



THREE MONTH REPORT

JANUARY 1 - MARCH 31 2007

Three Month Report as of March 31, 2007

- **Pfleiderer posts record results in Q1: strong increases in revenues and earnings**
- **Successful acquisition of Swedish Pergo AB makes Pfleiderer leading laminate flooring manufacturer with 15 percent market share in North America**
- **Business very positive in Western and Eastern Europe: Group EBITDA margin up from 12.5 percent to 13.2 percent in reporting period**

Pfleiderer Group:

Summary of key figures as of March 31, 2007

(according to IFRS)

'000 euros		Jan 1 – March 31, 2007	Jan 1 – March 31, 2007	Change in %
Revenues		427,614	334,839	+27.7
EBITDA		56,394	41,672	+35.3
EBIT		34,057	22,674	+50.2
EBT continuing operations		24,850	8,682	+186.2
EBT discontinued operations		-10	-253	n.a.
EBT total		24,840	8,430	+194.7
Results from continuing operations				
Earnings per share (basic)	euros	0.24	0.10	+140.0
Earnings per share (basic)	euros	0.24	0.08	+200.0
Employees	(Persons)	5,929	5,036	+17.7
thereof in Germany	(Persons)	2,689	2,603	+3.3
thereof outside Germany	(Persons)	3,240	2,433	+33.2

'000 euros euros		March 31, 2007	March 31, 2006	Change in %
Balance sheet total		1,874,217	1,476,110	+27.0
Shareholders' equity		544,623	274,217	+98.6
Equity ratio	(in percent)	29.1	18.6	n.a.

1) Excluding trainees, only relates to continuing operations

Pfleiderer AG - strong increase in revenues and earnings in Q1 2007

As Pfleiderer continues its growth strategy, the first quarter of 2007 proved to be of outstanding strategic importance for the Group. The quarter was marked by strong economic growth, with business continuing to develop positively, especially in Western and Eastern Europe. Pfleiderer AG achieved an excellent operating performance in the first quarter of 2007, making for record-breaking results.

Through its Swedish subsidiary Pfleiderer Sweden AB, Pfleiderer AG made a public tender offer on January 15, 2007 to acquire the Swedish company Pergo AB. Pergo is a leading manufacturer in Europe and North America of high-quality laminate flooring, with established positions in the market. Pergo is the inventor of laminate flooring and stands for innovative products and solutions. With over 800 patents and proprietary rights, Pergo has a very broad portfolio of patents and licenses. During the first acceptance period, Pfleiderer acquired a total of 51,167,404 Pergo shares, or around 95.5 percent of Pergo's total share capital and voting rights, making the takeover offer unconditional. By extending the offer period to March 9, 2007, Pfleiderer was able to increase the acceptance figure to 52,965,933 shares, or 98.9 percent of Pergo AB's share capital and voting rights. On March 6, 2007, Pfleiderer introduced squeeze-out proceedings for Pergo's remaining minority shareholders. Pergo shares were delisted from the Stockholm stock exchange with effect from March 30, 2007.

In acquiring Pergo, Pfleiderer is continuing its announced growth strategy, further expanding its market position in the field of laminate flooring in North America. At the same time, Pfleiderer has accelerated its entry into the European laminate flooring market, enabling it to rapidly exploit growth potential in Eastern Europe. Together, Pfleiderer and Pergo can now actively move consolidation in the North American market forward, and are an ideal platform for further organic growth.

As a result of the acquisition, Pfleiderer is now the leading fully-integrated manufacturer of laminate flooring in North America, with a 15 percent share of the market overall. Integration will strengthen the various brands of the Pfleiderer subsidiaries Uniboard and Pergo, making the Group more competitive on the North American market. By better utilizing its two complementary distribution platforms, Pfleiderer will increase its market penetration, producing new revenue potential.

By integrating Pergo into the production process, the Pfleiderer Group is also increasing production efficiency, leading to considerable cost-saving potential and better capacity utilization. Pfleiderer also expects additional sustained advantages from better utilization of technical know-how and the joint development of new technologies and products, important for Pergo's European activities. Finally, Pfleiderer foresees significant synergies also in the areas of procurement and logistics, as well as a better exploitation of existing patents and licenses.

The process of integrating Pergo into the Pfleiderer Group started in March 2007. The Steering Committee overseeing the integration process, comprising members of the Executive Board, set up an integration team of five senior Pergo and Pfleiderer managers. This team will ensure that the integration into the Pfleiderer Group runs quickly and smoothly. A total of more than 30 projects have been identified which the team will have mainly completed by the end of the year. This includes a

new organizational structure for the laminate flooring business from fiscal 2008 within the Pfeleiderer Group.

Quickly and completely merging Pergo into the Pfeleiderer Group will ensure rapid exploitation of the existing significant synergy potential. As a result, Pergo is expected to achieve an EBITDA margin of 15 percent as soon as fiscal 2008. Bearing in mind expected market developments and Pergo's own strong position, this figure should further improve in the years thereafter as synergy potentials are realized.

Record revenues and earnings in Q1 2007

During the first three months of fiscal 2007, the Pfeleiderer Group increased its revenues by 27.7 percent to 427.6 million euros (Q1 2006: 334.8 million euros). Taking Pergo into account, earnings for the three-month period rose at an even faster rate than revenues: Earnings before interest, income taxes, depreciation and amortization (EBITDA) rose by +35.3 percent in the first three months of fiscal 2007, reaching 56.4 million euros (2006: 41.7 million euros). These are the Group's best operating figures for one quarter to date. The EBITDA margin for Q1 2007 reached 13.2 percent, putting it well above the prior year's figure (12.5 percent). The quarterly financial statements as of March 31 2007, drawn up in accordance with the International Financial Reporting Standards (IFRS), confirm that this was the best three-month performance so far in the history of Pfeleiderer AG.

This significant improvement in profitability was driven by further expansion of the Group's markets in Western and Eastern Europe. Earnings before interest and income taxes (EBIT) rose by 50.2 percent in the first three months of fiscal 2007, reaching 34.1 million euros (Q1 2006: 22.7 million euros). The EBIT margin reached 8.0 percent (Q1 2006: 6.8 percent), 1.2 percentage points up on the prior year's figure. Pre-tax earnings from continuing operations (EBT) improved even more significantly, up by 186.2 percent on the prior year. Group EBT in the first quarter of 2007 rose to 24.8 million euros (Q1 2006: 8.4 million euros). Aside from the Company's strong operating performance overall, financing expenses were also down compared to the prior year's reporting period, having a noticeable effect on the financial result.

Overall, consolidated net profit after income taxes and minority interests more than trebled to 12.4 million euros in the reporting period (Q1 2006: 3.5 million euros), representing an increase of 251.7 percent on the prior year's figure. Correspondingly, basic earnings per share for the Group increased during the first three months of 2007 from 0.08 to 0.24 euros - of which 0.24 euros per share was contributed from continuing operations during the reporting period, compared to 0.10 euros for the same period in the prior year. Earnings per share from continuing operations increased substantially, despite the higher number of shares in circulation following the capital increase in April 2006. This impressively underlines the fundamental operating strength of the Pfeleiderer Group, which has reached a new dimension following the integration of Kunz and the takeover of the Swedish Pergo AB.

Current economic situation: global economy growing dynamically – strong demand in engineered wood markets

Following strong growth of around 5.4 percent in 2006, the global economy developed better than the initial forecast by the IMF (International Monetary Fund) in September 2006. The global economy remains robust in 2007, although early indicators by the OECD (Organisation for Economic Cooperation and Development) in the first half of the year indicate that the pace of expansion in the industrial countries is likely to slow down. In April 2007, the IMF forecast global economic growth of 4.9 percent for both 2007 and 2008.

