planned sale of the business in North America, those activities are presented here as discontinued operations. In the third quarter of 2011, the Pfleiderer Group generated **total revenue from continuing operations** of 297.5 million euros, which is 4.8 percent higher than in the third quarter of last year. The growth was primarily driven by higher prices, while revenue was reduced by 3.5 million euros by exchange-rate effects, in particular from the Polish zloty. Unit sales were just over 7 percent lower than in the prior-year quarter, primarily due to the closure of the plants in Ebersdorf and Nidda. While unit sales of surface-finished panels increased by just over 2 percent, volumes of raw panels decreased by 17 percent. Laminate flooring showed slight volume growth. The proportion of revenue generated outside Germany in the third quarter was 64.3 percent, compared with 60.9 percent in the prior-year period.

Gross profit increased from 63.4 million euros to 71.1 million euros. The significant increase in raw-material costs compared with the prior-year period – especially for wood and chemicals (glue and intermediate products) was offset by cost-reducing actions, price increases and lower depreciation and amortization, resulting in an improved **gross margin** of 23.9 percent (Q3 2010: 22.3 percent). The balance of other operating income and expenses of 2.7 million euros was the result of various items of minor individual importance.

Third-quarter **EBITDA** increased to 28.1 million euros compared with 26.6 million euros in Q3 2010. The EBITDA margin in the third quarter was therefore 9.4 percent, as in the third quarter of last year. Negative exchange-rate effects, in particular from the zloty, had a negative impact on earnings of 1.1 million euros. Adjusted for one-time charges of 6.5 million euros, EBITDA amounted to 34.6 million euros and the margin was 11.6 percent.

EBIT of 14.4 million euros was higher than in the prior-year quarter (5.9 million euros). The figure includes depreciation and amortization of 13.7 million euros (Q3 2010: 20.7 million euros).

Financial expense improved from 21.6 million euros to 14.8 million euros. While the balance of interest expense and income did not change compared with the prior-year quarter, other financial expense was approximately 7 million euros lower in the third quarter of this year. The increase in interest income for continuing operations resulted from passing on fees in an amount of 17.8 million euros to the discontinued operations in North America in the context of the restructuring. The expense for North America is included in the loss of discontinued operations. The higher interest expense resulted from the higher level of debt, the higher interest burden and the costs of the refinancing such as fees of lawyers, banks and consultants. It was not yet possible to implement the reduction in the interest expense called for by the restructuring concept because lawsuits initiated by shareholders and hybrid creditors contesting the resolutions of their respective meetings are still pending.

The **result of continuing operations before taxes** was almost breakeven at a loss of 0.4 million euros, compared with a loss of 15.7 million euros in the prior-year quarter. In the third quarter of 2011, we recognized a **tax benefit** of 2.0 million euros. After earnings attributable to other shareholders and hybrid bondholders and losses from discontinued operations (29.5 million euros), the loss attributable to shareholders of Pfleiderer AG amounts to 34.3 million euros (Q3 2010: loss of 31.5 million euros). The statement of income also includes the claims of the hybrid bondholders of 4.9 million euros; this amount was not paid out, but was recognized as a liability in the balance sheet. This results in a diluted and basic loss per share of 58 euro cents (Q3 2010: loss per share of 54 euro cents). The loss per share for continuing operations amounts to 50 euro cents (Q3 2010: loss per share of 25 euro cents).

Segment Report on the Third Quarter

Segment overview (Q3, prior-year figures adjusted)

	Western Europe		Eastern Europe		North America * Discontinued		Group*	
Amounts in millions of euros	Q3 11	Q3 10	Q3 11	Q3 10	Q3 11	Q3 10	Q3 11	Q3 10
Revenue	194.6	198.2	107.9	89.6	82.2	97.5	379.7	381.4
EBIT	10.0	2.5	11.2	2.9	-1.6	-6.9	12.9	-1.0
EBIT margin	*5.2%*	*1.3%*	*10.3%*	*3.3%*	*-1.9%*	*7.0%*	*3.4%*	*-0.3%*
Capital expenditure	5.7	5.4	1.4	-2.6	4.0	9.6	11.2	12.4
Employees at end of period	2,282	2,768	1,593	1,573	1,091	1,157	5,064	5,601

* North America is presented as discontinued operations. Due to consolidation, Group figures differ from the totals for the regions.

Due to the positive development in Eastern Europe and exchange-rate effects, the regions' weighting shifted in the third quarter compared with the prior-year period. Above all, Eastern Europe gained importance and accounted for 35.7 percent of the revenue of continuing operations in the third quarter, compared with 31.1 percent in the prior-year period. This dynamic region is thus increasingly developing into the growth driver of the Pfleiderer Group.

