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Business Development

In the second quarter of 2010, business development in the PCC Group as a whole was better than in the previous quarter. Still, sales and earnings as of June 30, 2010 remained below our original expectations for the first half of 2010.

The PCC Group's consolidated sales amounted to some €143 million in The period under review, taking half-year sales to just under €270 million. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) improved to +€3.9 million as of June 30, 2010. However, another loss was recorded for Earnings before Tax (EBT), reaching a cumulative figure of –€9.7 million as of June 30, 2010.

Apart from the continued high interest burden of PCC SE, this development was caused by the different business performances of the Group's individual divisions, which will be outlined in more detail below.

The Chemicals Division continued to be the main source of revenues and earnings in the second quarter of 2010, significantly improving its performance compared to the previous quarter. One of the main contributors to this outcome was PCC Rokita SA from Brzeg Dolny (Poland), as a result of improved order numbers in the Polyols business unit and the continued positive trends in the Surfactants business unit. Earnings were also positively affected by the sale of surplus CO_2 certificates of this subsidiary in June 2010. The remaining two production companies of the PCC Group – PCC Synteza S.A., Kędzierzyn-Koźle (Poland), and PCC Chemax, Inc., Piedmont (SC, USA) also closed both the second quarter of 2010 and the first half of 2010 with a profit. In this context, PCC Chemax, Inc. was able to capitalise on the overall stabilisation of the US market.

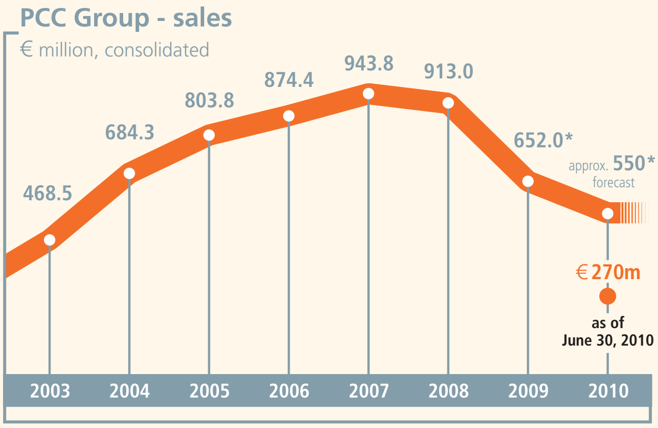
At the largest trading company within PCC's Chemicals division, Petro Carbo Chem GmbH from Duisburg, the favourable trend of the first quarter of 2010 continued. The main reasons for this were above-plan results in the pure and crude benzene trading business and the coke trade, the latter being supported by the continued upbeat mood in the steel industry. In an overall view, the Chemicals division is likely to close fiscal 2010 with a significant profit.

In the Energy division, the situation is quite different: In line with expectations, this division ended both the second quarter of 2010 and the first half of 2010 with an overall loss. The main reason for this are the continuing losses incurred by PCC Energie GmbH, Duisburg. Restructuring measures taken at this subsidiary are gradually starting to show an effect, however, they will in all likelihood result in profits not before fiscal 2012.

On the other hand, ZE-Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland) closed the first half of 2010 substantially better than planned, which was primarily due to the exceptionally good first quarter as a result of the harsh winter. However, on the divisional level, this was not enough to compensate for the losses of PCC Energie GmbH. The other subsidiaries and affiliates attributable to the Energy division were still in their development phase, or were of minor relevance for consolidated earnings.

The logistics division again incurred a loss in the period under review – as in the first quarter of 2010 – and thus closed the first half of 2010 with an overall result significantly below our original expectations. The essential reason for this was the business performance of PCC Intermodal S.A., Gdynia (Poland) – the dominant subsidiary of this division – which was still below plan. Continued underutilization of routes in the second quarter of 2010 as well as increased pricing pressure exerted by competitors can be identified as the main reasons for this. For the second half of the year, there are signs of improvement in PCC Intermodal S.A. order numbers. Nevertheless, this subsidiary – and thus the Logistics division as a whole – will not be able to turn around before the end of the current fiscal year.

For the Group as a whole, an improved earnings performance can be expected for the second half of 2010 as compared to the first six months, resulting in an increased operating profit (EBITDA). Earnings before Taxes (EBT) will, however, in all likelihood be negative.



