




Business Development

In the first quarter of 2008, the PCC group generated consolidated sales revenues of EUR 232 million. Revenues thus fell EUR 8 million short of the amount registered in the corresponding period of last year (EUR 240 million), yet earnings before interest, tax, depreciation and amortization (EBITDA) rose by EUR 770,000 compared to the same period last year. The EBITDA amounted to EUR 13.5 million as per 31 March 2008, compared to EUR 12.8 million as per 31 March 2007. Earnings before tax reached EUR 3.1 million in the first quarter of 2008, exceeding our expectations by about EUR 300,000.

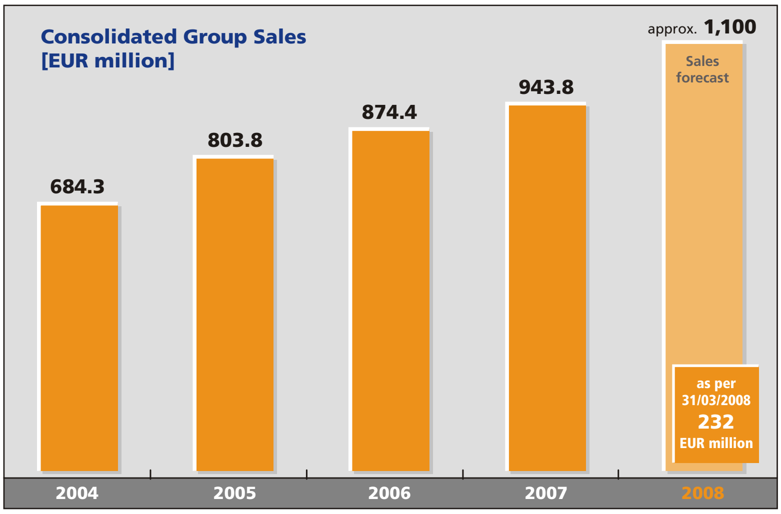
In the individual business divisions, the following trends were observed:

From January 2008, the production companies of the Chemicals division were supplemented by the raw material trading companies Petro Carbo Chem GmbH and C&C Coke and Coal Products GmbH (both headquartered in Duisburg) as well as Czech PCC Morava-Chem s.r.o. and Finnish Petro Carbo Chem Oy. The sales revenues of this division reached nearly EUR 130 million in the first quarter of 2008. Operating profits and earnings before tax generated by the division were clearly higher than planned.The division's largest production company, PCC Rokita SA, benefited primarily from the extremely positive development of Rokita-Agro in the first quarter of 2008. Following changes to its sales strategy, this subsidiary substantially increased its market share in Poland and considerably exceeded its forecasts for the first quarter. Another factor contributing to this development was the current situation on the food market, which has been spreading to the industries related to food production, facilitating higher sales prices there.

The Energy division now comprises Duisburg-based electricity supply company PCC Energie GmbH, Polish heat supply company ZE-Blachownia Sp. z o.o. (with PCC holding 58.18 per cent of the shares) and the newly founded trading company PCC Energy Trading GmbH in Duisburg as well as all companies involved in power plant projects. In the first quarter of 2008, this division generated sales revenues of EUR 49 million. However, they turned in a small loss on an operating basis as well as on a pre-tax basis. One of the reasons for this is the fact, that PCC Energie GmbH and PCC Energy Trading GmbH were not able to achieve margins that would be sufficient to cover their fixed costs. Additionally, the power stations of the PCC DEG Renewables GmbH and the Bosnian company GRID BH d.o.o. are still in the project or construction phase. Thus, neither company can be expected to turn out profits in the short term.

The consolidated sales revenues of the Logistics division amounted to EUR 64 million in the first quarter of 2008. The division earned a substantial profit, as did the Chemicals division. However, EBITDA and earnings before tax (EBT) fell short of our expectations. One of the main reasons for this is a further decrease in sales prices against a back-drop of continued intense competition. At the same time, costs (e.g. energy costs) continued rising in the first quarter of 2008. Another adverse effect are the increasing interest payment obligations of the PCC Rail group resulting from accomplished investments and acquisitions (PTKiGK S.A., Rybnik).

