

Nine-Month-Report
January 1 – September 30

2005



NINE-MONTH REPORT AS OF SEPTEMBER 30, 2005

- **Pfleiderer Group now reporting under new structure: EBITDA margin up to around 12 percent in reporting period compared to 9.8 percent in prior year.**
- **Operating results (EBT) for continued operations improve significant by + 66.0 percent to 25.4 million euros.**
- **Strong increase in profits due to positive earnings growth in Germany: earnings per share from continued operations rise markedly to 0.12 euros**
- **Sales in core Business Segment Engineered Wood increase slightly to 583.5 million euros**

Pfleiderer Group: Key Figures as of September 30, 2005

(according to IFRS, previous year's figures adjusted, excluding BC Infrastructure)

million euros	01.01. - 30.09.2005	01.01. - 30.09.2004	Change
Sales revenues	583.5	572.9	+1.9 %
EBITDA	69.3	56.0	+ 23.8 %
EBIT	35.9	28.4	+ 26.4 %
EBT continued operations	25.4	15.3	+ 66.0 %
EBT discontinued operations	8.3	37.0 ¹⁾	--
EBT	33.7	52.3 ¹⁾	--
Earnings of continued operations per share, undiluted (euros)	0.12	- 0.22	--
Earnings per share, all undiluted (euros)	0.23	0.67	--
Employees ²⁾ (persons)	3,467	3,464	+ 0.1 %
• in Germany (persons)	2,274	2,486	- 8.5 %
• outside Germany (persons)	1,193	978	+ 22.0 %
million euros	30.09.2005	31.12.2004	Change
Balance sheet total	820.9	786.6	+ 4.4 %
Equity	248.3	234.4	+ 5.9 %
Equity ratio (percent)	30.2	29.8	--

1) Includes book earnings from sale of Poles & Towers

2) Excluding trainees; relates only to continued operations

Pfleiderer AG:

Clear progress in core business Engineered Wood, particularly in Germany: strong increase in earnings and growth impetus on national and international markets

During the third quarter of 2005 Pfleiderer AG continued its strategy of focusing on its Engineered Wood segments, making vigorous efforts to further strengthen its position in national and international markets. In particular, the Company pushed forward with measures already introduced to improve earnings power in its core businesses. In this connection, the agreements reached in June 2005 with employees of Pfleiderer Engineered Wood Germany for longer normal working hours led to a considerable reduction in costs. At the same time, these measures improved the Company's competitive ability in Germany, safeguarding jobs here.

Positive effects on the earnings side of the Pfleiderer Group came into effect in the summer quarter and in the nine-month reporting period. Earnings before taxes (EBT) of continued operations increased during the reporting period by 66 percent to 25.4 million euros, while earnings before interest and taxes (EBIT) rose by 26.4 percent to 35.9 million euros, and earnings before interest, taxes, depreciation and amortization (EBITDA) were up 23.8 percent to 69.3 million euros. The EBITDA margin, which stood at 9.8 percent in the same reporting period of the previous year, increased over the first nine months of fiscal 2005 to 11.9 percent. Compared with the summer quarter, the EBITDA margin increased by 13.0 percent - this being due to the positive effects of the package introduced to improve earnings in Germany, as well as ongoing favorable price levels for engineered wood. Pfleiderer shareholders are participating directly from this growth in business in Germany, as well as from strong growth in undiluted earnings per share from continued operations. During the first nine months of the fiscal year, EPS rose clearly to 0.12 euros.

Apart from the marked improvement in operative business in the Pfleiderer Group, the third quarter of 2005 was of outstanding strategic importance for future corporate growth. The agreement signed to take over the engineered wood operations of the Kunz Group in Germany and North America, together with a contract to sell Pfleiderer track systems, represent a major turning point for the Pfleiderer Group's future strategic development.

These latest transactions, expected to be finalized in the fourth quarter, are a milestone in the Group's restructuring, hot on the heels of a further expansion of the Group's eastern European operations. At the same time, the Company is placing greater emphasis on strengthening earnings-led growth of the Company's market positions in Western Europe. In all this, finding new product and customer segments in relevant markets is of central importance. Taking over the Kunz Group also means to enter into the attractive North-American market for engineered wood, at the same time transforming the Group into an integrated manufacturer of laminated flooring in North America. In view of the restructuring measures of the Kunz Group's particleboard activities in North America - expected to be largely completed by 2005 - as well as the expenses incurred here, both sides agreed at the beginning of October to reduce the purchase price of the takeover by 20 million euros. Both partners agreed upon an appropriate reduction in purchase price, now amounting to 192 million euros. The assumption of bank and leasing liabilities by the Pfleiderer AG, amounting to 267 million euros net as of January 1, 2005, remains unaffected.

As a result, Kunz activities are now expected to have a full earnings effect within the Pfleiderer Group as early as by the end of fiscal 2006.

Aims of the long-term earnings-based corporate strategy

The Pfeleiderer Group is making distinct progress in its corporate strategy to achieve long-term earnings-based growth. Three main aims remain at the forefront:

- Focusing activities and improving earnings power in Germany,
- Participating in dynamic market growth in eastern Europe,
- Entering new markets, both in regional terms as well as in new product segments.

Current market situation - the picture remains unclear

No clear pattern emerged in the overall economic situation in Germany during the first nine months of fiscal 2005, also with regard to the Federal elections which had been brought forward.

However, during the third quarter, the main business indicators showed a slight upturn, with the Federal Ministry for Economics and Employment talking of the beginning of an improvement in sentiment in its September and October 2005 reports. And while private consumption still appears to be stagnating, in part due to increased energy prices, the German Association for Consumer Research (GfK) expects a slight improvement in the consumer climate in November. The GfK bases its expectations on individual indicators such as business and income expectations, or the propensity to spend, all of which have shown some upward movement recently.