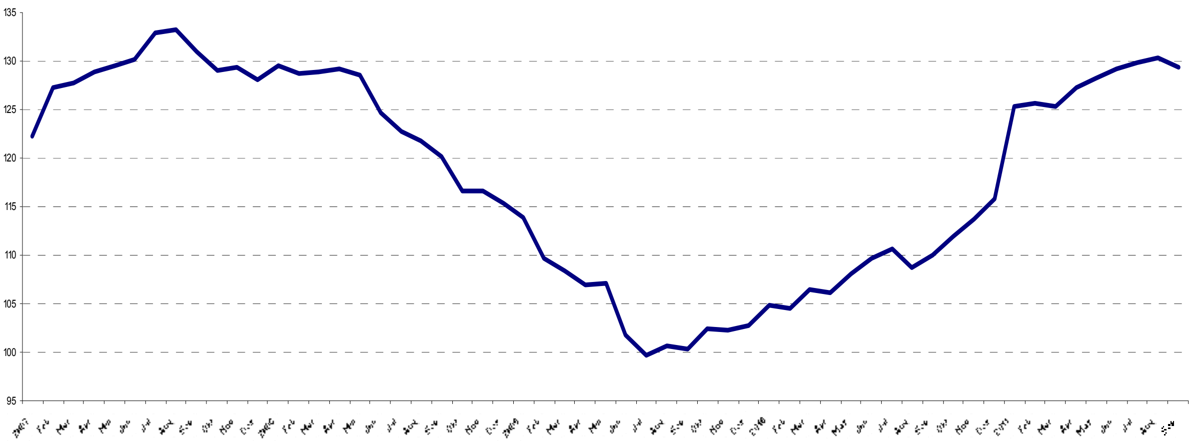
Western Europe

The Western Europe region posted a decrease in revenue of 1.8 percent compared with the third quarter of 2010 to 194.6 million euros. In the comparison, however, it must be considered that on the one hand, the Ebersdorf plant no longer contributed any revenue in the third quarter of 2011 due to its closure in Januar y 2011; on the other hand, the MDF plant in Nidda went offstream in June 2011. As a result, unit sales of raw particleboard fell by just over 40 percent compared with the prior-year period. But unit sales of raw MDF/HDF also decreased by about 14 percent. However, unit sales of surface-finished panels increased by just over 1 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.

On the side of customer industries, demand decreased in particular from wholesalers. But we were able to significantly increase our revenue with producers of kitchen furniture. With laminate flooring, we achieved volume growth of 2.5 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.

EBIT of the Western Europe region increased to 10.0 million euros, compared with 2.5 million euros in the prior-year quarter. Higher sale prices compensated for the increase in raw-material costs. Excluding one-time effects, EBIT amounted to 13.6 million euros.

Prices of raw particleboard in Germany
Price index 2005 = 100



Source: Federal Statistical Office

Eastern Europe
With revenue growth of 20.4 percent to 99.8 million euros in the third quarter, we posted the biggest regional increase in revenue compared with the prior-year quarter in Eastern Europe. Without exchange-rate effects, revenue would have been 8.7 million euros higher. While volumes of raw particleboard increased by nearly 20 percent, unit sales of surface-finished panels rose by just under 4 percent and MDF/HDF panels posted a decrease of about 6 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 reached 11.2 million euros, compared with 2.9 million euros in the third quarter of last year. Higher unit sales and higher prices more than offset substantial increases in raw-material costs, of approximately 24 percent for wood and more than 40 percent for urea for example.

North America
Due to the planned sale of the North American business, its results are presented here as discontinued operations. The revenue generated in our North American sales markets fell compared with the third quarter of 2010 from 97.5 million euros to 82.2 million euros. Exchange-rate effects increased revenue by 6.4 million euros. Our unit sales of raw particleboard increased by approximately 5 percent compared with the prior-year period. Unit sales of surface-finished panels actually fell by about 17 percent because of a lost order. 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 shrank. Unit sales of laminate flooring slumped by over 40 percent, partially as a result of a substantial decrease in orders from a major customer. Competition became tougher in particular due to cheap imports from Asia.

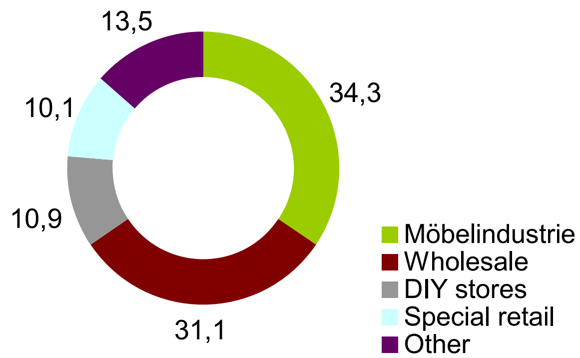
Third-quarter EBIT improved to minus 1.6 million euros from minus 6.9 million euros in the prior-year quarter.