In a short-term perspective, this development shall be addressed by cost reductions. In the longer term, synergies resulting from the integration of the Rybnik group



with the PCC Rail group as well as the projected expansion of the container transport business of PCC Intermodal S.A. will yield positive results for the Logistics division.

PCC Rail expands in Poland

Following the acquisition of controlling stakes in two large Polish rail operators PTKiGK S.A., Rybnik, and PTK Holding S.A., Zabrze, PCC has now - led by PCC Rail S.A. - achieved a share of about 6.5 per cent in Poland's rail cargo market. Including both companies headquartered in Upper Silesia, PCC now employs roughly 8,200 people throughout the world. The group-owned rolling stock today comprises 330 locomotives and nearly 9,000 goods and tank wagons. Additionally, PTKiGK S.A. owns workshops including a roofed area of more than 23,000 sq m. More than 340 employees are engaged in maintenance, repair and modernisation of the group's rolling stock and in services for external clients.

PCC Rail Containers renamed PCC Intermodal

Due to the planned listing of PCC's subsidiary PCC Rail Containers Sp. z o.o. on the stock exchange, the company had to change its legal status from a Polish limited liability company to a joint-stock company. This change was accompanied by a change of the company's name in the first quarter of 2008. The company which is primarily engaged in intermodal transport is now called PCC Intermodal S.A. The company's headquarters were transferred from Jaworzno in Silesia to Gdynia in the Gdańsk metropolitan area at the Baltic Sea. The stock exchange listing in Warsaw is scheduled for this summer provided that market conditions are favourable. The proceeds from the sale of about 10 per cent of the shares will be invested in new container terminals in Wrocław, Poznań, Łódź, Warsaw and other locations. The company plans to open six or seven terminals by 2010, supplementing the existing terminals in the ports of Gdańsk/Gdynia and Szczecin/Świnoujście and forming a national network for intermodal transports.

The company currently achieves growth rates of more than 12 per cent every month. Having closed 2007 with overall sales revenues of PLN 26.8 million (EUR 7.4 million), the company generated revenues of PLN 10 million (EUR 2.8 million) in the first three months of this year alone. This is caused by a substantial rise in container transport volume. In 2007, the company carried 15,300 containers. After the first four months of the current year, this number was already at 10,300 containers. PCC Intermodal currently runs about 100 container block trains per month in Poland, and the upward trend continues.

New sulphonation plant at PCC Rokita completed

In a construction time of 15 months, PCC Rokita SA completed its second sulphonation plant allowing for the increased production of surfactants. Investment in the production line amounted to approximately PLN 90 million (EUR 26.5 million), the payback period is estimated at eight years. The production line has an annual capacity of 30,000 tons, three times more than the previous capacity of 10,000 tons. At the moment the new production units are still being tested, their final commissioning is scheduled for May/June. The new installation possesses a pipeline connection with production line No. 1. State-of-the-art technologies will ensure high product quality and eventually a good position on the European and global markets.

PCC Rokita initiates the "ChemiPark" technology park

In 2007, PCC Rokita S.A. initiated the establishment of the research and technology park "ChemiPark Technologiczny Sp. z o.o." on its premises in Brzeg Dolny. The Park is designed to become an interface between science, business and administration, facilitating the development of innovative technology and product solutions. Its primary aim is the transfer of research results into production. The project includes new laboratories, a business centre and a business incubator. External companies deciding to invest here can make use of the specialised infrastructure of the chemical plant. The park offers 73 hectares of land for investment.

Bond redemption / Current emissions

On 1 April 2008 PCC redeemed its 7.00% bullet bond coded WKN A0DL8H. The redemption volume was EUR 11.9 million.

Presently direct orders can be placed via PCC SE at no charge for the 7.00% bond WKN A0S8DY and the 8.75% profit participation certificate WKN A0MZC3. Both securities are listed on the Open Market of the Frankfurt Stock Exchange (FSE). The published version of the securities prospectuses is available as a PDF file on our website (www.pcc.eu). Paper copies of the prospectuses can be ordered without commitment by phone on +49 [0]2066 90 80 90 or e-mail at wertpapiere@pcc.eu.

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