

**Business Trends**

Thanks to the favourable and well-above planned trends in the chemical production and logistics divisions, the PCC Group overall ended the 4th quarter of 2005 on a positive note. In these three months it recorded earnings before taxes of some EUR 5m with sales revenue at EUR 263m.

In evaluating these figures it must be remembered that even though the trading/energy division is responsible for some 2/3 of sales revenue, it still reported losses for the 3rd and 4th quarters of 2005. The losses, on the one hand, are again down to energy trading and, on the other, to trading with coal for power plants. For this reason, the latter trading was completely stopped at the end of the year.

In contrast, business trends in the chemical production division developed very favourably. In particular, PCC Rokita S.A., in the Lower Silesian town of Brzeg Dolny, clearly surpassed our expectations in the 4th quarter of 2005. Usually at this time of the year the overall Rokita result is seasonally affected by losses of Rokita-Agro (pesticides producer). But in 2005 thanks to relatively high-priced export orders coupled with a favourable USD/PLN exchange rate Rokita-Agro contributed positively to the overall earnings of PCC Rokita S.A.

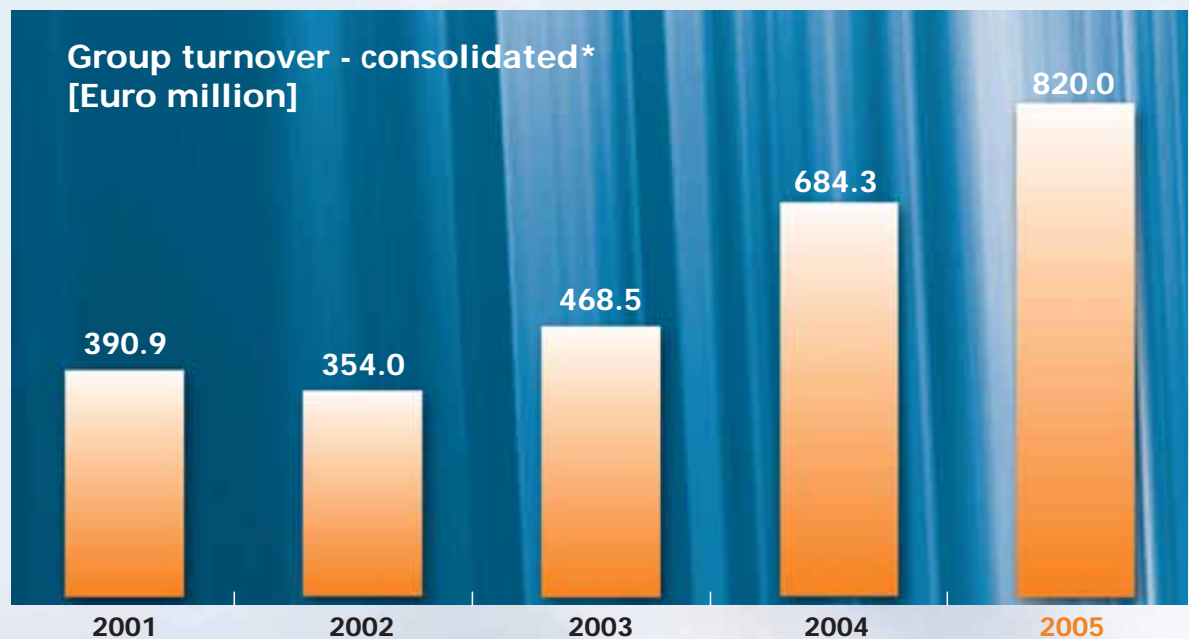
Trends were as planned in the logistics division in the 4th quarter of 2005 and all its companies concluded 2005 on a positive note. The takeover of PCC Rail Coaltran Sp. z o.o. in Warsaw which was finalized in December should help in seeing more growth in this division in 2006.

All in all, the PCC Group recorded a consolidated sales revenue of over EUR 820m and its earnings before taxes (EBT) of just under EUR 17m were roughly at the 2004 level (EUR 17.5m).

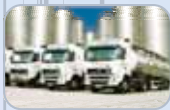
We expect business to proceed positively in all three divisions during 2006. In all probability, the biggest contributors to earnings will again be the chemical production and logistics divisions.

**PCC buys American company**

The PCC Group is now also represented overseas. By purchasing the CHEMAX Performance Solutions/ Polymer Additives division of Rütgers Organics Corporation (ROC), PCC is expanding its chemical sector in the USA. PCC CHEMAX, Inc. has its head offices in Piedmont, a suburb of Greenville, South Carolina. Following finalization, to all intents and purposes, of the negotiations between ROC and PCC in



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



December 2005, the formal takeover took place on 7 February 2006.

The idea is for CHEMAX, amongst other things, to contribute to extending the PCC Rokita product portfolio on the markets in Europe and Asia.

CHEMAX develops and markets surfactants. The new PCC subsidiary does not have any production capacities of its own but has its products made by toll manufacturers. The company's customers are "compounders". They use surfactants from the CHEMAX laboratory as a constituent of their own products and traditionally supply companies in the plastics, metal and textile industries. Two years ago CHEMAX also gained the crude oil industry as a sales market.

With a workforce of 27, CHEMAX recorded a sales revenue of approx. US \$ 16.8m in 2005.

Over and above the geographical benefits of a PCC location in the United States, a variety of opportunities arise for close cooperation of our chemical companies.

The coming cooperation within the PCC Group will be focused on expertise transfer from PCC CHEMAX to the PCC Rokita chemical manufacturer in Poland. This will stimulate the sale of refined products in Europe and Asia.

The American distribution channels can also be used for our Polish products. In return, PCC Rokita supplies CHEMAX with raw materials such as ethoxylates. The CHEMAX labs will increasingly be used for mutual product development purposes.

#### **PCC obtains energy trading licence in Bulgaria**

In December 2005 PCC trading subsidiary Petro Carbo Chem GmbH obtained the energy trading licence for Bulgaria. This has created the requirement for participating in the deregulated electricity market which will come into being with Bulgaria joining the EU, as planned, in 2007.

#### **PCC Capital GmbH finances medium-sized companies through factoring**

PCC Capital GmbH established in mid-2005 started business as a factoring company in the last quarter of 2005. PCC Capital purchases customer receivables of

medium-sized companies for cash and thus allows them to grow without turning to the banks. The transactions are handled in close collaboration with a co-operation partner.

To a far greater degree than when PCC was founded, medium-sized companies are today curtailed in their development by the increasingly restrictive loan issuing policies of the banks. Factoring can be an attractive alternative particularly for smaller companies where other ways of acquiring liquidity outside the banking world - such as the issuance of bonds - are (still) not suitable.

Not least because of its own painful experience and in search of other promising business fields, PCC decided to become active here through its PCC Capital GmbH subsidiary at the end of 2004. The first purchases of receivables were completed at the beginning of 2006 following the setup phase and intensive marketing steps.

#### **PCC Rail Szczakowa takes container trains from Poland to Germany**

On 13 December 2005, PCC Rail Szczakowa S.A. started taking container trains on a weekly basis from Plock in Poland (north-west of Warsaw) to Groblehna in Saxony (Germany).

#### **7% bond raised**

In mid-December PCC AG raised the issue volume of the current, quoted 7% bearer bond (ISIN DE000A0EY6Q4) to EUR 40m. The issue of a successor bond has been deferred. Future issues are also planned for trading on the Frankfurt Stock Exchange. Corporate and financial information can always be found under [www.pcc.de](http://www.pcc.de).