

### Business Trends

In Q2 2005, PCC Group generated consolidated sales revenues of roughly EUR 215 million, and - mainly thanks to positive growth trends in the chemical production and logistics divisions - earnings before taxes (EBT) of EUR 6.9 million. As per 30 June 2005, PCC Group reported an EBT of EUR 11.4 million and a turnover of EUR 386.7 million.

In Q2 2005, the most significant share of earnings was once more contributed by the chemical production division. The earnings generated by chemical production at both PCC Rokita (fine chemicals, polyols, and chlorine) and PCC Synteza (bisphenol A and nonylphenol) significantly surpassed earnings forecasts; among other factors, this can be attributed to the relatively high level of prices on the selling side. However, due to plant downtime as a result of regular maintenance works in July and August 2005, earnings are expected to decline in this division in Q3.

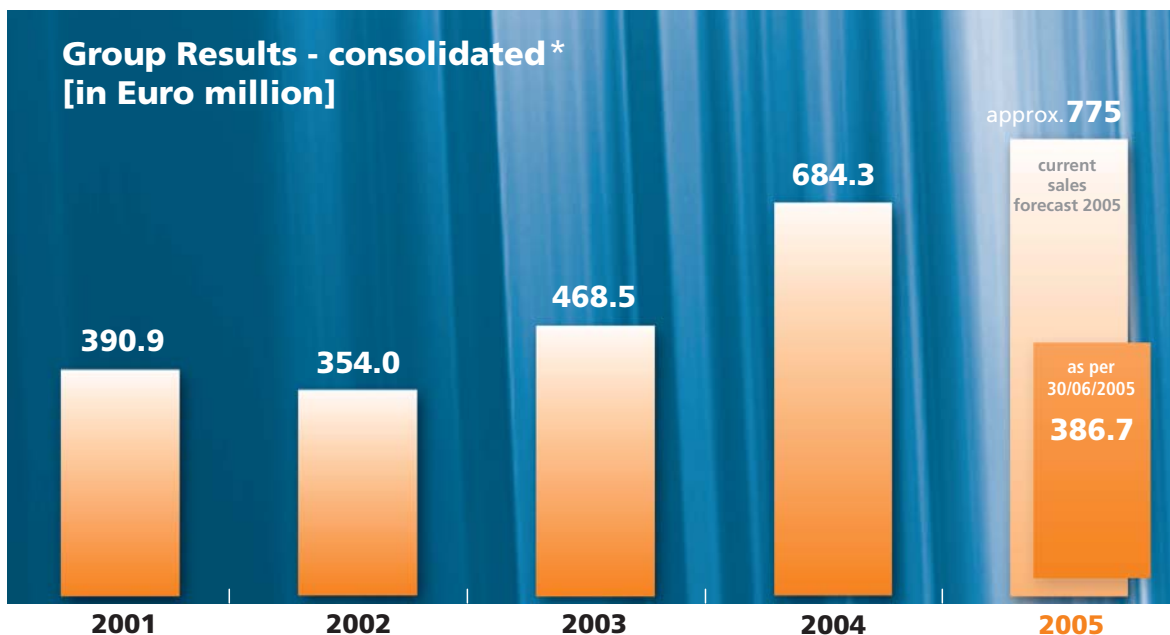
While the logistics division, too, reported very positive results for Q2 2005, the performance of the trading division, on the other hand, significantly lagged behind

our expectations. This decrease can mainly be attributed to the growing level of transparency in the European electricity markets as well as to the dramatic drop in prices for coke, which continued at the beginning of Q3. On the whole, these developments resulted in a drop in margins and hence lower, albeit positive, results.

In the quarters to come, we are planning to coordinate even more intensively the energy trading activities of our individual affiliates and to optimise our complementary purchases from South-Eastern Europe. We are confident that these measures will provide positive stimuli for our energy trading division.

Moreover, we are expecting - for Q4, at least - a stabilisation in the coke market, which is also likely to have positive implications on our affiliated companies operating in this business area.

Nevertheless, the results of 2005 are unlikely to reach the exceptionally high level of last year's results (EBT of EUR 17.5 million) and are expected to decrease slightly in year-on-year terms.



\* part of the consolidated entity of PCC Group since 2003: PCC Rokita S.A. since 2004: PCC Rail Szczakowa S.A.



### **Access to four European Energy Exchanges**

In Q2, Petro Carbo Chem GmbH, PCC's German trading subsidiary, commenced trading at two additional energy exchanges: in France and in Italy.

Presently, PCC is actively involved in energy exchange trading at EEX, Leipzig, at EXAA, Graz, and at Powernext, Paris. Once the listing procedures have been completed, PCC Group will also commence trading in Rome.

### **PCC Energia established in Sofia**

We further extended our presence in the Balkan markets. In view of new framework conditions for the allocation of the right to wheel power through transmission grids, to be implemented by South-Eastern European network operators, and the further opening of the Bulgarian and Romanian electricity markets (candidates for EU accession in 2007), we initiated the establishment of subsidiaries in Q2 and/or applied for energy trading licenses.

### **PCC Energie supplies Power for Locomotives in Deutsche Bahn Network**

PCC Energie GmbH, the Duisburg-based Group subsidiary, is the first energy supplier in the history of the liberalisation of the German rail system to feed power into the network of Deutsche Bahn AG in order to supply the engines of the Essen-based railway operator rail4chem Eisenbahnverkehrsgesellschaft. PCC Energie succeeded in providing the railway electrification system and the energy required precisely to the requirements of rail4chem.

Following the highly successful completion of the one-month piloting phase, in which the process of wheeling power into the grid of Deutsche Bahn was tested, PCC Energie immediately commenced preparations for supplying all electric locomotives of rail4chem throughout the entire railway network. If the project continues successfully, rail4chem and PCC Energie will intensify their collaboration in the long term.

### **Listed PCC Bond issued**

Since 1 July 2005, the new 7% bearer bond of PCC AG (ISIN DE000A0EY6Q4) is available for subscription. The bond's maturity date is 1 July 2010 and, as usual, interest is paid quarterly. The issue price and the amount repayable on final maturity are 100%, respectively.

Another novelty is the fact that the bond has been listed for trading in the OTC-market segment of the Frankfurt Stock Exchange (FWB), making it possible for all bondholders to dispose of their bonds, completely or partly, via their depository bank. The disposal is subject to a handling fee to be determined by the depository bank.

For intermediate disposals via the stock exchange, it is advisable to set a price limit with your bank. This means you fix the lowest disposal price that is acceptable to you; the bond will not be sold below this price limit. Orders to sell without a price limit will be "sold at market", i.e. the amount of your sales revenues is indeterminate, as you accept any disposal price.

Please note that it may not be possible at all times to dispose of bonds at fair market prices. The tradability of bonds is subject to various factors, and, at times, disposals may be difficult or only possible at unfavourable prices.

### **Management Report 2004**

From now on, PCC AG's annual report for business year 2004 is available online in German and English. Please visit our internet address [www.pcc.de](http://www.pcc.de), access the menu "Corporate group" and go to "Annual Report". The corresponding pdf file "Annual Report 2004" may be downloaded from this location (approximate file size: 2 MB).