Revenue and Earnings – Comparison of 9M 2011 with 9M 2010

The **revenue** of the continuing operations of the Pfleiderer Group of 892.8 million euros in the first nine months of 2011 was 7.8 percent higher than in the prior-year period. Exchange-rate effects reduced revenue by 15.1 million euros. Due to the plant closures, unit sales of panels fell by approximately 9 percent. This was mainly related to the drop in demand for raw particleboard in the Western Europe region. As a result of plant closures in Ebersdorf, but also caused by a deliberate shift in focus towards surface-finished products, unit sales of raw particleboard fell by about 46 percent. Unit sales of surface-finished panels increased by nearly 3 percent in Eastern and Western Europe. While unit sales of raw MDF decreased in Germany, Unit sales of HDF increased significantly in Eastern Europe. With laminate flooring, we were able to increase unit sales also by about 3 percent compared with the first nine months of last year due to our expanded product offering. Compared with the prior-year period, panel prices increased at double-digit rates in most product groups in both Western and Eastern Europe, thus compensating for ongoing high increases in raw-material costs.

Revenue by industry H1 2011

in percent



As cost of sales increased at a lower rate than revenue, the gross margin increased from 22.0 percent to 24.0 percent, while gross profit rose from 182.3 million euros to 214.5 million euros. This improvement was achieved despite the ongoing increase in the ratio of material costs to revenue. Partially due to the lower unit sales, selling expenses fell by 5.7 percent to 106.8 million euros. The 3.0 percent reduction in administrative expenses to 72.8 million euros already reflects the measures initiated to streamline the administration. The balance of other operating income and expense resulted in an expense of 2.1 million euros, primarily comprising exchange-rate losses of 0.7 million euros as well as defaults on receivables and impairments of 1.0 million euros.

EBITDA of continuing operations in the first nine months of 2011 increased to 72.3 million euros, compared with 65.1 million euros in the same period of last year. The EBITDA margin for the first nine months thus amounted to 8.1 percent, compared with 7.9 percent in the prior-year period. Excluding one-time charges relating to the restructuring, adjusted EBITDA amounted to 88.7 million euros and the margin was 9.9 percent.

Despite the restructuring expenses, **EBIT** of 30.7 million euros was substantially higher than the prior-year figure of 3.0 million euros. There was a positive impact from the reduction in depreciation and amortization to 41.6 million euros (9M 2010: 62.2 million euros).

The **net financial expense** of 80.4 million euros (9M 2010: expense of 21.5 million euros) was impacted compared with the prior-year period on the one hand by higher interest income, and on the other hand by an increased interest expense. The increase in interest income for continuing operations resulted from passing on fees of 17.8 million euros related to restructuring to the discontinued operations in North America. The expense item for North America is included in the result of discontinued operations. The higher interest expense is a result of the higher level of debt and the costs of refinancing. An additional factor is that other financial income was significantly lower than in the prior-year period. It was not yet possible to implement the reduction in the interest burden foreseen by the restructuring concept because lawsuits initiated by shareholders and hybrid bondholders contesting the resolutions of the shareholders' and bondholders' meetings are still pending. While there was other financial income of 16.2 million euros in the prior-year period, the various items included here added up to an expense of 1.7 million euros in the first nine months of 2011. This primarily reflects a loss of 0.7 million euros from the mark-to-market valuation of interest-hedging instruments.

The **result of continuing operations before taxes** amounted to a loss of 49.8 million euros, compared with a loss of 18.6 million euros in the prior-year period. If the costs of financial and operating restructuring were excluded and the positive interest effect of the planned debt reduction were taken into consideration, the result of continuing operations before taxes would already be significantly positive. In the first nine months of the year, we recognized a **tax benefit** of 1.4 million euros, compared with a tax benefit of 3.6 million euros in the prior-year period. Discontinued operations were responsible for a loss of 54.4 million euros (9M 2010: loss of 32.3 million euros). This results in a loss for the period of 102.7 million euros (9M 2010: loss for the period of 47.3 million euros). Earnings of 2.2 million euros are attributable to minority interests. The statement of income also includes the claims of hybrid bondholders of 14.6 million euros, although this amount was not paid out. A loss of 119.6 million euros is therefore attributable to the shareholders of Pfleiderer AG, compared with a loss of 58.5 million euros for the first nine months of 2010.

This results in a basic **loss per share of continuing operations** of 111 euro cents, compared with a loss of 45 euro cents for the prior-year period. Discontinued operations were responsible for an additional loss per share of 93 euro cents (9M 2010: loss of 56 euro cents).