The IMF expects positive growth in both the United States (2.2 percent) and Canadian economies (2.4 percent) in 2007. As far as Eastern Europe is concerned (including Central Europe), the experts expect a much more dynamic increase in growth of 5.2 percent. According to IMF estimates, Poland can expect real GDP growth of 5.8 percent in 2007, while growth in the Russian economy is put even higher at 6.4 percent.

In Western Europe (euro zone), economic growth is expected to reach 2.3 percent in 2007. Sweden is forecast to experience growth of 3.3 percent, putting it above the euro zone average. In Germany, the economy is expected to expand by around 1.8 percent. Following the strong economic upturn of the previous year, with GDP growth reaching 2.8 percent, Germany's five leading economic research institutes have upgraded their spring forecasts for 2007, with GDP now expected to grow by 2.4 percent. This growth will be mainly driven by positive effects from exports and a further increase in investment activity. Private consumption is also expected to pick up strongly during 2007. This combines with a remarkable decrease in unemployment, further strengthening this positive economic trend.

Strong demand due to the replenishment of inventories was reported in the engineered wood markets in North America, which continues to be marked by a move towards further consolidation. However, this upward trend in demand slowed somewhat recently, with selling prices flat during the first quarter (source: RISI February 2007).

In Poland, the engineered wood industry continues to profit from a buoyant furniture industry. This is being driven by an increase in domestic consumer purchasing power, together with a further drop in unemployment (source: German Federal Agency for Foreign Trade, September 2006).

Following what was a very good year for the Western European and German furniture industry in 2006 with very positive results reported in the fourth quarter of 2006, the engineered wood market in Western Europe has developed unevenly since the beginning of the year. For example, demand for bedroom furniture as well as for furniture for children and teenagers has slowed since the beginning of the year. On the other hand, manufacturers of kitchen furniture with a high export ratio reported stable ordering during Q1 2007. Some market participants experienced a slight increase in customer frequency.

Business developing positively within the Pfeleiderer Group: strong increase in revenues and earnings

Pfleiderer AG got off to a very good start to fiscal 2007 in the first quarter. Compared to the prior year, the Pfeleiderer Group increased its revenues strongly by 27.7 percent, posting 427.6 million euros for the quarter (Q1 2006: 334.8 million euros). The Pergo Group was consolidated on schedule from March 2007 onwards, contributing 31.5 million euros to revenues in Q1 2007. Apart from the substantial increase in revenues, the Group increased its profitability again, posting record results. This, despite additional one-off expenses and initial integration charges resulting from the acquisition of the Swedish Pergo AB in March 2007. Earnings before interest, income taxes, depreciation and amortization (EBITDA) increased more strongly than revenues Group-wide, up by 35.3 percent, with EBITDA in the first quarter of 2007 at 56.4 million euros (Q1 2006: 41.7 million euros). Including the Pergo Group, which was consolidated from March 2007, the EBITDA margin improved to 13.2 percent (Q1 2006: 12.5 percent).

This major increase in profitability comes primarily from strong growth in the Group's core markets in Western and Eastern Europe. In North America, the market began to stabilize from the start of this year, following a very weak second half in 2006. This very positive development reflects the Group's policy of tough cost management – plus a range of efficiency-improving programs and pro-active pricing, enabling the Group to counteract anticipated rises in material and energy costs.

Pfleiderer Group: key figures for the first quarter of 2007

'000 euros euros	Jan 1 – March 31, 2007	Jan 1 – March 31 2006
Revenues	427,614	334,839
Business Center Western Europe	239,345	191,915
Business Center Eastern Europe	93,267	66,217
Business Center North America	100,965	81,228
EBITDA	56,394	41,672
Business Center Western Europe	33,410	24,591
Business Center Eastern Europe	17,828	10,829
Business Center North America	7,799	9,920
Basic earnings per share from continuing operations (euros)	0.24	0.10

BC Western Europe: Very positive business – margin increases to over 14 percent

The Business Center Western Europe continued to develop positively, profiting from the good state of the furniture industry in Western Europe. The sustained increase in prices and sales resulted in a marked increase in revenues, up 24.7 percent to 239.3 million euros (Q1 2006: 191.9 million euros). This includes revenues for one month from the Pergo Group following its initial consolidation. Overall, measures introduced to ensure a sustained improvement in profitability in Western Europe are having a noticeable effect. The Business Center Western Europe posted an EBITDA of 33.4 million euros in the first three months of this year (Q1 2006: 24.6 million euros). The EBITDA margin amounted to 14.0 percent, significantly higher than the figure for the prior-year quarter (12.8 percent).

Accordingly, Business Center Western Europe remains on track to achieve its target EBITDA margin of 15 percent by the end of 2007. Pflleiderer AG also plans unscheduled spending of 31 million euros during the coming three years as part of its "Future BC West" investment project. The objective is to achieve an EBITDA margin of 16 percent and a return on capital employed (ROCE) of 20 percent in the Business Center Western Europe. As well as making investments in new, state-of-the-art production plant, the "Future BC West" project also includes cost reductions and personnel adjustments.

BC Eastern Europe: Russian plant increases EBITDA margin to 26 percent during roll-out phase – Eastern European engineered wood markets continue to develop positively

During the reporting period, the Business Center Eastern Europe profited from continued growth in the furniture industry within its region, resulting in good volumes and increased selling prices. The particleboard plant in Novgorod in Russia started production in the third quarter of 2006 and is currently on schedule in its roll-out phase. The plant has now made its first significant contribution to sales and earnings in the first quarter of 2007, posting an EBITDA margin of 26 percent. Driven by the surge in sales in Eastern Europe and contributions made by the Russian particleboard plant, revenues in the first three months of the current fiscal year rose by a substantial 41.0 percent, reaching 93.3 million euros (Q1 2006: 66.2 million euros). Despite higher prices paid for wood and glue, profitability in the Business Center Eastern Europe rose significantly compared to the same quarter of the prior year. Posting an EBITDA of 17.8 million euros, this key performance indicator for the Business Center Eastern Europe is up by 64.8 percent compared to the prior year's figure (10.8 million euros). The EBITDA margin for the region now corresponds to 19.1 percent, compared to 16.3 percent in 2006. And further increases in both margins and earnings are expected during the course of this year for the new particleboard plant in Russia. Additional small individual investments have also been scheduled which will increase the annual production capacity of the plant by a further 20 percent.

BC North America: Prices and demand in North America noticeably more stable

While profitability in Western and Eastern Europe increased very considerably in the first quarter of 2007, market conditions for engineered wood in North America proved weaker at the outset of fiscal 2007 compared to the prior year, largely due to generally poorer consumer demand. However, as far as the North American laminate flooring market is concerned, the downturn in sales now appears to have bottomed out. Both prices and demand have stabilized since the start of the year.

In the first quarter of 2007, the Business Center North America posted revenues of 101.0 million euros (Q1 2006: 81.2 million euros). This includes revenues for one month from the Pergo Group following its initial consolidation. Earnings before interest, income taxes, depreciation and amortization (EBITDA) were lower at 7.8 million euros due to the expected slightly weaker demand in the Flooring segment (Q1 2006: 9.9 million euros). That corresponds to an EBITDA margin of 7.7 percent (Q1 2006: 12.2 percent). Pfeiderer expects these sales and earnings figures to improve considerably as the year continues.

The Flooring segment will profit significantly overall from the integration of Pergo in North America, as the existing activities of Uniboard and Pergo complement each other ideally in terms of production and branding. Significant synergy potential will be realized in various areas in the course of integration. That includes the reduction of overheads, better capacity utilization, economies of scale in procurement, the use of licenses and patents throughout the Pfeiderer Group and the expansion and optimization of distribution activities. Overall, Pfeiderer expects significant synergies which will take full effect as major integration projects are completed by the end of 2007 and in 2008. As a result, Pergo will achieve its targeted minimum EBITDA margin of 15 percent by the coming year.