* The sales decrease is mainly caused by the sale of "PCC Logistics" to Deutsche Bahn AG in July 2009. The sales of this group of companies were consolidated until the end of the first half of 2009.

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PCC. synergies at work

pcc SE

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PCC Rokita SA starts regular production of iPol polyols

Having successfully completed the commissioning phase, PCC Rokita SA began the regular manufacturing of iPol polyols at its new production plant on April 20, 2010. These speciality polyols utilise innovative iPol-tec foam technology. iPol is a special polyether polyol whose processing enables polyurethane foam (PU foam) producers and mattress manufacturers to substantially increase the quality and cost efficiency of their cold-cure foams. Major customers include many of Europe's prestigious foam and mattress manufacturers.

iPol foam is characterised by extremely high resilience and superior comfort. This speciality foam offers long-term elasticity and meets the most severe specifications governing the release of volatile organic compounds (VOC Directive).

Construction of new ethoxylation plant proceeds on schedule

As reported before, PCC Rokita's subsidiary PCC Exol S.A. is building a new ethoxylation plant in Płock, around 100 km north-west of Warsaw and strategically close to the mineral oil and petrochemicals group PKN Orlen SA. This modern production facility has been scaled for an annual production capacity of 30,000 metric tons of non-ionic surfactants (surface-active substances).

The main construction work on the plant – earthworks and sewerage, road construction, structural steelwork and building construction – has now been completed. Currently work is underway on the installation of the process supply lines in the area of the raw material and semi-finished product storage facilities, and in the reactor area. Additionally, electrical systems together with measurement and control equipment are being installed. The cable ducts have been completed, and installation of the cabling has started. Construction of the power distribution system has been finished. Delivery of the measurement and control devices is expected to be completed shortly. Currently, work is being carried out on the commissioning of the control and automation systems. The plant is scheduled to go on stream at the end of October 2010.

PCC Intermodal continues construction of container terminal in Kutno after flood

Following completion of the planning and approval phases, PCC Intermodal S.A. commenced construction work on its intermodal terminal in Kutno at the end of March 2010. In a first step, the ground on the terminal area measuring 80,000 sqm was reinforced to ensure the necessary bearing capacity. However, works were delayed by the floods in May 2010. Although the terminal is in a considerable, safe distance from the Vistula River and the site was not directly threatened by flooding, the heavy rain nevertheless caused substantial damage. Construction and masonry work on the office block and the technical installations building was resumed in June. Preparatory work is currently being carried out for the installation of electrical cabling in the open-air section, and also the water and wastewater piping. Assuming that conditions remain favourable for the ongoing building work, the delay that was caused on the site is likely to be made up, and terminal operations in Kutno can be expected to begin at the end of 2010.

New 6.00 % bond issuance of PCC SE

On July 1, 2010, PCC SE issued a new bearer bond carrying 6.00 % interest. As usual, interest will be paid on a quarterly basis. The bond matures on October 1, 2014. The bond's ISIN is DE000A1EKZN7, while German WKN is A1EKZN. It has been trading on the Open Market of the Frankfurt Stock Exchange (FWB) since mid-July 2010. Issue volume was €35 million, of which the largest proportion has already been placed.

PCC's profit participation certificate yields overall interest of 10.75 % in 2009

PCC's profit participation certificate issued in 2007 yielded an overall interest of 10.75 % in 2009. On top of the annual basic coupon of 8.75 %, certificate subscribers received the maximum 2.0 % profit share for the past fiscal year with their interest payment on July 1, 2010, as a result of the excellent results achieved in 2009.

Annual Report of PCC SE for 2009 now available

Our annual report for the past fiscal year together with the consolidated financial statements for 2009 can now be downloaded as a PDF file (6.8 MB) on our website www.pcc-financialdata.eu. The report is available in the original German version as well as in English and Polish translations.

PCC Investors' Day 2010

On this year's Investors' Day on Saturday, June 19, 2010, some 1,500 current and prospective investors visited PCC's Group headquarters in Duisburg-Homberg and took the opportunity for face-to-face conversations with members of Group management as well as managing directors and product managers of the Duisburg-based PCC Group companies.

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