

Business Trends

In the 1st quarter of 2005 our Group continued with the success from 2004. Revenues of EUR 172 m (consolidated) and earnings of EUR 4.5 m before taxes (EBT) were recorded.

For the first time the chemicals production division represented the main source of earnings. This improvement was mainly achieved by various restructuring and modernisation programs initiated in 2004. Moreover, increased market prices of various raw materials produced in our plants contributed to the improved profit margin in this segment.

The trading/energy division also closed the 1st quarter of 2005 with a positive result. Despite declining sales and profit margins due to the slow-down on the international coke markets, both in this business segment as well as in the chemical trade all group companies are reporting profits.

After the energy trading suffered from relatively low price levels at the beginning of 2005, an upward trend became noticeable in the course of March 2005. Nevertheless results were positive while this business segment had suffered substantial losses in the 1st quarter of 2004 due to over-capacities on the transmission market.

In the logistics division, the most significant contribution to earnings came from PCC Rail Szczakowa S.A., our largest transport company, but the other group members active in this segment added to the bottom line, too.

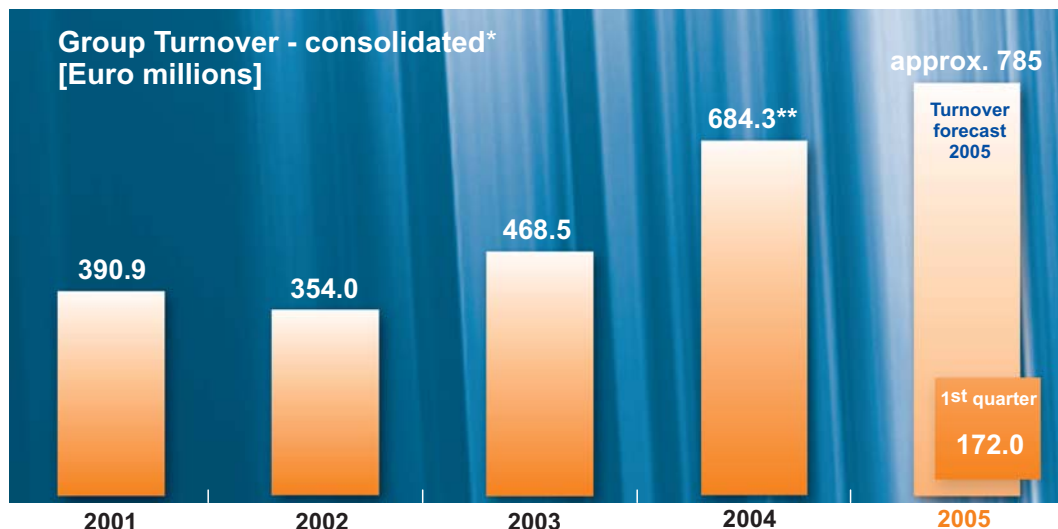
Thus overall, the 1st quarter has provided a firm foundation for promising business trends in 2005.

Further development of electricity trading

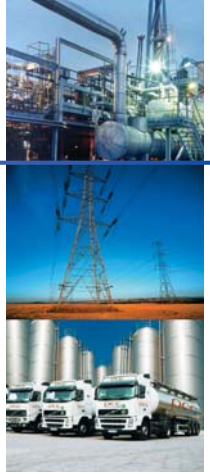
Electricity trading in south-east Europe continued to be developed in the first three months of this year. For the first time, electricity purchased in the Balkans was placed directly on the German market.

CO₂ emission trading expands PCC range of offers

As part of international efforts to protect the climate, an EU emissions trading directive came into force in October 2003. It determines which businesses have to participate in emission rights trading across Europe from 01.01.2005. The companies



* in the PCC Group basis of consolidation from 2003: PCC Rokita S.A., from 2004: PCC Rail Szczakowa S.A.
 ** Rectification on 18th May 2005 due to modifications of the basis of consolidation



affected were assigned emission entitlements in the autumn of 2004. They have to work with them from 2005 on. The right is given with an entitlement for one ton of carbon dioxide (CO₂) to be emitted. Those emitting less can either save the excess entitlements or sell them. On the other hand, those having fewer entitlements than needed can either undertake steps to reduce emissions or additionally buy entitlements.

PCC has been amongst those active on this market since December 2004. Trading deals have already been concluded internationally. The idea is also for certificate trading to be offered to those industrial companies that have no market access of their own. In this way, PCC widens its range of offers by a further product.

**6.5% emission closed
7.0% bond for current subscription**

As PCC can increasingly cover the need for short-term funds from operative cash flow, the issuance of short-term bonds has been stopped for the time being. Thus the emission of the short-term corporate bond of Petro Carbo Chem GmbH (6.5% p.a.), on which notice can be given, is closed.

The 7.0% bond of PCC AG (ISIN DE000A0DL8H) can continue to be subscribed. As usual, it provides for quarterly interest payments. The bond has a final maturity date of 1 April 2008.

**Treatment of paid
accrued interest with the buyer**

The "accrued interest pot" plays an important role in matters of paid accrued interest. Virtually it is formed for source-deducted tax on interest, but only when a bond is bought through a bank. The paid accrued interest is posted as credit balance. The bank retains no source-deducted tax on interest from interest arising in the same calendar year up

to this credit balance. This ensures that interest is pocketed tax-free up to the personal tax exemption figure of EUR 1,421 for single persons and EUR 2,842 for those under joint assessment.

Given that bonds are not bought through a bank - as is the case with PCC bonds then the paid accrued interest cannot be placed by the depositary bank into the "accrued interest pot". As a result, investors collecting interest over and above the exemption amount pay tax on the accrued interest paid. To get back these tax amounts, the paid accrued interest must be filed for in the income tax return.

**Open Day
Bakken comes to Duisburg**

Our Open Day is planned for Saturday, 18 June between 12.00 am and 5.00 pm.

Our board of directors will be on hand to answer questions during the first hour. You can, of course, also turn to our employees at any time during the day.

The music we have chosen this year covers two sorts and thus provides an interesting contrast.

Between 1.00 pm and 3.00 pm "Intakt", the Big Band of the Clara-Schumann Music Academy in Düsseldorf will be playing. Here young musicians under the direction of Romano Schubert give of their best in matters of swing. They have already recorded three albums the "Lizenz zum Tröten" CD being the latest one.

We have an absolute highlight for you between 3.00 pm and 5.00 pm. We have managed to get Rebekka Bakken, a young Norwegian artist, to come over to us in Duisburg. She mostly sings lyrical jazz but also mixes pop, rock and some blues with catchy jazz melodies. Rebekka Bakken is currently on tour in Germany, Austria and Switzerland.