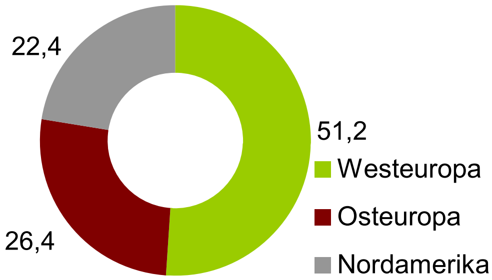
Segment Report on the First Nine Months

Segment overview (9M, prior-year figures adjusted)

	Western Europe		Eastern Europe		North America Discontinued		Group*	
Amounts in millions of euros	9M 11	9M 10	9M 11	9M 10	9M 11	9M 10	9M 11	9M 10
Revenue	599.3	593.9	309.8	243.9	262.2	290.6	1,155.0	1,118.4
EBIT	26.6	11.6	22.2	2.9	-9.8	-10.6	20.9	-7.5
EBIT margin	*4.4%*	*2.0%*	*7.2%*	*1.2%*	*-3.7%*	*-3.6%*	*1.8%*	*-0.7%*
Capital expenditure	12.0	14.4	3.7	4.7	6.7	38.9	22.7	58.1
Number of employees	2,282	2,768	1,593	1,573	1,091	1,157	5,064	5,601

* North America is presented as discontinued operations. Due to consolidation, Group figures differ from the totals for the regions.

Umsatzanteil nach Regionen
in %



Western Europe

In the first nine months of 2011, the Western Europe region posted revenue growth compared with the prior-year period of 0.9 percent to 599.3 million euros. Lower unit sales resulting from the closure of the Ebersdorf plant were offset by rising sale prices. Volumes of raw particleboard fell by nearly 46 percent while volumes of raw MDF and HDF decreased by just over 6 percent. There was slight growth in unit sales of surface-finished panels, and also of laminate flooring thanks to the expanded product range. Sales of HPL panels increased by nearly 7 percent compared with the prior-year period. In the customer industries, the business with raw particleboard declined sharply, especially with wholesale customers. On the other hand, revenue with producers of kitchen furniture increased significantly.

EBIT of the Western Europe region of 26.6 million euros was more than twice as high as in the prior-year period (11.6 million euros). Earnings for the first nine months of this year reflect 10.0 million euros of restructuring costs and one-time effects.

Eastern Europe

With an increase of 27.0 percent to 309.8 million euros, we posted the biggest revenue growth in the first nine months of the year in Eastern Europe. Negative exchange-rate effects reduced growth by 4.0 million euros. Unit sales increased across all product groups, but in particular for raw particleboard and MDF/HDF.

EBIT improved significantly to 22.2 million euros, compared with 2.9 million euros in the prior-year period. This earnings improvement was achieved despite substantial rises in raw-material costs, of approximately 23 percent for wood for example.

North America
Due to the planned sale of the North American business, its results are presented as discontinued operations. The revenue generated in our North American sales markets fell compared with the first nine months of 2010 by 9.8 percent to 262.2 million euros. Exchange-rate effects were responsible for a large part of the decrease (12.6 million euros).

While unit sales of raw particleboard decreased by over 2 percent, we more than doubled our unit sales of MDF/HDF due to the ramp-up of production in Moncure. Sales of surface-finished panels were depressed by a temporary order loss. Unit sales of laminate flooring fell by about one third after a major customer significantly reduced its orders. The trend towards cheaper products in the area of laminate flooring is continuing. While particleboard prices remained roughly at the prior-year level, prices of MDF/HDF fell significantly. The real-estate market, which is so important for us, continued to weaken in the United States as the year progressed. Overall, economic developments did not meet expectations.

EBIT for the first nine months of 2011 amounted to a loss of 9.8 million euros, compared with a loss of 10.6 million euros in the prior-year period.

Financial Position – Comparison of September 30, 2011 with December 31, 2010

Due to the reclassification in the first nine months of 2011 of our North American activities into assets and liabilities of discontinued operations, the interim consolidated financial statements are comparable with the financial statements as of December 31, 2010 only to a limited extent.

Compared with the end of 2010, the balance sheet total fell by 3.9 percent to 1,362.5 million euros. While on the **assets side,** current assets increased by 13.3 percent to 556.1 million euros, non-current assets fell by 13.0 percent to 806.5 million euros. This change on the assets side of the balance sheet is due to the presentation of all the assets of the North America region as assets of discontinued operations. With cash and cash equivalents of continuing operations of 64.1 million euros at September 30, 2011, Pfleiderer assumes that it disposes of sufficient liquidity for the coming quarters.