The Federal Ministry for Economics and Employment believes that consumers in Germany share the same positive views about the way the economy is moving as those analysts recently surveyed by the ZEW. This would appear to concur with the positive outlook determined during an ifo business study conducted with companies. The expectations for higher income and greater propensity to spend, as determined in October, appear to be based on slightly decreasing price hikes for fuel and heating oil. However, this has yet to become a sustained and lasting feature, bearing in mind the current situation.

According to a study published at the end of October 2005 by the German Engineered Wood Industrial Association (VHI), the engineered wood industry increased sales in some sectors during the first eight months of the year. However, the picture remains somewhat blurred, as the Central Association of the German Wood and Plastic Industry (HDH) and the Association of the German Furniture Industry point out. While furniture sales in August are reported up - propelled by the lounge furniture segment - not all sectors of the industry have experienced this growth yet. One example of this is the kitchen furniture industry, an important target segment for the Pfeleiderer Group. In the annual comparison (January to August 2005), this segment reported a decline in sales, even though positive indications for higher sales appeared during August. According to the Federal Office of Statistics in Wiesbaden, production in the German furniture industry fell by 1.1 percent over the first half of the year. On the other hand, the sales statistics of the Association of the German Furniture Industry report a slight increase of 0.5 percent for the same period.

Positive Business Developments for the Pfeleiderer Group

Despite ongoing difficulties in the German engineered wood market, still of major importance for the Pfeleiderer Group, the very positive developments of the second quarter continued into the third quarter of 2005. Here, key earnings figures for Pfeleiderer AG have greatly improved within the year, as well as in the quarterly comparison, with sales revenues up. The Company is reporting very good business, with an important increase in earnings experienced in the Business Unit Western Europe. This is expressed in a marked improvement in earnings per share for the Company's continued operations.

Following the signing of a contract in August 2005 to sell the Business Segment Pfeleiderer track systems to Vossloh AG the Company is reporting under its new corporate structure for the first time. Now that the Group's restructuring has been successfully concluded, Pfeleiderer AG's core businesses are concentrated into its Business Segment Engineered Wood, with its Business Units Western and Eastern Europe. These units are now shown in the balance sheet under "continued operations". The Business Segment Infrastructure, which also reported good results in the third quarter of 2005, is shown under "discontinued operations" in accordance with accounting rule IFRS 5. This means that this segment no longer appears in the Company's key operating figures, but is reported under "Earnings/losses discontinued operations".

Sales revenues in the nine-month reporting period, as well as within the third quarter, must be assessed as very positive - particularly in view of the cutbacks in production capacity made in Germany (closure of Rheda plant, resulting in an on-year sales fallout of some 50 million euros). Taken overall, sales revenues in the first nine months of the fiscal year were up by around 2 percent y-o-y to 583.5 million euros. In the summer quarter, sales revenues rose in the annual comparison by as much as 5 percent to 200.1 million euros. This compensated for developments in the first quarter resulting from seasonal abnormalities.

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew positively in the first nine months of fiscal 2005. Following 56.0 million euros in the previous year, EBITDA rose during the reporting period by around 24 percent to 69.3 million euros. In the y-o-y comparison, earnings before interest and taxes (EBIT) rose by 26.4 percent - and thus even more strongly than EBITDA - reaching 35.9 million euros as of closure on September 30, 2005.

However, the Group achieved its strongest growth in its operative result (continued operations), with pre-tax earnings (EBT) in the nine-month reporting period up 66 percent to 25.4 million euros in the y-o-y comparison.

Pfleiderer Group: Key Quarterly Figures for 2005

Pfleiderer Group (in million euros)	01.01. - 30.09.2005	01.07.- 30.09.2005	01.04. - 30.06.2005	01.01. - 31.03.2005
Sales revenues	583.5	200.1	190.6	192.8
from Western Europe	407.3	133.7	138.6	135.0
from Eastern Europe	176.3	66.8	52.5	57.0
EBITDA	69.3	26.1	22.6	20.6
EBIT	35.9	14.6	11.9	9.4
EBT continued operations	25.4	11.5	7.6	6.3
EPS continued operations, undiluted, in euros	0.12	0.08	0.03	0.01

Apart from expected stable growth in sales in Germany and continued price stability for engineered wood, Pfleiderer Group's positive business growth is also a result of initial positive effects from the "PHW 2006" - the cost-cutting and efficiency package in the engineered wood segment started in October 2004. This package is expected to produce cost savings of around 30 million euros in fiscal 2006. Extended normal working hours and greater flexibility in weekly working time among Pfleiderer Engineered Wood's plants in Germany are an integrated part, and have been in effect since June 1, 2005. This has already led to increased productivity in various sites in Germany during the last quarter.

Sales in the Business Unit Western Europe rose to 176.3 million euros during the reporting period. In the third quarter, in particular, new customers in Poland and a further increase in Polish exports resulted in rising sales revenues, despite the strong Sloty. Sales revenues for Engineered Wood Eastern Europe reached 66.8 million euros in the third quarter, putting it up on the previous quarters.

The foreign share in sales for the Pfleiderer Group came to 55.3 percent as of September 30, 2005. This compares to 58.3 percent for the first nine months of the previous year.

The Company's financial position also improved during the current reporting period, with interest income down to - 10.4 million euros and financial income reduced to - 10.5 million euros. This means that together with positive increases in operating results already described earlier, pre-tax earnings for continued operations improved greatly. Pre-tax earnings now stand at 25.4 million euros for the reporting period, an increase of 66 percent over the previous year's figure.

Earnings for discontinued operations (pre-tax), mainly due to operative earnings from Pfleiderer track systems, now sold to Vossloh AG, stood at 8.3 million euros for the nine-month reporting period. The previous year's figure for discontinued operations of 37 million euros due to a one-off effect contained exceptional book earnings from the sale of Pfleiderer Business Unit Poles & Towers USA. Now that deconsolidation of Poles & Towers has been completed, results for discontinued operations in the reporting period can only be partly compared with the previous year's figures.

