

### Business Development

As expected, PCC Group generated sales revenues of nearly EUR 200 million during the last quarter of 2006, raising consolidated sales revenues for the year ending 31 December 2006 to EUR 860 million. Pre-tax profit for 2006 came in at about EUR 5 million as forecast in our quarterly report for the third quarter of 2006, thus remaining clearly below our original expectations.

This development was caused by the losses of the energy trading business unit, as explained in the previous quarterly reports, and by the substantial rise in interest payment obligations of PCC SE. We will announce the final results immediately after the approval of the annual report for 2006.

### Revenue forecast for 2007

In the Trade Division, we expect turnover to shrink by about EUR 60 million due to a substantial decline in the energy trading business of Petro Carbo Chem GmbH. However, according to our expectations this will be compensated for by higher revenues in the Chemical Production Division (+ EUR 50 million approx., partly due to the expanded output capacity for polyol at PCC Rokita SA) and in the Logistics Division (approx. + EUR 10 million).

Our planning will thus be based on the assumption that consolidated sales revenues will remain stable.

### Profit forecast for 2007

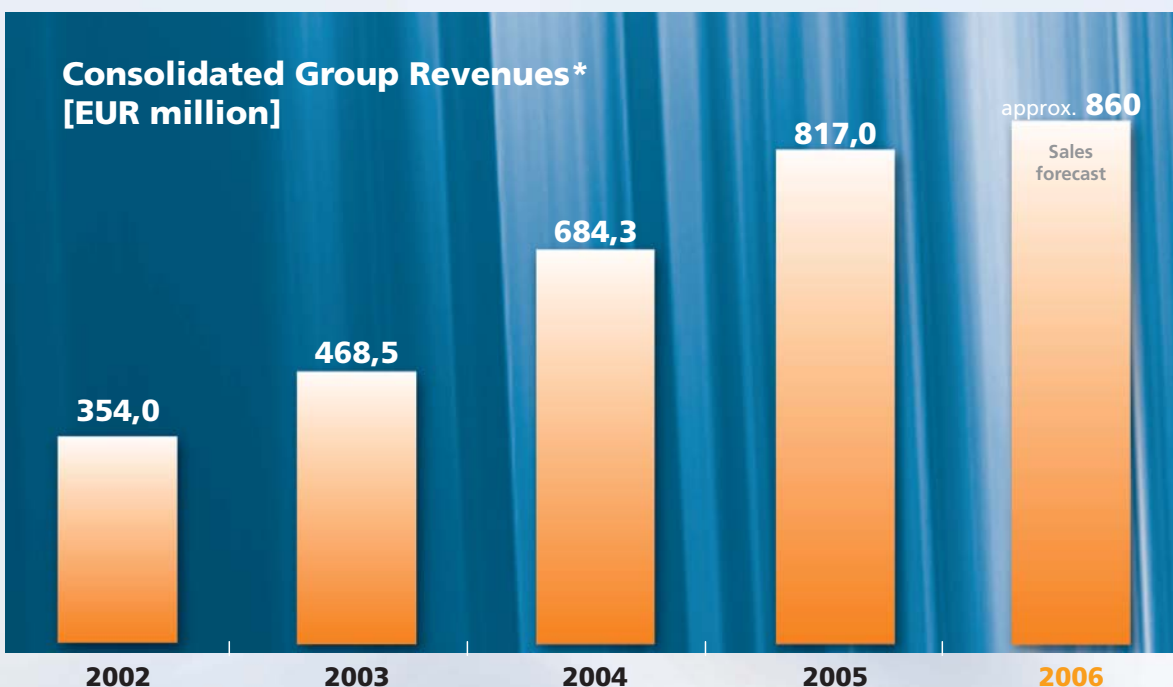
As a result of the completed restructuring and tightened risk-management guidelines, we expect the Trade Division to swing back into profit in 2007. In the Chemical Production Division, the investments planned for 2007 are likely to result in higher interest payment obligations and higher depreciation and amortisation expenses. As a consequence, the division's pre-tax result will probably remain below last year's result, but will nonetheless show a clear profit. For the Logistics division, we forecast a slightly improved and equally positive outcome.

Consolidated profit before tax should surpass EUR 10 million in 2007.