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 main changes on the liabilities side of the balance sheet result from the presentation of all the liabilities of the North America region as liabilities of discontinued operations, as required by the decision to dispose of the entire business in that region. The development of earnings reduced equity by 102.7 million euros, and this led to negative equity of the Pfleiderer shareholders of minus 431.7 million euros. Total equity decreased by 114.5 million euros to minus 72.6 million euros. As a result of all effects, the equity ratio fell from 3.0 percent and became negative.

The Group's **net debt** including the North American financial liabilities increased compared with the end of 2010 by 56.9 million euros to 1,017.0 million euros.

Cash Flows

In the first nine months of 2011, the Group had a net cash inflow from operating activities of 33.5 million euros, compared with a net cash inflow of 70.0 million euros in the prior-year period. The lower cash inflow is mainly the result of our suppliers' shorter payment terms.

Capital Expenditure

Capital expenditure including advance payments in the first nine months of 2011 fell compared with the prior-year period to 22.7 million euros (9M 2010: 58.1 million euros). Of that total, 12.0 million euros was invested in the Western Europe region and 3.7 million euros was invested in the Eastern Europe region. An amount of 6.7 million euros was invested In North America. Sales of property, plant and equipment yielded proceeds of 20.5 million euros.

Workforce

The number of persons employed by the Group at September 30, 2011 was 9.6 percent lower than a year earlier at 5,064. In Western Europe, the workforce decreased by 17.6 percent to 2,282 as a result of the plant closures. In Eastern Europe, the workforce expanded slightly by 1.3 percent to 1,593. In North America, the number of persons employed fell by 5.7 percent to 1,091. Compared with the end of 2010, the Group's workforce contracted by 309 persons to 5,064.

Events after the Interim Balance Sheet Date

After the creditors' meeting and the shareholders' meeting, several lawsuits were initiated by hybrid bondholders and shareholders contesting the resolutions passed by the two meetings. 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.

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 2009. 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. 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 5, 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 5, 2011

Hans H. Overdiek Hans-Joachim Ziems

Pfleiderer Shares

During the first nine months of 2011, the price of Pfleiderer shares was primarily affected by the results of the restructuring negotiations. The accumulated losses consumed the shareholders' capital and the consequential restructuring actions call for a massive dilution of the old shareholders' equity. This put the share price under pressure and on September 30, 2011, the shares were listed at 45 euro cents, which is 81.5 percent lower than the price at the end of 2010.

Key Figures

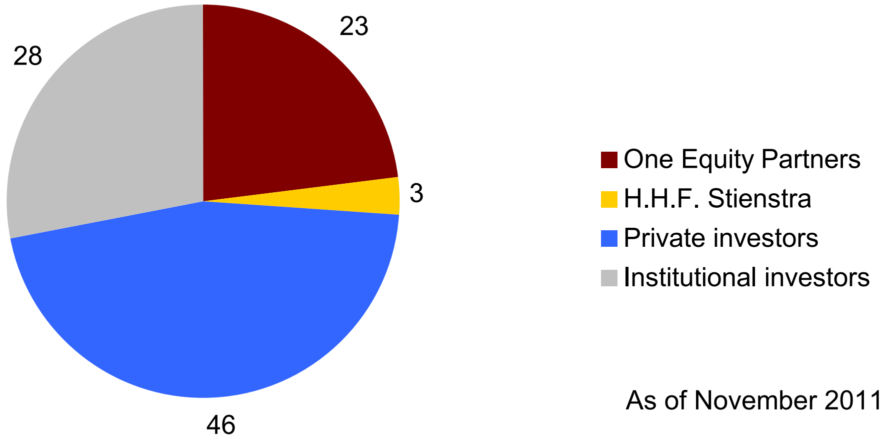
		9M 2011	2010
Share price [1]			
lowest	euros	0.40	1.71
highest	euros	2.45	7.33
closing	euros	0.45	2.43
Number of shares at end of period		58,658,700	58,658,700
Market capitalization at end of period	million euros	26	143
Earnings per share (continuing operations)	euros	-0.93	-12.38
Average daily trading [2]		442,660	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 September 30, 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 November 2011

Condensed Interim Consolidated Financial Statements

(Preliminary and unaudited)

Consolidated Statement of Income (IFRS)