The percentage share of minority interests – amongst others including holdings in the Polish subsidiary Pfleiderer Grajewo - remained constant throughout the year. Results accruing to third parties, which came to 14.6 million euros for the same period in the previous year, decreased to 11.4 million euros for the first nine months of the current fiscal year.

As far as the Pfleiderer Group is concerned, this has a clearly positive effect on net results after taxes on earnings and minority interests. In the reporting period for the first nine months of 2005, profits came to around 10 million euros, of which 2.8 million euros were accounted for in the third quarter of 2005. Due to retained profits arising from the sale of the Business Unit Poles & Towers USA, Group net profits are only comparable to a limited degree with figure for nine-month period of the previous year.

The considerably better earnings position achieved by the Company's operative business has had sustained positive effects on undiluted earnings per share for continued operations. Compared to - 0.22 euros for the same period in the previous year, EPS for continued operations increased to 0.12 euros in the current reporting period.

The Group's equity ratio has also further improved: with equity and shareholder's capital now standing at 248.3 million euros, the equity ratio increased to just on 30 percent as of period closure. Correspondingly, net corporate debt came to 150.8 million euros as of September 30, 2005 due to investment activities, compared to 147 million euros reported in the six-month figures.

Employees and Working Hours

As of September 30, 2005, the Pfleiderer Group (continued operations) employed a total of 3,467 people (previous year: 3,464), of which 1,193 were employed outside Germany. Accordingly, the number of people employed in Germany fell to 2,247 (previous year: 2,486). A total of 135 young people received training in production and commercial jobs in the Pfleiderer Group.

Following protracted negotiations with the trade union IG Metall to increase weekly working hours and make them more flexible at Pfleiderer Engineered Wood's plants in Germany, agreement on new working times was reached on June 1, 2005. This agreement came into effect in the third quarter. The most important new aspects, which apply until the end of 2008, are

- Increased regular weekly working hours from 35 to 38 hours without compensation,
- Flexible working up to 30 hours with a corresponding reduction in wages where operations make this necessary,
- Waiving of wage increases in 2006 and 2007,
- Job protection guarantee for the Company's plants.

Additional individual company and plant agreements have been negotiated based on the extension to the collective agreement signed in June 2005.

Once the new working hours have been fully implemented, among others involving changes to operating shifts, annual costs savings of between 4 to 5 million euros are expected in the

production area. These lower personnel expenses are an important factor in improving the competitive ability of Pfeleiderer Engineered Wood in Germany.

Capital expenditure

Capital expenditure in the Pfeleiderer Group (continued operations) came to 56 million euros at closure on September 30, 2005. Of this, 17.4 million euros flowed to the Business Unit Poland, where it was used to extend the Conti press in Wieruszow, as well as for the introduction of SAP. In Russia, some 27.3 million euros have been invested in building a new plant in Novgorod. Spending in the Business Unit West came to 11 million euros, this being mainly directed at process optimization for HPL production at the Arnsberg site.

Outlook

Looking at the continued operations of Pfeleiderer Group's core business - and excluding sales and earnings contributed by the Kunz takeover - Pfeleiderer AG's Board of Management expects sales in its core segment Engineered Wood in 2005 to exceed the previous year's figure - this despite an adjusted revenue volume of appr. 50 million euros due to the closure of the Rheda plant.

The Board of Management expects an EBITDA margin in excess of 11 percent and earnings before interest, taxes, depreciation and amortization (EBITDA) to exceed 90 million euros for the full year. Following an EBT margin (related to operative earnings before taxes) of 2.3 percent for the full year 2004, the Company aims to exceed this margin by over 50 percent in its core business Engineered Wood, and expects an EBT margin of well above 3 percent for the full year 2005.

Following the takeover of the Kunz Group, in its outlook for 2006 the Board of Management is confirming its expectations of sale revenues of around 1.4 billion euros and an EBITDA of at least 200 million euros. With it, the target of an increase of Pfeleiderer AG's EBITDA-margin to 15 percent once again is underlined. Achieving an EBITDA margin of more than 14 percent in 2006 will bring the company a big step nearer to this target.

Pfleiderer Consolidated Statement of Income for the Nine-Month Period from January 1 to September 30, 2005

(according to IFRS)

'000 euros	01.01. – 30.09.2005	01.01. – 30.09.2004	01.07. – 30.09.2005	01.07. – 30.09.2004
Sales revenues	583,495	572,944	200,084	190,373
Cost of sales	- 413,284	- 406,125	- 140,729	- 135,961
Gross margin	170,211	166,819	59,355	54,412
Selling expenses incl. freights	- 79,922	- 77,378	- 25,734	- 25,326
Administrative expenses	- 49,435	- 50,580	- 16,299	- 17,033
Research and development costs	- 664	- 762	- 129	- 232
Other operating income and expenses	- 4,300	- 8,592	- 2,574	- 2,011
Operating result	35,890	29,507	14,619	9,810
Net interest	- 10,386	- 11,636	- 3,100	- 3,747
Investment income	- 3	4	0	4
Other financial income / expenses	- 86	- 2,568	- 20	- 1,457
Financial result	- 10,475	- 14,200	- 3,120	- 5,200
Earnings of continued operations before taxes	25,415	15,307	11,499	4,610
Taxes on income	- 8,863	- 10,169	- 3,782	- 3,717
Earnings of continued operations	16,552	5,138	7,717	893
Earnings of discontinued operations	8,335	36,999	2,562	4,290
Taxes on income of discontinued operations	- 3,507	921	- 3,068	449
Profit/loss in the reporting period	21,380	43,058	7,211	5,632
Minority interests	- 11,401	- 14,643	- 4,380	- 9,431
Consolidated profit/loss	9,979	28,415	2,831	- 3,799
Earnings per share, undiluted (euros)	0.23	0.67	0.07	- 0.09
Earnings per share, diluted (euros)	0.23	0.66	0.07	- 0.09
Earnings of discontinued operations per share, undiluted (euros)	0.12	- 0.22	0.08	- 0.20
Average number of shares outstanding, undiluted (units)	42,494,078	42,685,000	42,494,078	42,685,000

