

Business Development

In the third quarter of this year, PCC Group registered sales revenues of EUR 205 million, bringing consolidated sales revenues for the three quarters ending on September 30th, 2006, up to EUR 663.6 million. Profit before tax (EBT) for the period was EUR 6.7 million as of September 30th, 2006, down from EUR 7.8 million during the first six months.

There are various reasons for this development:

Due to the entirely unexpected supply shortage of electric power from Poland, the energy trading business unit continued to incur losses that could not be made up for by the positive results achieved during August and September. We do expect this business unit to yield stable profits during the fourth quarter of 2006, however, the business will again incur a loss for the whole of 2006, as layoffs and other restructuring measures will only be reflected in the financial results for 2007.

The profits of the Chemical Production Division rose just modestly during the 3rd quarter of 2006, which was in line with expectations. On the one hand, this was due to the fact that the weaker summer months are used for regular maintenance works at the production lines of PCC Rokita S.A. and PCC Synteza S.A. On the other hand, PCC Synteza's profits suffered from a temporary shortage in raw material supply caused by simultaneous production outages at two important input material suppliers. Expected seasonal losses of Rokita-

Agro caused additional strain on the results of PCC Rokita S.A.

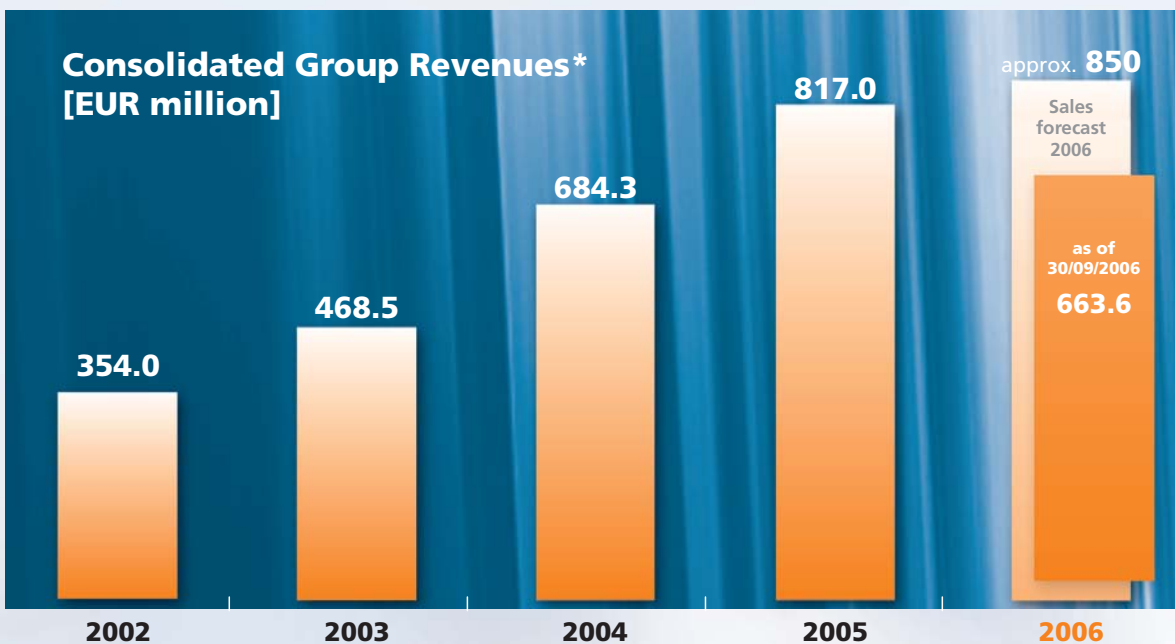
The Logistics Division in the 3rd quarter of 2006 continued to develop according to expectations, although on a lower level than in the first half of 2006 due to seasonal effects. During the 4th quarter of 2006, we expect profits to rise in this division as well as in the Chemical Production Division.

We do maintain our forecast of consolidated sales revenues to the tune of more than EUR 850 million for the whole of 2006. However, as a consequence of the developments related above and a considerable rise in PCC AG's interest expenses, the financial result will come in at about EUR 5 million (EBT), thus remaining substantially below our original forecasts.