In thousands of euros	Jan. 1 – Sept. 30, 2011	Jan. 1 – Sept 30, 2010 (adjusted)	July 1 – Sept. 30, 2011	July 1 – Sept. 30, 2010 (adjusted)
Revenue	892,778	827,806	297,508	283,890
Cost of sales	-678,289	-645,551	-226,436	-220,482
Gross profit	**214,489**	**182,255**	**71,072**	**63,408**
Selling expenses	-106,803	-113,241	-34,740	-36,419
Administrative expenses	-72,816	-75,052	-23,971	-24,088
Research and development expenses	-2,056	-2,329	-611	-1,029
Other operating income and expense	-2,151	11,321	2,677	4,025
Operating profit	**30,663**	**2,954**	**14,427**	**5,897**
Interest income	26,052	9,802	20,660	2,353
Interest expense	-104,748	-47,525	-34,760	-16,250
Other financial income/expense	-1,728	16,215	-733	-7,712
Financial expense, net	**-80,424**	**-21,508**	**-14,833**	**-21,609**
Loss of continuing operations before taxes	**-49,761**	**-18,554**	**-406**	**-15,712**
Income taxes	1,427	3,591	1,992	1,520
Profit/loss of continuing operations	**-48,334**	**-14,963**	**1,586**	**-14,192**
Loss of discontinued operations	-54,340	-32,328	-29,460	-13,176
Income taxes on discontinued operations	-73	-57	-7	-1,106
Loss for the period	**-102,747**	**-47,348**	**-27,881**	**-28,474**
thereof attributable to minority interests	2,227	-2,618	1,471	-1,668
thereof attributable to hybrid bondholders	14,648	13,802	4,932	4,651
thereof attributable to shareholders of Pfleiderer AG	**-119,622**	**-58,532**	**-34,284**	**-31,457**
Loss per share – basic	-2.04	-1.01	-0.58	-0.54
Loss per share – diluted	-2.04	-1.01	-0.58	-0.54
Loss per share from continuing operations after minority interests	-1.11	-0.45	-0.08	-0.30
Loss per share from discontinued operations	-0.93	-0.56	-0.50	-0.25
Average number of shares issued (basic)	58,658,700	57,791,056	58,658,700	57,791,056

Consolidated Statement of Comprehensive Income

In thousands of euros	Jan. 1 – Sept. 30, 2011	Jan. 1 – Sept 30, 2010 (adjusted)	July 1 – Sept. 30, 2011	July 1 – Sept. 30, 2010 (adjusted)
Loss for the period	**-102,747**	**-47,348**	**-27,881**	**-28,474**
Currency translation differences	-12,327	18,051	-31,484	-10,594
Derivative financial instruments	-775	1,261	-838	256
Total of income and expense recognized directly in equity (after taxes)	**-13,102**	**19,312**	**-32,322**	**-10,338**
Total of income and expense recognized in equity	**-115,849**	**-28,036**	**-60,203**	**-38,812**
Thereof attributable to:				
Minority interests	-3,686	-363	-4,654	-3,550
Hybrid bondholders	14,648	13,802	4,932	4,651
Shareholders of Pfleiderer AG	-126,811	-41,475	-60,481	-39,914
Total of income and expense recognized in equity	**-115,849**	**-28,036**	**-60,203**	**-38,813**

Consolidated Balance Sheet

Assets

In thousands of euros	Sept. 30, 2011	Dec. 31, 2010
Cash and cash equivalents	64,137	55,739
Receivables and other assets	148,183	161,980
Inventories, net	118,291	168,685
Income tax receivables	2,391	4,006
Other assets	5,786	8,188
Assets of discontinued operations	217,294	92,192
Current assets	**556,083**	**490,790**
Property, plant and equipment, net	459,366	541,499
Intangible assets, net	292,342	316,827
Financial assets	5,344	5,361
Deferred tax assets	43,200	57,210
Other assets	6,211	5,859
Non-current assets	**806,463**	**926,756**
Total assets	**1,362,546**	**1,417,546**

Equity and liabilities

In thousands of euros	Sept. 30, 2011	Dec. 31, 2010
Payables and other debt	154,680	198,752
Financial liabilities	523,597	777,259
Provisions	21,528	34,701
Tax liabilities	5,156	5,142
Other debt	1,014	321
Liabilities from discontinued operations	438,805	14,536
Current liabilities	**1,144,780**	**1,030,711**
Financial liabilities	217,849	238,571
Retirement benefit obligation	11,353	21,376
Deferred tax liabilities	41,457	57,214
Other debt	5,900	6,990
Provisions	13,757	20,724
Non-current liabilities	**290,316**	**344,875**
Share capital	150,166	150,166
Reserves including retained earnings and profit for the period	-551,783	-433,499
Other comprehensive income	-30,097	-22,908
Equity of shareholders of Pfleiderer AG	**-431,714**	**-306,241**
Hybrid capital	332,213	317,564
Minority interests	26,951	30,637
Total equity	**-72,551**	**41,960**
Total equity and liabilities	**1,362,546**	**1,417,546**

Consolidated Statement of Cash Flows (IFRS)