Major increase in the Group's profitability

During the reporting period, gross profit on sales improved by 42.1 percent to 114.4 million euros (Q1 2006: 80.5 million euros), a disproportionately higher increase compared to revenues. The gross margin increased concurrently, reaching 26.8 percent (Q1 2006: 24.0 percent). This fresh increase in the gross margin was achieved by forcing through price rises to compensate for the increased cost of pre-products.

Apart from that, structural costs have further improved within the Pfeiderer Group. For example, administrative expenses rose more slowly than revenues to 26.8 million euros (Q1 2006: 22.6 million euros), despite the initial consolidation of Pergo. Administrative expenses only accounted for 6.3 percent of revenues within the reporting period (Q1 2006: 6.7 percent).

From the start of the year, Group earnings before interest and income taxes (EBIT) rose faster than revenues, reaching 34.1 million euros – an increase of 50.2 percent (Q1 2006: 22.7 million euros). The Group EBIT margin rose from 6.8 percent in the prior-year quarter to reach 8.0 percent.

Financial result improves greatly due to new financing framework

Pfleiderer AG's financial result significantly improved as of March 31, 2007, standing at minus 9.5 million euros compared to minus 13.9 million euros in the prior year. This liability mainly results from the acquisition of the Kunz Group on December 1, 2005, financed initially through third-party loans. However, the financial result for the first quarter only reflects one month's financial expenses incurred through the acquisition of Pergo AB. Consequently, the financial result is expected to be higher in the coming quarters compared to the first quarter of 2007. The hybrid bond issued in April 2007 to partially refinance the transaction was successfully placed with quality institutional investors across Europe, with a listing on the Luxembourg stock exchange commencing on April 27, 2007. The subordinated hybrid bond has a volume of 275 million euros, with a seven-year no-call period and a coupon of 7.125 percent.

During the reporting period, the Pfleiderer Group posted an operating earnings from continuing operations before income taxes (EBT) of 24.9 million euros (Q1 2006: 8.7 million euros).

The Group's effective tax rate, including deferred taxes, stood at 29.6 percent for the first quarter of 2007 (Q1 2006: 22.7 percent), thereby corresponding to the figure for the previous quarters. At 8.0 percent, the effective tax payments (cash tax rate) for the Group was even significantly lower in Q1 2007.

Minority interests, mainly shares in the Polish subsidiary Pfleiderer Grajewo S.A. held by third parties, amounted to minus 5.0 million euros for the first quarter of 2007 (Q1 2006: minus 2.6 million euros), due to higher earnings posted by the Business Center Eastern Europe compared to the prior year.

Quarterly earnings per share soar from 0.08 to 0.24 euros

Overall, net earnings for the Group after income taxes and minority interests more than tripled compared to the prior year's figure, reaching 12.4 million euros in the reporting period (Q1 2006: 3.5 million euros).

Basic earnings per share for the Group increased during the first three months of 2007 to 0.24 euros (Q1 2006: 0.08 euros). Earnings per share from continuing operations increased significantly despite the higher number of shares in circulation following the capital increase in April 2006 (+ 140 percent). This increase very clearly underlines the fundamental operating strength of the Pfleiderer Group, which reached a new dimension following the successful integration of Kunz and the takeover of the Swedish Pergo AB, the latter having only been consolidated for one month.

The consolidated cash flow from operating activities in the first quarter of 2007 increased to 13.9 million euros (Q1 2006: 17.5 million euros).

Pfleiderer's consolidated balance sheet total increased by 398.1 million euros following the initial consolidation of Pergo. Overall, the balance sheet total increased by 27.0 percent to 1.9 billion euros. The Group's good operating results also pushed up shareholders' equity in the Pfleiderer Group, which increased in the yearly comparison to 544.6 million euros (Q1 2006: 274.2 million euros). The Group's equity ratio also greatly improved, reaching 29.1 percent of the balance sheet total as of closing on March 31, 2007 (March 31, 2006: 18.6 percent).

Compared to the prior year, consolidated net debt increased following the Pergo acquisition initially being financed fully by borrowing. The Pfeleiderer Group's net debt increased from 651.6 million euros as of March 31, 2006 to 787.3 million euros as of the end of Q1 2007. Gearing stood at 1.44 as of March 31, 2007, a substantial improvement on the prior year's figure of 2.40.

The considerable improvement in these balance sheet positions underlines the Pfeleiderer Group's excellent financial foundation, giving it ample scope for further earnings-led expansion in major growth markets.

Employees

Following the integration of Swedish laminate flooring manufacturer Pergo AB into the Pfeleiderer Group, the headcount (continuing operations) at March 31, 2007 totaled 5,929 (March 31, 2006: 5,036; excluding trainees in both cases), of whom 3,240 were employed outside Germany (March 31, 2006: 2,433). The number of people employed in Germany as of March 31, 2007 fell by around 3.3 percent to 2,689. As a result of the takeover of Pergo AB, a total of 623 employees have joined the Group. In total, 119 young persons are undergoing training within the Pfeleiderer Group for commercial and industrial occupations.

Executive Board

Due to the absence of the Spokesman of the Executive Board, Mr. Hans H. Overdiek, following a serious road accident, the Supervisory Board appointed Mr. Michael Ernst with effect from March 14, 2007, to temporarily coordinate the work of the Executive Board in order to ensure continuity. As a result, duties have been rearranged as follows:

Michael Ernst:

Group human resources, Group legal and insurance, Group organization and IT architecture, risk management; temporarily: coordination of the Executive Board, BC North America: BU Panel, internal audit, general public relations

Dr. Robert Hopperdietzel:

BC Eastern Europe, Group technology, best practice, investment management; temporarily: public relations relating to technology, operations/plants, technical investments

Derrick G. Noe:

BC Western Europe, Group finances, Group controlling, Group accounting; temporarily: BC North America: BU Flooring (including Pergo), investor relations, capital market communications

Responsibility for the Group's strategy and development will be shared by the three members of the Executive Board.

Capital expenditure – focal point Eastern Europe

In the first quarter of 2007, the Pfeleiderer Group invested a scheduled 38.4 million euros (Q1 2006: 21.9 million euros). Most of this capital expenditure focused on the Business Center Eastern Europe. Considerable funds were directed at the new construction of the MDF plant in Grajewo, Poland (27.3 million euros). The MDF plant is planned to start production this summer.

Apart from investment in new plants, some 2.4 million euros was directed at the Business Center Western Europe and around 4.3 million euros at the Business Center North America. These significant amounts were used to modernize and improve the efficiency of production plant and equipment.

In view of the sustained improvement in competitiveness of its German production plants, in March 2007, Pfeleiderer AG's Executive Board resolved a far-reaching investment program directed at various sites within the Business Center Western Europe. Entitled "Future BC West", the concept involves substantial unscheduled spending of around 31 million euros in the period 2007 through 2009. This will go hand in hand with a marked improvement in structural and personnel costs as well as reductions in staffing. Conditional on productivity improvements, in the future, employees at German production sites will be entitled to have a share in the success of the business. This will be achieved by introducing a bonus-based wage model, as well as through additional measures. Through these investments and necessary cost savings as part of "Future BC West", Pfeleiderer intends to achieve EBITDA margins of 16 percent and a return on capital employed (ROCE) of 20 percent in the Western Europe by 2008.

Post-closure events

In order to finance the strategic acquisition of Swedish Pergo AB and to further strengthen its conservative financial profile, Pfeleiderer AG successfully placed a subordinated hybrid bond in April 2007 through its Dutch subsidiary Pfeleiderer Finance B.V. The issue has a volume of 275 million euros with a seven-year no-call period and a coupon of 7.125 percent. Following a successful four-day pan-European roadshow by the Pfeleiderer Group to market its inaugural international capital market transaction for hybrid capital, the order book was more than ten-fold oversubscribed.