Pfleiderer Consolidated Balance Sheet as of September 30, 2005

(according to IFRS)

'000 euros

	09/30/2005	12/31/2004	09/30/2004
Assets			
Cash and cash equivalents	66,487	57,663	57,395
Securities classified as current assets	1,236	25,065	54,550
Receivables and other assets	52,795	79,660	108,449
Inventories, net	84,115	103,858	112,046
Other assets	5,145	1,734	5,254
Assets of discontinued operations	111,466	4,916	46,941
Current assets	321,244	272,896	384,635
Property, plant and equipment, net	356,542	369,531	350,812
Intangible assets, net	79,370	93,751	88,011
Financial assets	27,681	21,025	4,201
Deferred tax assets	26,000	27,328	29,956
Other assets	10,053	2,117	6,136
Fixed assets	499,646	513,752	479,116
Total assets	820,890	786,648	863,751
'000 euros	30.09.2005	31.12.2004	30.09.2004
Liabilities and shareholders' equity			
Short-term liabilities	113,869	125,151	114,096
Financial liabilities	31,081	14,662	78,556
Other short-term accruals	47,223	58,779	62,312
Deferred income	2,097	1,794	2,148
Liabilities of discontinued operations	77,235	16,931	47,444
Short-term liabilities	271,505	217,317	304,556
Long-term financial liabilities	187,449	197,731	199,301
Provisions for pensions	45,331	61,981	60,676
Deferred tax liabilities	22,786	19,560	26,243
Other long-term liabilities	29,958	39,468	42,731
Other long-term accruals	15,608	16,230	13,813
Long-term liabilities	301,132	334,970	342,764
Minority interests	99,058	92,068	94,732
Subscribed capital	109,274	109,274	109,274
Additional paid-in capital	12,635	13,326	12,993
Revenue reserves	149,884	150,185	150,185
Treasury stock	- 2,399	0	0
Accumulated loss	- 117,127	- 124,804	- 136,957
Other comprehensive income	- 3,072	- 5,688	- 13,796
Shareholders' equity	248,253	234,361	216,432
Total liabilities and shareholders' equity	820,890	786,648	863,751

Pfleiderer Consolidated Statement of Cash Flow as of September 30, 2005

(according to IFRS)

'000 euros	01/01 – 09/30/2005	01/01 – 09/30/2004
Earnings before interests and taxes (EBIT)	35,887	28,431
Proceeds from issue of shares and repurchase of own shares from consolidated companies	0	- 22,695
Payment from taxes on income	- 3,244	- 7,508
Depreciations and amortization of fixed assets	33,432	27,446
Proceeds / losses from disposal of fixed assets	231	- 154
Change in accruals for pensions	1,704	867
Change in current assets	- 14,550	4,026
Change in fixed assets	- 7,259	- 1,081
Change in short-term liabilities excluding financial debt	11,625	23,575
Change in long-term liabilities excluding financial debt	- 11,721	- 11,400
Other expenses not affecting liquidity	- 991	591
Cash flow from operating activities	45,114	42,098
Cash paid for investments in intangible assets	- 854	-79
Cash paid for investments in property, plant and equipment	- 54,068	- 19,233
Cash paid for investments in financial assets	-6,891	- 272
Cash paid for acquisition of companies and repurchase of own shares	0	- 6,067
Cash received for disposal of intangible assets	0	2
Cash received for disposal of property, plant and equipment	1,946	1,330
Cash received for disposal of finance assets	73	313
Cash received from issue of shares by consolidated companies	0	63,194
Cash flow from investing activities	-59,794	39,188
Cash flow from operating activities after investing activities	- 14,680	81,286
Change in financial liabilities	7,564	- 50,163
Change in externally factored receivables	17,619	- 19,686
Cash paid to minority interests	- 8,228	- 2,555
Cash paid for the purchase of treasury stock	- 2,399	0
Cash paid for interest	- 11,820	- 15,192
Cash received for interest	2,748	3,530
Other financing activities	2	7
Cash flow from financing activities	5,486	- 84,059
Change in cash and cash equivalents	- 9,194	- 2,733
Change in cash and cash equivalents due to exchange rate fluctuations	1,319	4,798
Change in cash and cash equivalents due to discontinued operations	- 4,530	43,247
Change in cash and cash equivalents due to initial consolidations	0	197
Cash and cash equivalents as of January 1	80,128	65,261
Cash and cash equivalents as of September 30	67,723	110,730

Pfleiderer Consolidated Statement of Changes in Shareholders' Equity as of September 30, 2005

(according to IFRS)

`000 euros	Subscribed capital	Minority interests	Additional paid-in capital	Revenue reserves	Treasury stock	Comprehensive income			Total
						Accumulated deficit of the Group	Currency translation	Currency translation	
As of 01/01/2005	109,274	92,068	13,325	150,185	--	- 124,803	723	- 6,411	234,361
Treasury stock					- 2,399				- 2,399
Change in adjustment item from currency translation							2,887		2,887
Change in adjustment item from valuation of financial derivatives								- 271	- 271
Minority items and minority interests in changes of adjustment item from currency translation		6,990							6,990
Earnings after minority interests						9,979			9,979
Changes to consolidated group						- 2,303			- 2,303
Balance									
Stock Option Program			- 690	- 301					- 991
As of 09/30/2005	109,274	99,058	12,635	149,884	- 2,399	- 117,127	3,610	- 6,682	248,253