In thousands of euros	Jan. 1 - Sept. 30, 2011	Jan. 30 - Sept. 30, 2010 (adjusted)
Earnings before interest and taxes (EBIT)	30,663	2,954
Net income taxes paid	374	-5,053
Depreciation and amortization	41,595	62,154
Gain/loss on the disposal of fixed assets	-578	-438
Change in retirement benefit obligation	3,397	2,569
Cash inflow	**75,451**	**62,186**
Change in current assets	-37,839	-44,773
Change in other non-current assets	206	5,042
Change in current liabilities excluding financial debt	-2,608	46,019
Change in non-current liabilities excluding financial debt	-3,094	1,813
Other non-cash expense and income	1,338	-1,286
Cash flow from operating activities	**33,454**	**69,001**
Payments for intangible assets	-1,169	-964
Payments for property, plant and equipment	-18,215	-26,854
Proceeds from the sale of property, plant and equipment	20,438	2,095
Cash flow from investing activities	**1,054**	**-25,723**
Cash flow from operating activities and investing activities	**34,508**	**43,278**
Change in financial liabilities	60,631	-161,578
Change in externally factored receivables	-3,591	-11,738
Capital increase	0	34,229
Proceeds from the sale of hybrid bonds	0	4,542
Sale of treasury shares	0	18,165
Interest paid	-70,299	-37,087
Interest received including accrued interest on hybrid bonds	441	2,593
Other financing activities	88	-1,388
Cash flow from financing activities	**-12,730**	**-152,262**
Net change in cash and cash equivalents	21,778	-108,984
Effects of exchange-rate changes on cash held in foreign currencies	-821	1,966
Change in cash and cash equivalents from discontinued operations	-10,724	71,593
from ongoing business activities	*9,452*	*-16,851*
From investing activities	*-6,485*	*-47,673*
From financing activities	*-13,691*	*136,117*
Change in cash and cash equivalents from first-time consolidation and deconsolidation	0	0
Cash and cash equivalents at Jan. 1 (excluding North America region)	53,907	44,725
Cash and cash equivalents at June 30 (excluding N. America in 2010)	64,137	9,300

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: Foreign currency translation	Other comprehensive income: Valuation of financial derivatives	**Subtotal**	Hybrid capital	Minority interests	Total
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				-6,770		**-6,770**		-5,557	**-12,327**
Valuation of financial derivatives					-419	**-419**		-356	**-775**
Profit/loss for the period		-119,622				**-119,622**	14,648	2,227	**-102,747**
Sale of hybrid bonds						**0**			**0**
Deferred payment to hybrid									
bondholders						**0**			**0**
Reclassification of hybrid interest						**0**			**0**
Effect of stock option plans		1,338				**1,338**			**1,338**
Balance at September 30, 2011	**150,166**	**-551,783**	**0**	**-29,745**	**-352**	**-431,714**	**332,212**	**26,951**	**-72,551**

In thousands of euros	Issued share capital	Reserves including retained earnings and profit for the period	Treasury shares	Other comprehensive income: Foreign currency translation	Other comprehensive income: Valuation of financial derivatives	**Subtotal**	Hybrid capital	Minority interests	Total
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				15,698		**15,698**		2,353	**18,051**
Valuation of financial derivatives					1,359	**1,359**		-98	**1,261**
Profit/loss for the period		-58,532				**-58,532**	13,802	-2,618	**-47,348**
Sale of hybrid bonds		-6,169				**-6,169**	10,711		**4,542**
Deferred payment to hybrid									
bondholders						**0**	-13,802		**-13,802**
Reclassification of hybrid interest						**0**			**0**
Effect of stock option plans		1,823				**1,823**			**1,823**
Balance at September 30, 2010	**150,166**	**234,992**	**0**	**-34,835**	**-677**	**349,646**	**270,915**	**28,181**	**648,742**

Condensed Group Segment Report (IFRS) 9M

Jan. 1 – Sept. 30, 2011 In thousands of euros	External revenue	Internal revenue	Segment earnings (EBIT)	Segment assets at Sept. 30 2011
Region Western Europe	587,890	11,380	26,596	504,446
Region Eastern Europe	295,045	14,762	22,215	496,261
Region North America	0	0	0	0
Subtotal	**882,935**	**26,142**	**48,811**	**1,000,707**
Headquarters	0	41,484	-18,551	52,580
Other	557	279	-407	7,086
Discontinued operations	262,193	0	-9,754	217,294
Consolidation / Transition	-252,907	-67,905	10,564	84,879
Pfleiderer Group	**892,778**	**0**	**30,663**	**1,362,546**