The proceeds of the issue, together with other financial resources, were used to finance the Pergo acquisition. Apart from that, Pfeleiderer AG sees the issue of the hybrid bond, together with its conservative financial profile and strong balance sheet, as a means to achieve its targeted investment-grade rating. The hybrid bond is rated by Moody's Investor Services as B1 and by Fitch Ratings as BB- ("outlook stable" respectively). In accordance with IFRS, the hybrid bond will be accounted for as equity. The bond will be listed on the Luxembourg stock as of April 27, 2007. As a result, Fitch is upgrading Pfeleiderer's senior rating by one notch from BB ("outlook positive") to BB+ ("stable"). On April 10, 2007 Pfeleiderer AG was given an initial rating by Moody's Investor Services of "Ba2".

Outlook

Based on the current good operating conditions, the Executive Board expects revenues of over 1.6 billion euros and EBITDA of at least 235 million euros for the current fiscal year 2007. That corresponds to an EBITDA margin of at least 15 percent. The acquisition of Pergo AB will result in contributions to revenues and earnings in the current fiscal year. The Executive Board expects the Pergo Group – which will be consolidated for ten months in fiscal 2007 – to achieve revenues of around 300 million euros and EBITDA of around 35 million euros for the fiscal year 2007. Bearing this in mind, the Executive Board expects Group revenues for fiscal 2007, including Pergo's contribution, to reach at least 1.9 billion euros with an EBITDA of at least 270 million euros (14.2 percent margin).

Disclaimer

This Report contains forward-looking statements based on current assessments made by the management on the Company's future development. Such statements are subject to risks and uncertainties that are beyond Pfeiderer's ability to control or assess precisely. This includes statements on the state of future market and economic conditions, the behavior of other market participants, the successful integration of new acquisitions and the realization of expected synergy effects.

Statement of Income of the Pfeleiderer Group

from January 1 to March 31, 2007

(in accordance with IFRS)

'000 euros	Jan. 1 - Mar. 31, 2007	Jan. 1 - Mar. 31, 2006
Revenues	427,614	334,839
Cost of sales	-313,197	-254,325
Gross profit	114,417	80,514
Selling expenses	-56,302	-42,067
Administrative expenses	-26,803	-22,601
Research and development costs	-401	-325
Other operating income and expenses	3,429	7,076
Operating result	34,340	22,597
Interest income	2,464	1,106
Interest expense	-11,677	-15,062
Result from investments	-282	76
Other financial income/expenses	5	-34
Financial expenses, net	-9,490	-13,914
Earnings from continuing operations before income taxes	24,850	8,683
Income taxes	-7,357	-1,974
Earnings from continuing operations	17,493	6,709
Earnings from discontinued operations	-10	-253
Income taxes on discontinued operations	0	-322
Net earnings for the period	17,483	6,134
Minority interest	-5,041	-2,596
Net earnings for the Group	12,442	3,538
Basic earnings per share	0.24	0.08
Diluted earnings per share	0.23	0.08
Earnings per share from continuing operations	0.24	0.10
Earnings per share from discontinued operations	0.00	-0.02
Basic average number of shares in circulation	52,752,806	42,557,700

Balance Sheet of the Pfeiderer Group as of March 31, 2007

(in accordance with IFRS)

'000 euros	Mar. 31, 2007	Dec. 31, 2006	Mar. 31, 2006
ASSETS			
Liquid funds	23,418	35,405	84,810
Receivables and other assets	207,998	124,394	114,007
Inventories, net	204,841	156,675	141,111
Income tax receivables	3,631	4,290	3,751
Sundry assets	24,091	6,493	11,924
Assets of discontinued operations	3,388	3,366	100,607
Current assets	467,367	330,623	456,210
Property, plant and equipment, net	812,838	689,338	649,099
Intangible assets, net	517,385	281,128	274,068
Financial assets	7,484	5,583	9,093
Deferred taxes	63,107	58,031	85,097
Other assets	6,036	8,021	2,543
Non-current assets	1,406,850	1,042,101	1,019,900
Total ASSETS	1,874,217	1,372,724	1,476,110
LIABILITIES AND EQUITY			
'000 euros	Mar. 31, 2007	Dec. 31, 2006	Mar. 31, 2006
Liabilities and other liabilities	279,422	212,771	214,605
Financial liabilities	409,962	81,257	342,150
Other provisions	54,394	44,329	60,070
Income tax liabilities	1,844	275	1,692
Sundry liabilities	576	1,025	3,832
Liabilities of discontinued operations	39,215	40,776	56,736
Current liabilities	785,413	380,433	679,085
Financial liabilities	408,395	376,425	394,303
Pension provisions	16,992	16,459	63,026
Deferred taxes	93,160	35,413	42,599
Other liabilities	1,935	1,906	2,266
Other provisions	23,699	19,780	20,614
Non-current liabilities	544,181	449,983	522,808
Contributions and subscribed capital	136,515	136,515	109,274
Group reserves including profit/loss			
brought forward and net earnings for the Group	314,859	302,309	59,851
Treasury shares	-11,326	-1,222	-1,614
Other comprehensive income	-6,614	-1,737	5,718
Minority interest	111,189	106,443	100,988
Equity	544,623	542,308	274,217
Total LIABILITIES AND EQUITY	1,874,217	1,372,724	1,476,110

Statement of Cash Flows of the Pfeiderer Group as of March 31, 2007

(in accordance with IFRS)

'000 euros	Jan. 1 - Mar. 31, 2007	01.01. - Mar. 31, 2006
Earnings before interest and income taxes (EBIT)	34,057	22,674
Net income taxes paid	-1,977	-2,443
Depreciation and amortization of fixed assets	22,336	19,018
(Gain) / loss on disposal of fixed assets	-1,105	215
Change in pension provisions	575	641
Change in current assets	-57,592	-7,187
Change in sundry non-current assets	1,368	244
Change in current liabilities excluding financial liabilities	15,436	6,976
Change in non-current liabilities excluding financial liabilities	458	-2,236
Other non-cash expenses and income	343	-20,399
Cash flow from operating activities	13,899	17,503
Purchase of intangible assets	-41	-1,864
Purchase of property, plant and equipment	-38,254	-20,148
Purchase of financial assets	0	-309
Purchase of consolidated companies and repurchase of treasury shares	-306,199	-9,323
Proceeds from sale of intangible assets	474	2
Proceeds from sale of property, plant and equipment	2,036	2,222
Proceeds from sale of financial assets	615	275
Cash flow from investing activities	-341,369	-29,145
Cash flow from operating activities after investing activities	-327,470	-11,642
Change in financial liabilities	318,951	35,339
Change in externally factored receivables	7,941	4,588
Purchase of treasury shares	-10,104	0
Interest paid	-9,833	-10,773
Interest received	892	1,085
Other financing activities	1	1
Cash flow from financing activities	307,848	30,240
Change in cash and cash equivalents from cash-relevant transactions	-19,622	18,598
Change in cash and cash equivalents from exchange rate fluctuations	-664	-1,892
Change in cash and cash equivalents from discontinued operations	-219	-6,758
Change in cash and cash equivalents from first-time consolidation	8,518	572
Cash and cash equivalents as of January 1	35,405	74,290
Cash and cash equivalents as of March 31	23,418	84,810

Statement of Changes in Equity of the Pfeiderer Group as of March 31, 2007

(in accordance with IFRS)

	Subscribed capital	Group reserves including profit/(loss) brought forward and net earnings for the Group	Treasury shares	Other comprehensive income		Minority interest	Total
				Foreign currency translation	Measurement of financial derivatives		
'000 euros							
As of January 1, 2007	136,515	302,309	-1,222	-1,737	0	106,443	542,308
Treasury shares			-10,104				-10,104
Change in adjusting item from foreign currency translation				-4,877		-753	-5,630
Net earnings for the period or net earnings for the Group		12,442				5,041	17,483
Change in scope of consolidation						458	458
Impact of stock option plans		108					108
As of March 31, 2007	136,515	314,859	-11,326	-6,614	0	111,189	544,623

Statement of Changes in Equity of the Pfeiderer Group as of March 31, 2006

(in accordance with IFRS)