Pfleiderer Consolidated Statement of Changes in Shareholders' Equity as of September 30, 2004

(according to IFRS)

`000 euros	Sub- scribed Capital	Minority interests	Additional paid-in capital	Revenue reserves	Treasury stock	Comprehensive income			Total
						Accumu- lated deficit of the Group	Other comprehensive income Currency transla- tion	Valuation of fi- nancial derivates	
As of 01/01/2004	109,274	45,313	12,402	150,185	0	- 165,372	- 11,727	- 7,731	132,344
Change in adjustment item from currency translation							5,800		5,800
Change in adjustment item from valuation of financial de- rivatives								- 138	- 138
Minority items and minority interests in changes of ad- justment item from currency translation		49,419							49,419
Earnings after minority interests						28,415			28,415
Balance Stock Option Program									591
As of 09/30/2004	109,274	94,732	12,993	150,185	0	- 136,957	- 5,927	- 7,869	216,431

Pfleiderer Group Segment Report as of September 30, 2005

Pfleiderer Group in million euros	01.01. – 30.09.2005	01.01. – 30.9.2004	01.07. – 30.09.2005	01.07. – 30.9.2004	01.04. – 30.06.2005	01.04. – 30.06.2004	01.01. – 31.03.2005	01.01. – 31.03.2004
Sales revenues	583.5	572.9	200.0	190.3	190.6	184.7	192.8	197.9
Foreign share (in percent)	58.3 %	55.3 %	59.4 %	56.2 %	57.6 %	55.7 %	57.9 %	54.0 %
EBITDA	69.3	56.0	26.1	18.4	22.6	20.3	20.6	17.3
EBIT	35.9	28.4	14.6	8.8	11.9	11.3	9.4	8.3
EBT continued operations	25.4	15.3	11.5	4.6	7.6	6.9	6.3	3.8
EBT disc. operations	8.3	37.0	2.6	4.3	3.8	31.2	1.9	1.5
EBT	33.7	52.3	14.1	8.9	11.4	38.1	8.2	5.3
Engineered Wood in million euros	01.01. – 30.09.2005	01.01. – 30.9.2004	01.07. – 30.09.2005	01.07. – 30.9.2004	01.04. – 30.06.2005	01.04. – 30.06.2004	01.01. – 31.03.2005	01.01. – 31.03.2004
Sales revenues	582.2	566.2	199.9	188.2	190.2	182.2	192.1	195.8
EBITDA	79.2	62.5	27.7	21.4	26.5	21.5	25.0	19.6
EBIT	46.8	36.6	16.6	12.3	16.1	13.1	14.1	11.2
Infrastructure Technology in million euros	01.01. – 30.09.2005	01.01. – 30.9.2004	01.07. – 30.09.2005	01.07. – 30.9.2004	01.04. – 30.06.2005	01.04. – 30.06.2004	01.01. – 31.03.2005	01.01. – 31.03.2004
Sales revenues	113.9	200.6	45.2	69.9	43.1	62.8	25.6	67.9
EBITDA	13.1	45.1	4.5	7.4	5.3	33.0	3.3	4.7
EBIT	8.8	40.0	2.4	5.8	4.3	31.5	2.3	2.7

1) The Business Center Infrastructure is reported under “discontinued operations” starting in Q3/ 2005. Therefore, figures within this segment report can not be compared to the profit and loss statement. Presumably starting on December 31, 2005, segment reporting in adoption of geographical regions could start as the prime reporting format.

Notes on Nine-Month Report as of September 30, 2005

1. General

Transition from US-GAAP to IFRS

As from January 1, 2005, Pfleiderer AG was obliged to move over from US-GAAP (United States Generally Accepted Accounting Principles) to IFRS (International Financial Reporting Standards) and is now reporting quarterly for the current year in accordance IFRS. Comparative figures from the previous reporting period have been adjusted accordingly. This is in line with the EU Directive of 2002 on international financial reporting standards under which all capital market companies listed at stock exchanges within the EU must present their financial statements according to IFRS as from January 1, 2005.

IFRS 1 "First-time Adoption of International Financial Reporting Standards" was applied when drawing up the IFRS financial statements for the first time. The date of transition was the opening balance sheet date of January 1, 2004. All assets and liabilities are classified in accordance with IFRS rules as of September 30, 2005 which must be applied in the first-time consolidated financial states as of December 31, 2005 or can be applied voluntarily. It cannot be excluded that IASB (International Accounting Standards Board) will release further directives by December 31, 2005 when the final draft of the consolidated financial statements is completed. Furthermore, as of the date of these statements, the EU Commission has yet to recognize certain directives issued by IASB.

Transition to IFRS has resulted in only minor changes to the income statement. With regard to the balance sheet, the balance sheet sum is higher due to initial consolidation of a real estate leasing company. Following transition to IFRS, capital stock before minority interests stood at - 7.9 million euros as of January 1, 2004.

Comparative figures from previous year

In order to make comparison easier, comparable figures from the previous year have been adjusted under "discontinued operations" in accordance with IFRS. In accordance with IFRS 5.40, previous year's balance sheet data has not been adjusted. Under this procedure, operations which have been sold and deconsolidated during the reporting period are shown in the comparative figures for the previous year as "discontinued operations".

Consolidated companies

The interim financial statements include the financial statements as of September 30, 2005 of Pfleiderer AG and its subsidiaries in which it has a majority holding and controlling interest. All the main subsidiaries in which the Company has an indirect or direct controlling influence are included in the consolidated interim financial statements. In the first quarter of 2005, the company German Track Systems mbH GTS, Neumarkt was consolidated into the Group. Apart from that, the real estate leasing company P.Lease GmbH & Co. KG, Mannheim is

also included in the consolidated financial statements for the first time in order to comply to IFRS rules. Consolidation of P.Lease GmbH & Co. KG has been backdated to January 1,

2004. A minority holding in P.Lease GmbH & Co KG was acquired in 2005. Additionally, the Jura Belgium BV BA, Hoogstraaten, Belgium, was deconsolidated in third quarter 2005.