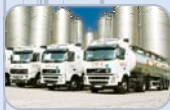
### PCC goes European - PCC AG becomes PCC SE

PCC AG has accomplished the transformation into a European Company - Societas Europaea, abbreviated SE - and assumed the new name PCC SE. The management board of PCC AG made the decision concerning the change of the legal form on 27 September 2006, and it was endorsed by the shareholder's meeting on December 27, 2006. On 5 February 2007, PCC SE was registered and assigned entry number 19088 in Commercial Register B of Duisburg's District Court (Amtsgericht Duisburg HRB 19088).

Even though our roots are in Germany and will remain



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



there, the focus of our internationally active company - we now have subsidiaries in 17 countries - is clearly Europe. It is this broadening international scope of business that PCC as a holding company wishes to honour by adopting the new legal form. The transformation into a SE is intended to send out a clear signal about the European identity of our Company as well as strengthen our social and cultural position in the European Union and beyond.

Due to the new monistic structure, the two bodies of the joint-stock company (Executive Board and Supervisory Board) have been substituted by a Board of Directors. Chairman of this body is Waldemar Preussner, previously Chairman of the Supervisory Board. Reinhard Quint, previously Vice Chairman of the Supervisory Board of PCC AG, continues as a member of the Board of Directors. PCC AG's Executive Board members Ulrike Warnecke and Dr. rer. oec. (BY) Alfred Pelzer will be the Managing Directors of PCC SE in charge of Executive Management. Dr. Pelzer also joins the Board of Directors as its Vice Chairman.

Transforming into a SE, PCC formally implements what has become daily business for the group's subsidiaries: PCC has clients and employees all over Europe, and more than 50% of consolidated turnover is already being generated outside Germany.

The change of its legal form gives PCC a new, modern and international appearance in times of growing globalization and integration of the global markets.

#### **Change of reference for bonds issued by PCC AG**

As a result of the change of the legal form, all references to PCC AG in bonds issued before 5 February 2007 will be substituted by references to PCC SE. With the exception of the new references to PCC SE, the validity and applicability of the Terms and Conditions of all bonds remain unchanged.

#### **PCC Rail SA and ARRIVA PLC sign joint venture agreement to collaborate in passenger rail transport**

On 19 December 2006, PCC RAIL S.A. as one of Poland's leading private rail logistic companies signed an agreement with ARRIVA PLC, one of the largest public transport companies in Europe. In line with the

agreement, both companies will enter into a permanent, long-term partnership and create a joint venture company in Poland which will offer passenger rail services on the territory of Poland. The shared know-how combined with the technical and staff resources of PCC Rail SA and ARRIVA PLC will be decisive factors in the implementation of passenger rail service projects.

#### **REACH Regulation adopted**

In December 2006, the EU passed the so called REACH Regulation to reform European legislation concerning chemicals. According to the European Union, this directive for Registration, Evaluation and Authorisation of Chemicals (REACH) is intended to improve the protection of human health and the environment. We share the view that it is highly important for authorities but above all our customers and processors to have access to the best possible safety-related information about the chemical substances we use.

As far as the costs related for the pre-registration for REACH can be assessed at this stage, provisions have been made in the relevant business plans of PCC Rokita and PCC Synteza for investments in assets and costs for extended administrative measures.

#### **PCC subsidiaries adopt web design of PCC SE**

Most PCC subsidiaries have already implemented PCC SE's latest web design on their websites. The uniform appearance, now also on the Internet, contributes to our continuous efforts to publicise the "PCC" brand. Among the companies that have successfully completed the re-launch of their websites are leading players within their respective sectors like, for example, the chemical group PCC Rokita SA ([www.pcc.rokita.pl](http://www.pcc.rokita.pl)) and the rail company PCC Rail SA ([www.pccrail.pl](http://www.pccrail.pl)).

#### **PCC SE issues 6.5% bond**

On March 15, PCC SE will issue a new bond bearing a 6.5% interest (ISIN DE000A0LRV96). Interest is paid quarterly in line with earlier bonds. The bond will be available on the Open Market of the Frankfurt Stock Exchange from April. The bullet bond matures on 1 July 2013. Subscription documents and a copy of the bond prospectus that constitutes authoritative information for any purchase decisions can be ordered by e-mail at [anleihe@pcc.eu](mailto:anleihe@pcc.eu) or phone on +49 [0]2066 90 80 90.