	Subscribed capital	Group reserves including profit/(loss) brought forward and net earnings for the Group	Treasury shares	Other comprehensive income		Minority interest	Total
				Foreign currency translation	Measurement of financial derivatives		
'000 euros							
As of January 1, 2006	109,274	61,948	-2,399	6,264	0	100,054	275,141
Treasury shares		-234	785				551
Change in adjusting item from foreign currency translation				-2,925		-1,663	-4,588
Change in adjusting item from measurement of financial derivatives					2,379		2,379
Net earnings for the period or net earnings for the Group		3,538				2,596	6,134
Dividends						-27	-27
Change in scope of consolidation						28	28
Impact of stock option plans		-5,401					-5,401
As of March 31, 2006	109,274	59,851	-1,614	3,339	2,379	100,988	274,217

Segment Reporting of the Pfeiderer Group as of March 31, 2007

(in accordance with IFRS)

Pfleiderer Group '000 euros	Jan. 1 - Mar. 31, 2007	Jan. 1 - Mar. 31, 2006
Revenues	427,614	334,839
• foreign share (percent)	68.1	66.6
EBITDA	56,394	41,672
• EBITDA margin (percent)	13.2	12.5
EBIT	34,057	22,674
EBT of continued operations	24,850	8,682
EBT of discontinued operations	-10	-253
Total EBT	24,840	8,430
Business Center Western Europe '000 euros	Jan. 1 - Mar. 31, 2007	Jan. 1 - Mar. 31, 2006
Revenues	239,345	191,915
EBITDA	33,410	24,591
• EBITDA margin (percent)	14.0	12.8
EBIT	22,691	14,758
EBT	17,894	9,047
Business Center Eastern Europe '000 euros	Jan. 1 - Mar. 31, 2007	Jan. 1 - Mar. 31, 2006
Revenues	93,267	66,217
EBITDA	17,828	10,829
• EBITDA margin (percent)	19.1	16.4
EBIT	12,301	7,356
EBT	11,157	6,933
Business Center North America '000 euros	Jan. 1 - Mar. 31, 2007	Jan. 1 - Mar. 31, 2006
Revenues	100,965	81,228
EBITDA	7,799	9,920
• EBITDA margin (percent)	7.7	12.2
EBIT	1,762	4,578
EBT	-1,212	1,380

Notes to the Three-Month Report as of March 31, 2007

1. General bases

The consolidated interim financial statements as of March 31, 2007 of Pfeiderer AG have been prepared on the basis of IAS 34 (Interim Financial Reporting) in accordance with International Financial Reporting Standards (IFRSs) and the related interpretations of the International Accounting Standards Board (IASB), as adopted for use in the EU by Directive No. 1606/2002 of the European Parliament and the Council on the Application of International Accounting Standards. The interim financial statements do not include all the explanatory notes and disclosures required for annual financial statements and should therefore be seen in connection with the annual financial statements as of December 31, 2006 (www.pfeiderer.com).

The requirements of the standards applied have been complied with in full and result in the presentation of a true and fair view of the net assets, financial position and results of operations of the Pfeiderer Group.

2. Summary of significant accounting policies

The accounting and measurement, as well as the explanatory notes and disclosures are based on the accounting policies applied in the 2006 consolidated financial statements. Please refer with regard to the further policies in addition to those described below to the consolidated financial statements as of December 31, 2006.

Prior year comparative figures

To improve the comparability, the prior-year comparative data in the statement of income, the segment reporting and the statement of cash flows relating to the discontinued operations have been adjusted in accordance with IFRS 5. Pursuant to IFRS 5.40, no adjustment was made to the prior-year comparative date in the balance sheet. Operations already disposed of and deconsolidated during the reporting period are reported in the statement of income for the prior year under discontinued operations.

Scope of consolidation

The interim financial statements include the financial statements of Pfeiderer AG and its majority-owned and controlled subsidiaries as of March 31, 2007. All significant subsidiaries, in which the Company has an indirect or direct controlling interest, are included in the consolidated interim financial statements.

The following subsidiaries have been included in the consolidated financial statements for the first time:

	Holding
Acquisitions	
▪ Pergo AB, Trelleborg, Sweden	100.00%
▪ Pergo Holding BV, Zoetermeer, The Netherlands	100.00%
▪ Pergo Golv AB, Trelleborg, Sweden	100.00%
▪ Pergo (Europe) AB, Trelleborg, Sweden	100.00%
▪ Declam Holding AB, Perstorp, Sweden	100.00%
▪ Pergo AS Denmark, Copenhagen, Denmark	100.00%
▪ Pergo A/S, Nesbru, Norway	100.00%
▪ Pergo OY, Esbo, Finland	100.00%
▪ Pergo BV, Zoetermeer, The Netherlands	100.00%
▪ Pergo GmbH, Düsseldorf, Germany	100.00%
▪ Pergo AG, Zug, Switzerland	100.00%
▪ Pergo Ltd., Abington, England	100.00%
▪ Pergo NV/SA, Antwerp, Belgium	100.00%
▪ Pergo (France) SAS, Rueil Malmaison, France	100.00%
▪ Pergo Iberia SL, Madrid, Spain	100.00%
▪ Pergo Inc., Raleigh, North Carolina, USA	100.00%
▪ Simple Solutions USA LCC, Raleigh, North Carolina, USA	100.00%
▪ Pergo Canada Inc., Florence, Massachusetts, USA	100.00%
▪ Pergo do Barasil, Ltda., Sao Paulo, Brazil	100.00%
▪ Pergo Argentina SA, Buenos Aires, Argentina	100.00%
▪ Pergo Asia-Pasific Pte Ltd., Singapore, Singapore	100.00%
▪ Pergo Trading Co Ltd., Guangzhou, China	100.00%
▪ Pergo India Pvt Ltd., New Delhi, India	50.00%
▪ Pergo Asia Co Ltd., Bangkok, Thailand	100.00%
▪ Pergo Thailand Co Ltd., Bangkok, Thailand	100.00%
Other	
▪ Pfeiderer Sweden AB, Stockholm, Sweden	100.00%
▪ Pfeiderer Schweiz AG, Zug, Switzerland	100.00%

The companies reported under "Other" were already established in the previous year, but were not consolidated previously for materiality reasons. There have been no further changes in the scope of consolidation compared with the last annual financial statements as of December 31, 2006.

Principles of consolidation

The capital consolidation is carried out by the purchase method. In accordance therewith, the acquisition costs of the acquired interests are set off against the share of the equity that is attributable to the parent company as of the acquisition date. A difference is assigned in accordance with the investment holding to the assets and liabilities of the subsidiary up to their proportionate fair value. Any remaining debit difference is recognized as goodwill and is tested regularly for impairment

(impairment test) in accordance with IAS 36 "Impairment of assets".

All receivables and liabilities, revenues, expenses and income, and profits or losses between the entities included in the consolidated financial statements are eliminated on consolidation.

Minority interests are determined on the basis of the equity as of the balance sheet date and are reported in the consolidated balance sheet, together with the shares of profits and losses, within equity.

Use of estimates

The preparation of the interim financial statements necessitates to some degree the use of assumptions and estimates, which affect the reported amounts of assets, liabilities, revenues, expenses and contingent liabilities for the reporting periods. The assumptions and estimates primarily relate to the assessment of the impairment of intangible assets, the definition within the Group of uniform economic useful lives for property, plant and equipment, the recoverability of receivables and the recognition and measurement of provisions. The assumptions and estimates are based on presumptions that are dependent on the current information available at the time. Reference was made in particular with regard to the future development of the business to the circumstances prevailing at the time of preparation of the consolidated interim financial statements and the future development of the industry-related environment, which is assumed to be realistic. Developments in these basic circumstances deviating from the assumptions that are beyond the control of management could have the consequence that the actual results would vary from these estimates. If the actual development deviates from the expected development, the presumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

At the time of preparation of the quarterly financial statements, the underlying assumptions and estimates were not affected by any special circumstances, so that it is assumed from the present view that no significant adjustments will be required in the coming quarters to the assets and liabilities reported in the consolidated interim balance sheet.