No further changes were made to the group of consolidated companies compared to the last financial statements for 2004

2. Principles of transition

The financial statements as of September 30, 2005 have been drawn up in accordance with IAS rule 34 (International Accounting Standards). The financial statements comply with those IFRS rules that will apply to the best of our knowledge when the consolidated financial statements are drawn up for the first-time in accordance with IFRS in December 31, 2005.

Compared to the methods of classification, valuation and consolidation which apply under US GAAP, as stated in the Notes to the Annual Report 2004 and to which we refer here, the effects of IFRS on the consolidated financial statements of Pfeleiderer AG are described below.

3. Exercising choice during transition

In the IFRS consolidated opening balance sheet as of January 1, 2004 assets and liabilities carried in accordance with the US GAAP consolidated balance sheet as of December 31, 2003 have been reclassified retrospectively to comply with IAS/IFRS rules applicable as of December 31, 2005 or which companies may freely elect to apply. The Pfeleiderer Group has elected to exercise its right in accordance with IFRS 1 as follows:

In the case of business combinations, principles and methods of consolidation used for consolidated financial statements 2003 according to US GAAP have been adopted unchanged in the IFRS opening balance sheet. IFRS 3 "Business Combinations" adopted in March 2004, which now prohibits the scheduled amortization of goodwill, had no effect on the consolidated financial statements. Pfeleiderer AG has not been amortizing goodwill on a scheduled basis since fiscal 2002 in order to comply with US GAAP. Instead, it has been using an impairment test performed at least once a year.

When discounting accruals for pensions, Pfeleiderer AG has taken shown all actuarial profits and losses arising from performance-based commitments. Adjustments are carried in the balance sheet and have no effect on income.

Those relaxations permitted under IFRS 1 were not applied when accounting for stock option programs. All stock option programs are shown in the balance sheets in accordance with IFRS 2.

4. Main effects of transition

Re-valuation of costs of acquisition or sale

Pfeleiderer AG has elected to exercise its right to revalue costs of acquisition or sale in accordance with IFRS 1. Accordingly, revaluations were made for selected assets as of

January 1, 2004, resulting in insignificant changes being made to the values of assets carried. The Group does not possess any intangible assets of unlimited useful life.

Impairment testing of fixed and intangible assets, excepting goodwill

Where there is evidence of impairment, fixed and intangible assets are assessed in accordance with US GAAP and IFRS to ascertain whether a loss in value has occurred. However, both standards apply a different methodology here.

Under US GAAP, impairment is tested in two stages. First, comparison is made between the asset's carrying value and its calculated non-discounted cash flow. Where the carrying value is higher than the non-discounted cash flow value, the amount of any necessary revaluation is determined based on discounted cash flow in a second stage and the item revalued extraordinarily.

Under IFRS, the first stage of impairment testing based on non-discounted cash flow does not apply. Where there is evidence of impairment, book value is directly assessed based on the higher of "net selling price" and "value in use". "Value in use" must be calculated taking into account discounted future cash flow, while "net selling price" corresponds to fair market value less any costs of sale. Due to the different methodology used, Pfeiderer had to revalue certain fixed assets. Revaluation is not permitted under US GAAP. IFRS permits revaluation where there are not further grounds for making an extraordinary adjustment.

Assessing leasing agreements

Under US GAAP, four criteria are applied to determine the economic ownership of leasing agreements. Where one criterion is fulfilled, capital leasing is considered to exist and ownership of the leased item is transferred to the lessee who must carry the item in the balance sheet. Under IFRS, ownership is defined as accruing to the party that has the greater opportunities and risks relating to the item leased. If this is the lessee, the leased item must be carried in the balance sheet. Despite these differences in methodology, no changes arising from transfer of ownership of leased items applied to Pfeiderer AG.

Inventories

Under IFRS, inventories are valued at the lower of cost or net market value. Net market value is the estimated value at which an item can be sold under normal business conditions, less estimated costs of production and essential costs of sale (strict observance of market prices). Under US GAAP, inventories are valued at the lower of cost or market. Market value is generally determined based on cost of replacement. The ceiling for market value is the net realization price (loss-free estimate) less the normal profit margin as a floor (sale and replacement method). The transition in the consolidated financial statements resulted in no changes for Pfeleiderer AG.

Equity-based compensation

IFRS 2 deals with equity-based compensation models. Under US GAAP, Pfeleiderer elected to apply APB 25 and thus shows expenses as pro forma costs in the Notes. IFRS 2 requires that the effects of equity-based compensation be taken into account in the results and reflected in the Company's assets and financial position. This includes expenses incurring when issuing stock options to employees. Equity-based compensation models are valued at fair market value as of date of issue. The fair market value is carried in the income statement under personnel expenses until the option is exercised. The amounts are allocated within additional paid-in capital. Fair market value is calculated using internationally recognized evaluation methods

Accruals for pre-retirement part-time work

IFRS requires that when calculating accrual for pre-retirement part-time work, all employees be taken into account likely to make use of this rule. Discounted topping up amounts must also be taken into account when calculating the accrual. Under US GAAP, only those employees who have signed an agreement on pre-retirement work are taken into account. Topping up amounts are saved in installments during the employee's active working life. The calculated difference following transition from US GAAP to IFRS resulted in a slight increase in accruals for pre-retirement part-time working at Pfeleiderer.