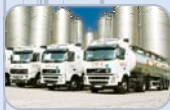
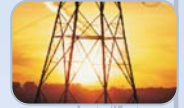
Planned Acquisition in Poland did not Materialize - Early Redemption of Bonds

The Polish Government unexpectedly failed to approve the acquisition of the chemical plants ZAK (Zakłady Azotowe Kędzierzyn) and ZAT (Zakłady Azotowe Tarnów) by PCC, although the transactions had already been cleared by the relevant competition authorities.

After signing the relevant purchase contracts in April this year, PCC undertook intensive preparations for the acquisition of Poland's chemical plants ZAT and ZAK for a price of about EUR 117 million and for the integration of the two plants awaiting privatization.



* PCC's consolidation group comprises:
PCC Rokita S.A. from 2003
PCC Rail Szczakowa S.A. from 2004



The company had made a down-payment of about EUR 20 million after signing the contracts, obtained the necessary approvals from the competition authority and only recently even offered to raise the purchase price by another EUR 12.5 million.

The closing of the transaction was scheduled for the middle of November. On October 27th, 2006, PCC was unexpectedly notified that the Polish Ministry of the State Treasury would not approve the privatization of the two plants. The implausible justification of this decision leads to the suspicion that it was taken not so much for economic reasons, but primarily on the basis of political and nationalist motives of the new Polish government. PCC AG reserves the right to undertake legal steps regarding the conduct of this procedure.

The company will now reduce the cash resources that have been created in preparation of these acquisitions, one of the steps being the early repayment of bonds as per January 1st, 2007, with the aim of lowering interest payment obligations for 2007. The bonds will be redeemed at 100% of their face value. This refers to PCC AG's bond issue with the registration code WKN A0BM8U bearing an interest coupon of 7%, as well as three issues of the subsidiary Petro Carbo Chem GmbH with an interest coupon of 6.5% coded WKN 780482, A0BM8T and A0DL8J.

Preussner New Chairman of the Supervisory Board - PCCAG will be Transformed into a S.E.

On October 11th, Waldemar Preussner was elected the new Chairman of the Supervisory Board of PCC AG after resigning from his office as Chief Executive Officer a day earlier. The previous Chairman of the Supervisory Board, Dr. Jürgen W. Stadelhofer, will continue to serve as a Member of the Supervisory Board of PCC AG until the end of the year, thus ensuring continuity in the management of PCC Group. Reinhard Quint retains his position as Vice Chairman of the Supervisory Board. Dr. Franz Josef Kruger has left the Supervisory Board with immediate effect.

The reasons for the change in the Chairmanship of the Supervisory Board are, on the one hand, the desire of Dr. Stadelhofer to reduce his involvement at PCC in order to gain more time for new activities.

On the other hand, this change should be seen as preparation for the intended change of PCC AG's legal form into a European Corporation, a so-called "Societas Europaea" (S.E.), to be carried out as a consequence of

the continuing expansion and increasing internationalisation of PCC Group. Assuming successful implementation of the plans, the S.E. shall have a monistic management structure, i.e. the previous dual system of Management Board and Supervisory Board will be replaced by a Board of Directors made up of both executive as well as non-executive members. This body is planned to be chaired by Waldemar Preussner.

The incumbent Management Board of PCC AG is represented by Dr. (BY) Alfred Pelzer (since 2001) and Ulrike Warnecke (since 2004). Both of them will be Managing Directors of the planned S.E., thus continuing to serve as members of the company's top management.

At this point, we wish to thank former Supervisory Board member Dr. Kruger for his much appreciated work.

New Structure at Logistics Division

PCC Group's Polish subsidiary PCC Rail Szczakowa - one of Poland's largest rail operators - last year moved about 8.7 million tons of goods. This corresponds to nearly 80 percent of the transport volume of all PCC companies, amounting to 11 million tons. Taking into account this dominant position within the group's logistics division, steps have been taken to give the division a new structure with PCC Rail Szczakowa taking the leading position.

During the 3rd quarter, ten of the group's fully consolidated logistics companies from Poland, Germany and the Czech Republic were subordinated to PCC Rail Szczakowa, which on November 16th was renamed into "PCC Rail S.A." - a name that is easy to remember even internationally.

Apart from the creation of a unified outward image, this new structure will concentrate and enhance synergy effects within the division.

Bullet Bond Redeemed

PCC AG's 7% bullet bond, issued on January 1st, 2004 (code WKN 833491), matured on October 1st, 2006. The repayment sum amounted to EUR 9.97 million.