Jan. 1 – Sept. 30, 2010 In thousands of euros	External revenue	Internal revenue	Segment earnings (EBIT)	Segment assets at Dec. 31, 2010
Region Western Europe	569,900	24,043	11,630	485,363
Region Eastern Europe	231,664	12,202	2,899	534,574
Region North America	0	0	0	156,232
Subtotal	**801,564**	**36,245**	**14,529**	**1,176,169**
Headquarters	0	51,164	-12,082	54,256
Other	637	275	-309	7,431
Discontinued operations	290,560	0	-10,451	92,192
Consolidation / Transition	-264,955	-87,684	11,267	87,498
Pfleiderer Group	**827,806**	**0**	**2,954**	**1,417,546**

Condensed Group Segment Report (IFRS) Q3

July 1 – Sept. 30, 2011 In thousands of euros	External revenue	Internal revenue	Segment earnings (EBIT)	Segment assets at Sept. 30 2011
Region Western Europe	191,616	3,031	10,040	504,446
Region Eastern Europe	102,742	5,119	11,157	496,261
Region North America	0	0	0	0
Subtotal	**294,358**	**8,150**	**21,197**	**1,000,707**
Headquarters	0	12,485	-6,970	52,580
Other	82	89	-104	7,086
Discontinued operations	82,240	0	-1,552	217,294
Consolidation / Transition	-79,090	-20,724	1,856	84,879
Pfleiderer Group	**297,508**	**0**	**14,427**	**1,362,546**

July 1 – Sept. 30, 2010 In thousands of euros	External revenue	Internal revenue	Segment earnings (EBIT)	Segment assets at Dec. 31, 2010
Region Western Europe	192,300	5,915	2,487	485,363
Region Eastern Europe	85,249	4,381	2,930	534,574
Region North America	0	0	0	156,232
Subtotal	**277,549**	**10,296**	**5,417**	**1,176,169**
Headquarters	0	13,924	118	54,256
Other	187	92	90	7,431
Discontinued operations	97,505	0	-6,868	92,192
Consolidation / Transition	-91,351	-24,312	7,140	87,498
Pfleiderer Group	**283,890**	**0**	**5,897**	**1,417,546**

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 Nine Months Ended September 30, 2011

(Preliminary and unaudited)

1. Basis of presentation

The preliminary and unaudited 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 preliminary and unaudited 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 preliminary and unaudited interim 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 preliminary and unaudited 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 preliminary and unaudited 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 as well as risks threatening the Pfleiderer Group's existence are explained in the interim group management report.

The strategic repositioning of the Pfleiderer Group that was decided upon in the second quarter as a result of the restructuring concept includes the sale of the business activities in North America, which constitute a separate major line of business or geographical business unit. The "Region North America" was therefore to be presented as of September 30, 2011 as discontinued operations, in line with IFRS 5. The non-current assets and liabilities already classified as held for sale in the preliminary and unaudited consolidated financial statements for the year ended December 31, 2010 are now joined by the following assets and liabilities from the discontinued operations of the business unit "Region North America":

Assets of discontinued operations:

In thousands of euros	Sept. 30, 2011	Dec. 31, 2010
Cash and cash equivalents	6,265	0
Receivables and other assets	33,284	0
Inventories	52,580	0
Current assets	**92,129**	**0**
Property, plant and equipment	46,197	**0**
Intangible assets	11,010	**0**
Other non-current assets including deferred taxes	4,325	0
Non-current assets	**61,532**	0
Assets of discontinued operations	**153,661**	0

Liabilities of discontinued operations:

In thousands of euros	Sept. 30, 2011	Dec. 31, 2010
Liabilities excluding financial liabilities	59,063	0
Financial liabilities	340,732	0
Current assets	**399,795**	**0**
Financial liabilities	5,243	0
Provisions including pension obligation	15,590	0
Other non-current liabilities including deferred taxes	3,477	0
Non-current liabilities	**24,310**	**0**
Liabilities of discontinued operations	**424,105**	**0**

The operating activities of the discontinued operations developed as follows:

In thousands of euros	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30 2010
Revenue	262,193	290,560
Gross profit	44,661	52,085
Operating loss (EBIT)	**-9,754**	**-10,451**
Financial expense	-44,586	-20,332
Loss before taxes	**-54,340**	**-30,783**
Income taxes	-73	-34
Loss after taxes	**-54,413**	**-30,817**

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 September 30, 2011, the members of the Executive Board of Pfleiderer AG held 333,918 shares (prior year 552,794) and 320,668 options (prior year 876,996). The members of the Supervisory Board held 1,009,262 shares (prior year 10,563) and 0 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 nine months of 2011.

No share options were in the money at September 30, 2011; therefore, no share options contributed to-wards 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, 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.

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 5, 2011

Hans H. Overdiek

Hans-Joachim Ziems