Other accruals

When considering accruals for liabilities and potential losses, US GAAP and IFRS differ with regard to the probability of any outflow of resources. US GAAP differentiates between, "probable", "possible" and "improbable" outflow. Formation of an accrual is conditional on the probability of a future outflow of resources and a reliable estimate of the amount involved. IFRS uses a two-pronged approach when assessing probability: on the one hand whether there is a greater chance of outflow occurring than not, or whether occurrence is improbable. Formation of an accrual depends on the probability of the future outflow of resources and a reliable means of calculating the amount involved. While both methodologies differ slightly with regard to probability, estimates made by Pfeleiderer have not resulted in any changes being made to other accruals.

With regard to the formation of accruals to cover restructuring, IFRS differs from US GAAP mainly with regard to the level of detail of any restructuring plans, as well as the time frame during which restructuring plans are implemented. IFRS also differs in its approach to other accruals due to its low probability thresholds. This results in higher accruals when reporting according to IFRS.

Accruals for pensions

When discounting pension accruals, IFRS requires that interest rates be adjusted to the closing date applicable to the financial statements. Under US GAAP, the interest rate in force when the pension is estimated applies. As a change in interest rates occurred between these two dates, pensions have been recalculated for accruals. The difference has been posted at transition date to equity and has not affected income.

Under US GAAP, the interest rate applicable to the balance sheet as of January 1, 2004 was 5.50 percent and stood at 5.50 percent as of December 31, 2004. Under IFRS, the interest rate applicable to the balance sheet as of January 1, 2004 was 5.50 percent and stood at 4.55 percent as of December 31, 2004.

Deferred taxes

IFRS and US GAAP differ with regard to the way deferred taxes are shown in the balance sheet. US GAAP differs between long-term and short-term deferred taxes. Under IFRS, deferred taxes on both sides of the balance sheet are always shown as long-term.

When calculating deferred taxes, under IFRS the tax rates must be applied legally in force at cutoff date, unless taxes are based on regulations since adopted and which will apply in future. Under US GAAP, calculation of deferred taxes must be based on those tax rates currently legally in force.

Minority interests

US GAAP sees minority interests as capital from interested parties which it does not treat as part of equity capital, but as a separate position stated before equity capital. In the results, minority interests are shown in the income statement either as an expense, or where a loss is made, as income.

IFRS applies a uniform theory to minority interests, which it sees as part of the Company's equity and the annual result.

Inclusion of a real estate leasing company

Under SIC 12 "Consolidation - Special Purpose Entities" special purpose entities (SPE) must be consolidated in accordance with IAS 27 (rev. 2003) when fair economic assessment shows that the reporting company dominates the SPE, or where the activities of the SPE are performed to the benefit of the reporting company. In view of this, a real estate leasing company has been included in the consolidated financial statements for the first time. Forfeited leasing installments are shown under other long-term liabilities.

Following the initial consolidation of the real estate leasing company P.Lease GmbH & Co. KG, Mannheim, minority holdings declarable in the balance sheet in accordance with International Financial Reporting Interpretations Committee Interpretation (IFRIC) 2 are carried as financial liabilities arising from third party capital.

Within the reconciliations of equity and results from US-GAAP to IFRS the transition effects from the consolidation of P.Lease are initially considered in each single balance sheet item.

Advertising costs

US GAAP requires that expenses arising from advertising and sales promotion activities in the report period be reported. No reporting requirement is stipulated under IFRS.

Reconciliation of equity from US-GAAP to IFRS as of January 1, 2004

Pfleiderer Group	
'000 euros	
Equity as of January 1, 2004 according to US-GAAP	94,893
Minority interests (shown under equity in IFRS)	45,313
Deterred taxes	3,753
Revaluation of assets	- 4,419
Accruals for pensions	- 1,732
Part-time pre-retirement working	- 1,308
Other accruals	- 1,920
Inclusion of building leasing company	- 1,926
Other adjustments	- 310
Equity as of January 1, 2004 according to IFRS	132,344

Reconciliation of equity from US-GAAP to IFRS as of September 30, 2004

Pfleiderer Group	
'000 euros	
Equity as of September 30, 2004 according to US-GAAP	129,753
Minority interests (shown under equity in IFRS)	94,732
Deterred taxes	2,426
Revaluation of assets	- 3,686
Accruals for pensions	- 1,559
Part-time pre-retirement working	- 1,311
Other accruals	- 3,919
Inclusion of building leasing company	- 843
Other adjustments	838
Equity as of September 30, 2004 according to IFRS	216,431

Reconciliation of equity from US-GAAP to IFRS as of December 31, 2004

Pfleiderer Group	
'000 euros	
Equity as of December 31, 2004 according to US-GAAP	150,896
Minority interests (shown under equity in IFRS)	92,068
Deterred taxes	3,887
Revaluation of assets	- 4,139
Accruals for pensions	- 1,561
Part-time pre-retirement working	- 1,480
Other accruals	- 3,952
Inclusion of building leasing company	- 1,111
Other adjustments	- 247
Equity as of December 31, 2004 according to IFRS	234,361

Reconciliation of results including minority interests from US-GAAP to IFRS from January 1 to September 30, 2004

Pfleiderer Group	
'000 euros	
Results including minority interest as of September 30, 2004 according to US-GAAP	29,435
Revaluation of assets	499
Equity-based compensation	- 595
Accruals for pensions	108
Other accruals	- 1,995
Inclusion of building leasing company	1,082
Other adjustments	- 119
Results including minority interest as of September 30, 2004 according to IFRS	28,415

Reconciliation of results including minority interests from US-GAAP to IFRS from January 1 to December 31, 2004

Pfleiderer Group	
'000 euros	
Results including minority interest as of December 31, 2004 according to US-GAAP	33,860
Revaluation of assets	665
Equity-based compensation	- 928
Accruals for pensions	264
Other accruals	- 2,429
Inclusion of building leasing company	809
Other adjustments	151
Results including minority interest as of December 31, 2004 according to IFRS	32,392

5. Discontinued Operations

Pursuing activities from businesses sold in 2004 as well as activities from the Business Center Infrastructure are reported under "Discontinued Operations" of the profit & loss account and within the balance sheet. Incidental expenditures for remaining activities in 2004 are equaled to provisions offset in the prior year. As of September 30, 2004 assets of Poles & Towers still were included and which were sold in fourth quarter 2004.