Foreign currency translation

The quarterly financial statements of the subsidiaries of Pfleiderer AG have been prepared in their functional currencies, which are generally their local currencies. With the exception of equity, which is translated at the exchange rate valid at the time of the respective transaction, all balance sheet accounts are translated to the reporting currency (euros) applying the exchange rates in force as of the end of the reporting period. Income and expense accounts are translated at the average rates for the reporting period. Any differences resulting from the foreign currency translation are recorded in a separate item under equity ("Other comprehensive income/ foreign currency translation") until the Group company is sold or liquidated.

Revenue recognition

Revenues are mainly generated from the supply of products and to a minor extent from services. These revenues are recognized net of VAT and sales deductions, such as bonuses, cash discounts or rebates, at the date at which they are deemed under IFRS to be realized. This is generally the case when persuasive evidence of an agreement exists, delivery has occurred or services have been

rendered, the price is fixed or clearly determinable and their actual payment is reasonably assured.

Revenues from long-term construction contracts are considered to be realized once the total revenue, total costs and stage of completion can be determined to a sufficiently reliable degree. No revenues were generated during the first three months of the fiscal year under the percentage of completion method.

Income taxes

Income tax expense comprises both current income taxes payable on the taxable profit for the period and deferred taxes. Deferred taxes on matters included in other comprehensive income are recognized directly in equity. Income taxes attributable to discontinued operations are reported as income taxes on discontinued operations.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts in the consolidated balance sheet and the tax base, and on tax loss carryforwards, provided their utilization will probably result in tax benefits in future periods. The regulations that are applicable or have been enacted as of the balance sheet date are used for the measurement of deferred taxes. A tax rate of 37.5 percent is used to compute domestic deferred taxes. The local tax rates for the specific countries provide the basis at the foreign companies.

Research and development costs

Research costs are generally recognized as expense when they are incurred. Exceptions are those development costs, which fulfill the criteria defined in IAS 38 "Intangible Assets" and have to be recognized as an asset. Capitalized development costs are amortized over their expected useful lives.

Liquid funds

Liquid funds comprise cash on hand and at banks, including current deposits with banks with original maturities of up to three months.

Receivables

Receivables are recognized at fair value, i.e. at their face value less specific allowances and other deductions (bonuses, cash discounts and sales deductions). Specific allowances are recorded if receivables become entirely or partly irrecoverable or if it is probable that they will not be recovered, and the irrecoverable amount can be determined with sufficient preciseness. Adequate value adjustments are deducted on the assets side for bonuses and cash discounts.

Sales of receivables are treated within the Group in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". In accordance with this Standard, financial assets have to be derecognized if the contractual right to the resultant cash flows expires or if the financial asset is transferred.

Since July 2004, Pfeleiderer AG has been participating in a factoring program, under which the factor purchases the Group's receivables up to an individual or total limit and assumes the risk for the debtors' insolvency (non-recourse factoring). This is accounted for as described above.

Inventories

Inventories are measured at the lower of cost and net realizable value on the basis of individual values or applying the weighted average method. FIFO is also used in justified individual cases. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Costs of conversion comprise direct material and production costs and an appropriate share of the material and production overheads resulting from the production process.

All foreseeable risks in the inventories resulting from reduced salability or obsolescence are reflected by appropriate value adjustments. Markdowns are recorded for slow-moving items.

Property, plant and equipment

The amounts recognized for property, plant and equipment represent cost less accumulated depreciation. Depreciation is recorded straight-line over the normal useful lives for the business of the assets concerned. The construction costs of internally produced assets include, in addition to material and production costs, an appropriate share of the material and production overheads and, if construction takes place over a longer period of time, interest on borrowings from third parties during the construction period. Administrative expenses are only capitalized if they are directly related to the construction process. Repairs and maintenance are recognized as expense, unless they are capitalized when applying the component approach.

Assets with a finite life are depreciated systematically straight-line pro rata temporis. If an item of property, plant and equipment has several components with differing useful lives, the individual components are depreciated separately over their individual useful lives. The component approach is accordingly applied when determining the depreciation term.

The carrying amount of an asset is derecognized when it is sold or scrapped, and the resultant gains or losses are then recognized in profit or loss.

Systematic depreciation is based on the following useful lives:

	Years
Buildings	14–25
Technical plant and machinery	8–21
Other equipment, furniture and fixtures	3–11

Leasehold improvements and leased property, plant and equipment are depreciated over the normal useful lives for the business, or over the rental or lease period, whichever is shorter.

If an item of property, plant and equipment consists of several components with differing useful lives, the separate components are depreciated over their individual useful lives.

The component approach is applied when determining the depreciation terms.

Government grants

State assistance and grants are deducted, when they are received, on the asset side of the balance sheet from the cost of the subsidized investments, provided the respective investment conditions will be fulfilled.

Leasing

Leasing transactions have to be classified either as finance leases or as operating leases. Economic ownership of the leased item is assigned to the contractual partner that bears the main rewards and risks associated with the leased item.

If the lessor bears the main rewards and risks (operating lease), the leased item is recognized as an asset by the lessor. The lease payments billed are recognized as income. The lessee in an operating lease recognizes the lease payments made during the term of the lease as expense.

If the lessee bears the main rewards and risks incidental to ownership of the leased item (finance lease), the lessee has to recognize the leased item as an asset. The leased item is measured with its fair value at inception of the lease or with the present value of the minimum lease payments if lower, and depreciated over its estimated useful life or the shorter term of the lease. The lessee recognizes a leasing liability in the same amount at inception of the lease. The leasing liability is amortized and rolled forward in subsequent periods in accordance with the effective interest rate method.

Intangible assets

Intangible assets acquired for a consideration are capitalized at cost and amortized systematically straight-line over their useful lives.

Expenses incurred in connection with the purchase and own development of computer software used by the Company, including the costs incurred to enable the software to be used in the manner intended, are capitalized and amortized systematically straight-line over its expected useful life. The expected useful life of software, patents, licenses and similar rights is generally three to five years. Other useful lives can arise on first-time consolidation of intangible assets that are acquired as part of a business combination.

Capitalized development costs include costs for materials and services and costs for employee benefits arising from their generation and other directly attributable costs. They are amortized over their expected useful lives. Research costs are reported as current expenditure.

In the absence of specific rules under IFRS, emission rights are generally accounted for in accordance with the regulations under German commercial law (IDW RS HFA 15). The rights are reported under intangible assets. Emission rights acquired for a consideration and those acquired free of charge are recognized at cost. For rights allotted free of charge, a liability is recognized in the amount of the capitalized fair value of the emission right. Gains or losses on the sale of emission rights are recognized in profit or loss. The Pfleiderer Group did not sell any emission rights during the first three months of 2007.

Impairment of property, plant and equipment and intangible assets (excluding goodwill)

An assessment is made as of every balance sheet date as to whether there are indications for the impairment of an asset. If indications exist for the impairment of property, plant and equipment or intangible assets, the carrying amount of an asset is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing and independent parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from an asset.

If the carrying amount exceeds the higher of the two amounts (fair value less costs to sell or value in use), an impairment loss is recognized down to the recoverable amount.

If the reason for an impairment loss recognized in prior periods on property, plant and equipment and intangible assets (excluding goodwill) no longer exists, the impairment loss is reversed up to amortized cost.

Goodwill

Goodwill acquired for a consideration is capitalized and subjected, in accordance with IAS 36, to an impairment test at least yearly or whenever there is an indication that the unit could be impaired. Impairment of goodwill is tested in a single-step procedure at the level of the cash-generating unit to which it is assigned. In accordance with the definition of a cash-generating unit, the strategic Business Units of the Pfeleiderer Group are used as cash-generating units. They represent the reporting level below the Business Centers.