6. Major additions to assets

Major additions to assets in the nine months of fiscal 2005 mainly relate to payments made for the production plant for engineered wood being constructed in Novgorod, Russia.

7. Commitments and Contingencies

The Group leases assets under rental, franchise and leasing agreements which do not qualify as capital leasing under IFRS. Apart from this, the Group holds diverse maintenance contracts for assets and other services.

8. Dividends

No dividends were paid in the first nine months of 2005 from Pfleiderer AG, nor in the same period of 2004.

9. Relations with associated companies and persons

All supplies and services procured during normal operations were purchased at arm's length under normal market prices and conditions, such as are usual in dealings with non-related parties.

Relations with associated companies

Pfleiderer Unternehmensverwaltung GmbH & Co. KG was a major shareholder in Pfleiderer AG (subsidiary company) until March 22, 2004. Business relations existed with this company and its subsidiaries in the previous fiscal year. These business relations continued in 2005.

Relations with closely associated persons

In accordance with IAS 24, Pfleiderer AG also reports transactions between Pfleiderer AG and persons or their dependents closely associated with it. Persons considered to be closely associated are the Board of Management and the Supervisory Board as well as their dependents.

In addition to their normal compensation, members of the Board of Management were granted additional benefits. These included the use of company cars, reimbursement of travel expenses and reimbursement of telephone charges. No stock option rights were granted to members of the Board of Management in 2005.

10. Shares held by members of the Board of Management and the Supervisory Board and equity-based compensation

As of September 30, 2005, the members of the Board of Management of Pfleiderer AG held a total of 442,680 shares. Members of the Supervisory Board held 24,633 shares.

In the stock option plan operated by Pfleiderer AG, no stock options against own personal investment were granted to members of the Board of Management during the first nine months of fiscal 2005.

Pfleiderer AG has been entitled to grant non-assignable stock options to members of the Board of Management and senior executives annually since 2001. Granting of stock options is subject to approval by the Supervisory Board and participants must make a personal investment in the Company. The floor rate at which an option can be exercised is based on average weighted price, whereby an option can be exercised once 110 - 125 percent of the floor price has been reached.

Due to the strengthening in price of the Pfleiderer share over previous months, a total of 1,338,408 stock options were in the money as of September 30, 2005, resulting in an arithmetic dilution in earnings per share.

A bonus scheme has also been in operation for senior management in the Company's Polish subsidiaries Pfleiderer Grajewo S.A. and Pfleiderer Prospan S.A. since 2004. As a result, 53,480 stock appreciation rights for the Pfleiderer Grajewo S.A. share were issued to senior management. The exercise price is 125 percent of the floor price. Due to price increases in the Pfleiderer Grajewo share over the past months, a total of 53,480 stock appreciation rights were in the money as of September 30, 2005. As a result, personal expenses of 188 thousand euros were incurred during the reporting period. No dilution in EPS resulted.

11. Re-purchasing of own shares (treasury stock) to service option rights from equity-based compensation models

Based on a resolution adopted by the Board of Management on March 21, 2005 which authorized the acquisition of up to 271,000 of the Company's own shares between March 22 to April 30, 2005, in the period between March 22 to April 26, 2005 a total of 266,876 own shares were purchased. This follows authorization granted Pfeiderer AG by the General Meeting on July 15, 2004 to acquire own shares (treasury stock) pursuant to Sec. 71 (1) No. 8 AktG ("Aktiengesetz", German Stock Corporation Act).

Acquisition of the shares is solely for the purpose of using them as treasury stock to service option rights to Company shares as granted under the Pfeiderer Stock Option Plan 2001. The shares were acquired by the Dresdner Bank via the stock exchange during XETRA trading and purchasing has since been completed.

The shares are carried at cost of acquisition in the balance sheet. The total cost of shares acquired has been deducted from equity capital.

12. Subsequent events

On July 15, 2005, Pfeiderer AG notified on an agreement it had signed to take over the engineered wood activities of the Kunz Group in Germany and in North America with effect from January 1, 2005. After finalization of the transaction, the newly acquired activities will be consolidated in the consolidated financial statements of Pfeiderer AG and are expected to be shown in the balance sheet and income statement for the first time in the Annual Financial Statements for 2005.

Important Note:

Publication date for the Nine-Month Report is November 8, 2005.

The Pfeiderer Share

XETRA closure as of 09/30/2005:	16.00 euros
High / Low in Q3 2005:	18.00 euros / 13.88 euros
Average daily turnover:	2,647,605.81 euros / 161,420 units
Index:	MDAX
Segment:	Industrial Products and Services
No. share as of 09/30/2005:	42,685,000 units
Market capitalization as of 09/30/2005:	683 million euros
Exchange ID:	PFD4
WKN:	676 474
ISIN:	DE0006764749
Designated Sponsor:	Bayerische Landesbank
Dividend 2004:	none

Dates 2005

Wednesday, November 16, 2005:	Roadshow Scandinavia
Thursday, November 17, 2005:	Berenberg Investment Conference UK
Monday, November 21, 2005	Deutsches Eigenkapitalforum, Frankfurt
Thursday, December 8, 2005:	Roadshow Switzerland

Dates 2006

Thursday, February 23, 2006:	Provisional figures for fiscal 2005
Thursday, March 30, 2006:	Balance Sheet Conference
Friday, March 31, 2006:	Analysts` Conference

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