Thereby, the carrying amount of the cash-generating unit is compared with its recoverable amount. If the carrying amount exceeds the recoverable amount, impairment has occurred and an impairment loss must be recognized down to the recoverable amount.

The recoverable amount of a cash-generating unit is the higher of the fair value less costs to sell and its value in use

Subsequent reversal if the reason for an earlier impairment loss ceases to exist is not permissible in the case of goodwill.

Financial assets

In particular securities and other investments are reported under financial assets.

Financial instruments are recognized in the case of a normal purchase or sale as of the settlement date, i.e. the date on which the asset is delivered.

A distinction is made in accordance with IAS 39 under the financial assets between financial assets

at fair value through profit or loss, securities held to maturity, loans and receivables, and assets that are available for sale.

The financial assets reported under the long-term loans are governed by IAS 39 and are classified as loans and receivables. They are measured at amortized cost. Amortized cost is the amount at which the asset is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or non-recoverability.

Liabilities and financial liabilities

Current and non-current liabilities are recognized at their face value or their settlement amount. Non-current financial liabilities are measured at amortized cost using the effective interest method.

Provisions for pensions and similar obligations

Pension provisions and similar obligations are measured in accordance with the projected unit credit method. Not only the pensions and the acquired expectancies known about at the balance sheet date but also expected future increases in salaries and pensions are taken into account. Differences between the systematically determined pension obligations and the actual projected benefit obligation (actuarial gains and losses) are only recognized in profit or loss at the balance sheet date if they fall outside a corridor of plus or minus 10 percent of the total obligation. In this case, they are allocated starting in the following year over the average periods of service of the entitled employees. The net amount of the pension costs including the interest expenses is recorded as personnel expense. Effects from adjustments to the discounting rate are also personnel expenses. In accordance with IAS 19 "Employee Benefits", the fair value of any plan assets used to finance and secure the pension payments is netted with the pension obligations in the consolidated balance sheet. The pension obligations and also the plan assets continue to be reported in full in the German statutory financial statements without being netted.

Other provisions

Provisions, including provisions for environmental protection, that result from obligations to third parties due to legal claims, local authority regulations or another basis are set up once it is probable that they have been incurred and their amount can be reliably determined, i.e. a legal or constructive obligation exists. The settlement amount is determined on the basis of the best estimate. In the case of provisions for a large population of circumstances, this is the expected amount. Provided the effect is material, provisions with a remaining term of over one year are discounted applying market interest rates that reflect the risk and the time period. The related expense is recorded under the respective expense caption.

Use of financial instruments

Financial instruments are contractual arrangements that include rights to cash and cash equivalents. In accordance with IAS 32 and IAS 39, they include both primary and derivative financial instruments. Primary financial instruments include in particular cash at banks, all receivables, liabilities, securities, credits and loans. Derivative financial instruments comprise for instance options or swaps. All financial instruments include the following currencies not agreed in the functional currency of the Group: US dollars, Canadian dollars, Polish zlotys and Russian rubles.

Pfleiderer uses derivative financial instruments to reduce various market risks such as the interest rate risk and the foreign currency risk. An interest rate risk results from changes in the interest rate level of financial assets and financial liabilities. By using interest derivatives such as interest swaps, Pfleiderer AG's aim is to limit the risk of a change in the interest rates. A foreign currency risk exists for transactions settled in a foreign currency. Cash flows are hedged at head office level by concluding foreign exchange forward contracts.

Derivative financial instruments that have been concluded are reported in accordance with IAS 39, like the hedged items, at their market value as of the balance sheet date. Financial instruments are recognized on a normal purchase or sale as of the settlement date, i.e. on the date on which the asset is delivered.

The market value of a financial instrument is the price at which a party would take over the rights and/or the obligations under this financial instrument from another party. The Company has the measurement of financial instruments carried out by the contracting partners, which are generally credit institutions. In the case of interest swaps, measurement is carried out at fair value by discounting the future expected cash flows. The basis is provided by the market rates of interest applicable for the residual term of the contracts. Interest options are measured in a similar way to the foreign currency options, using an option price model. Interest and currency swaps are measured at fair value, similar to the determination of the fair value, on interest swaps by discounting the future cash flows resulting from the contracts. Thereby, in addition to the respective relevant market interest rates applicable at the balance sheet date, the exchange rates of the respective foreign currencies in which the cash flows will take place provide the basis.

The carrying amount of liabilities under finance leases roughly corresponds with the fair value, based on the market value for similar financing transactions. The same also applies to other financial instruments.

Depending on the nature of the hedged item, a distinction has to be made between a fair value hedge, a cash flow hedge and a hedge of a net investment in a foreign operation. The latter has not been used so far by Pfleiderer. A fair value hedge is used to hedge the fair value of assets or liabilities recognized in the balance sheet or of firm obligations not yet recognized in the balance sheet. Every change in the fair value of a derivative employed as a hedging instrument has to be recognized as profit or loss in the statement of income. The hedged item also has to be measured with regard to the hedged risk at fair value, recognizing profits or losses in the statement of income. Future cash flows from assets and liabilities recognized in the balance sheet or from planned transactions that are highly likely to occur are hedged against fluctuations with the help of a cash flow hedge. If a cash flow hedge exists, the effective portion of the gain or loss on the derivative is recognized in equity (other comprehensive income/measurement of financial derivatives) until the result of the hedged item is recorded. The ineffective portion of the gain or loss on the derivative is always recognized in profit or loss.

No hedging was designated in the first three months of the reporting period.

Share-based compensation

The Group has established a share-based compensation model. Thereby, stock options have been offered to members of the Executive Board and top executives of the Pfeleiderer Group.

Stock options allow Pfeleiderer shares to be purchased for a certain pre-determined exercise price following a waiting period of three years. The purchase of stock options is dependent on a personal contribution. Stock options (share-based transactions with compensation through equity instruments) are measured at fair value when granted. The fair value is recognized in profit or loss as personnel expenses over the period until they are exercised. Fair value is determined by internationally acknowledged measurement procedures (Black-Scholes method).

Treasury shares

The own shares have been recognized applying a moving average price. The total amount of the shares acquired has been deducted from equity. The applicable option still available at the time under SIC-16-10 was used for the deduction of the treasury shares, in that the total cost of the treasury shares was deducted from equity in a single amount.

The shares were repurchased for the sole purpose of using the acquired treasury shares to fulfill the subscription rights for shares in the Company for stock options issued in conjunction with the Pfeleiderer 2001, 2002, 2004 and 2006 option plans. The purchase was carried out by Dresdner Bank via the stock exchange in Xetra trading and has been completed in the meantime.

Earnings per share

Earnings per share have been calculated in accordance with IAS 33 "Earnings per Share". The Standard prescribes the presentation of earnings per share for all companies that have issued ordinary shares. Basic earnings per share represents the earnings for the period from continuing operations that are attributable to the parent company less minority interests, divided by the weighted average number of ordinary shares in circulation during the year. Securities equivalent to shares for compensation in stock options can result in dilution. If a dilution occurs, earnings per share must also be presented diluted.

Cash flow statement

Cash and cash equivalents in the consolidated statement of cash flows correspond with the balance sheet item "Liquid funds". In the previous year, there is a difference between cash and cash equivalents and the respective balance sheet item due to the separate presentation of the discontinued operations.

The cash flows attributable to the discontinued operations are as follows. Cash flow from operating activities amounts to -219 thousand euros (2006: -6,571 thousand euros), cash flow from investing activities to 0 thousand euros (2006: -360 thousand euros) and cash flow from financing activities to 0 thousand euros (2006: 173 thousand euros).

Segment reporting

Segment reporting is presented observing IAS 14 "Segment Reporting". In the Pfeiderer Group, the primary segment is defined in accordance with Business Centers, which are classified by the regions in which the services are performed. Secondary reporting is based on the Panel and Flooring product segments. Earnings before interest, income taxes, depreciation and amortization (EBITDA) and Earnings before interest and income taxes (EBIT) are disclosed as the segment earnings.

3. Significant changes in the net assets, financial position and results of operations

The increase in selling expenses is related to the Pergo acquisition. The decline in interest expense is based on the change in the financing structure of Pfeiderer compared with the prior year period.

4. Acquisitions

On January 15, 2007, Pfeiderer Sweden AB (Pfeiderer Sweden) AG announced a public takeover bid to the shareholders in Pergo AB (publ) (Pergo) for the acquisition of all of Pergo's shares for cash, and published the related bid documents on January 23, 2007. Pergo's shares were traded in the Mid Cap Industrials Sector of the Nordic Stock Exchange under 'PERG'. On March 29, 2007, Pfeiderer AG's Executive Board announced that the 100 percent subsidiary, Pfeiderer Sweden AB, had acquired almost 99 percent of the share capital and voting rights of Pergo AB on March 9, 2007, following the expiry of the extended bid term. On account of the short period of time between the acquisition of the business and its inclusion in the consolidation, the initial accounting for the Pergo Group as discussed in IAS 3.62 shall be regarded as provisional. The provisional purchase price amounted to some 313 million euros, including transaction costs. Regarding the factors that lead to the generation of goodwill, we refer to page 2, paragraph 3 of this report. The Pergo Group contributed a loss of 1,811 thousand euros for the month of March to the net earnings for the Group. The loss is primarily due to the revaluation of the inventories determined in conjunction with the provisional purchase price allocation. The disclosure according to IFRS 3.70 and 3.67f have been waived because provision of this information was impracticable. Pfeiderer's intention is to take over the company completely. Pergo was de-listed from the Swedish stock exchange on March 30, 2007. In accordance with the legal framework, the squeeze-out process of the outstanding shareholders is expected to be completed by the beginning of 2008. The Pergo acquisition was materially refinanced in April 2007 by the issue of a hybrid bond that is classified as equity in accordance with IAS 39.

5. Significant additions to the fixed assets

No significant additions to the fixed assets were recorded in the first three months of 2007. The change of 123.5 million euros in property, plant and equipment in the amount of 106.7 million euros is mainly due to the Pergo acquisition.

6. Other financial commitments

The Group is leasing property, plant and equipment under rental and leasing agreements that under IFRS do not qualify as finance leases, but as operating leases. Additionally, the Group has entered into contracts for the maintenance of property, plant and equipment and for various services.

7. Dividends

Pfleiderer AG will pay a dividend for fiscal 2006. Subject to the approval of the Annual Shareholder Meeting, the dividend will amount to 0.25 euros per non par value share entitled to dividends. In the corresponding prior year period, Pfleiderer AG paid a dividend of 0.15 euros per non par value share entitled to dividends.

8. Related party transactions

All delivery and service transactions in conjunction with the normal business activities are carried out in accordance with the terms and conditions normal in the market as also customary with non-group entities.

Transactions with related entities

Pfleiderer Unternehmensverwaltung GmbH & Co. KG announced in a letter dated April 26, 2006 that its holding in Pfleiderer AG (subsidiary) had been reduced to 0 percent as of April 20, 2006 in the course of switching voting rights to various family companies. The Pfleiderer family accordingly held 10.58 percent of the voting rights of Pfleiderer AG as of April 20, 2006 via various investment and asset management companies, and their share as of December 31, 2006 amounted to 10.25 percent of the shares and voting rights in Pfleiderer AG.

The Group is reporting interest-bearing receivables of 2,127 thousand euros from MSG Musterservice GmbH, Leutkirch.

Transactions with related persons

In accordance with IAS 24, Pfleiderer AG is also reporting on transactions between Pfleiderer AG and related persons or close members of their families. Related persons are defined as members of the Executive Board and the Supervisory Board and their families. In addition to their compensation, members of the Executive Board are also granted other benefits. These primarily comprise the use of company cars, the reimbursement of traveling expenses and the reimbursement of telephone costs. The Executive Board was not granted any new stock option rights in conjunction with the stock option program during the first three months of 2007.

9. Shares held by members of the Executive Board and the Supervisory Board and stock option program

As of March 31, 2007, members of the Executive Board of Pfeiderer AG held a total of 58,886 shares and 714,830 options. Members of the Supervisory Board held a total of 10,533 shares and 20,880 options.

Members of the Executive Board were not granted any options to subscribe for shares in return for a personal contribution with Pfeiderer AG's stock option program during the first quarter of 2007.

The Executive Board and the Supervisory Board proposed to the Annual Shareholders' Meeting on June 13, 2006 the creation of conditional capital to serve the Pfeiderer Stock Option Plan 2006 and resolved a new authorization to grant subscription rights in order to carry out the stock option plan referred to. The proposal was accepted by the Annual Shareholders' Meeting.

Following the approval of the Supervisory Board, Pfeiderer AG has each year since 2001 granted non-transferable options relating to the Company's stock to members of the Executive Board and senior executives. Participation in the programs is conditional on the beneficiary making an own investment. The reference price on exercise is based on average prices, whereby exercise can be carried out at between 110 and 125 percent of the reference price.

As a result of the increase in the Pfeiderer share price in recent months, altogether 436,454 stock options were "in the money" as of March 31, 2007 and therefore resulted in an arithmetical dilution of the earnings per share.

10. Repurchase of own stock (treasury shares) to service subscription rights under stock options

Following the approval of the Supervisory Board, the Board of Management acquired 460,000 of the Company's own stock over the stock exchange between March 1, 2007 and April 30, 2007. Pfeiderer AG is thus making use of the power granted by the Annual Shareholder Meeting on June 13, 2006 to acquire its own stock (treasury shares). The treasury shares are to be used in the future to fulfill subscription rights for stock in the Company under stock option programs that have been granted in conjunction with Pfeiderer's stock option programs. They are acquired exclusively through the stock exchange's Xetra trading. The repurchase was carried out under the leadership of a credit institution that made its decisions with regard to the time of purchase independently of and uninfluenced by the Company.

11. Events after the balance sheet date

On April 27, 2007, Pfeiderer AG reported the successful placement and pricing for its sub-ordinated hybrid bond with a seven year non-call period, a volume of 275 million euros and a coupon of 7.125

percent. Following a successful four-day pan-European road show to market its first international capital market transaction for hybrid capital with institutional investors, the order book was ten-fold oversubscribed before being closed on April 19, 2007. The hybrid bond was placed with first-class institutional investors across Europe. The hybrid bond transaction was settled on April 27, 2007.

The proceeds from the bond issue together with other financial resources will be used to refinance the recent strategic acquisition of the Swedish company, Pergo AB. Furthermore, the hybrid bond underpins Pfleiderer AG's commitment to maintain a conservative financial profile and a strong balance sheet as it strives to achieve its targeted investment grade rating in the near future.

Important note:

The Three-Month Report was authorized for issue on May 9, 2007.

Information on the Pfeiderer Share

Xetra closing price on March 31, 2007:	21.82 euros
High/low in first quarter of 2007:	25.91 euros / 20.10 euros
Average daily trading:	11.8 million euros / 512,963 units
Index:	MDAX
Segment:	Industrial Products and Services
Number of shares as of March 31, 2007:	53,326,100 units
Market capitalization as of March 31, 2007:	1.2 billion euros
Stock exchange code:	PFD4
Security Code Number:	676 474
ISIN:	DE0006764749
Designated Sponsor:	Bayerische Landesbank
Dividend for 2005:	0.15 euros
Proposed dividend for 2006:	0.25 euros

Further dates in 2007

Tuesday, June 19, 2007:	Annual Shareholder Meeting, Munich
Thursday, August 2, 2007:	Six-Month Report 2007
Wednesday, November 8, 2007:	Nine-Month Report 2007

Contact

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