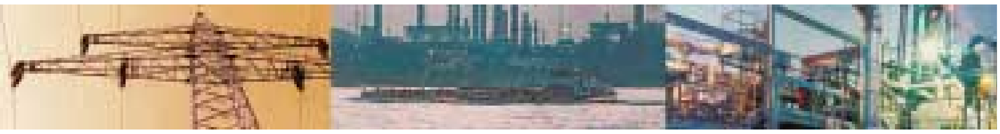
Annual Report **2003**



Geschäftsbericht **2003**

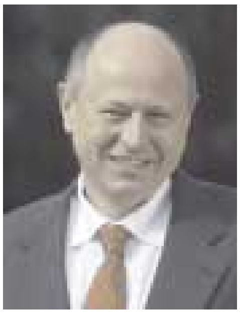
PCC Petro Carbo Chem

PETROCARBOCHEM

Contents

A Word from the Group Chairman

**To our employees, investors,
customers and business partners,**



2003 was a highly successful year for the PCC Group. Aside from the continued organic development of our operative business, growth was

"Let's keep the ball in our court"

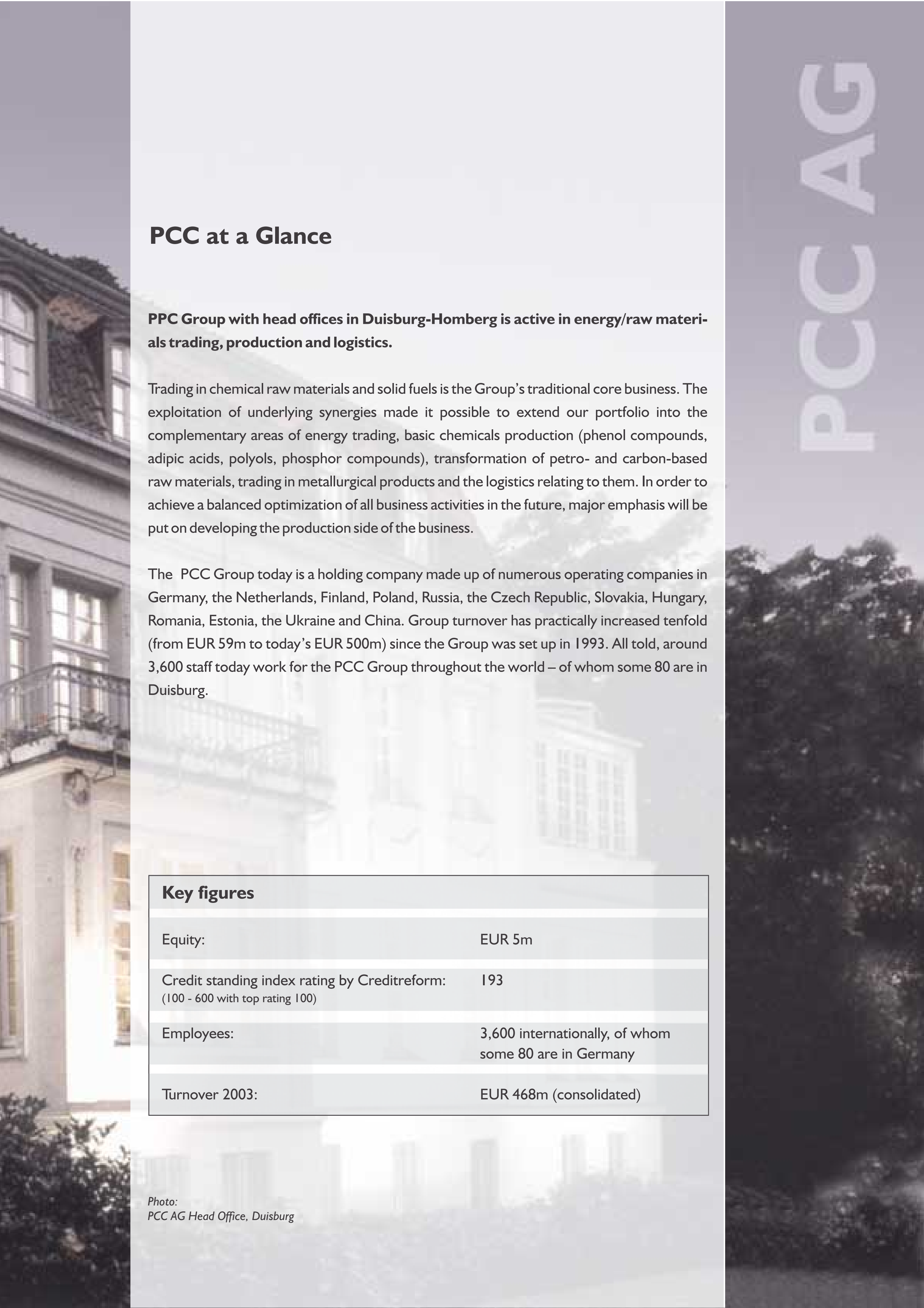
(Waldemar Preussner)

also achieved through acquisitions. As each of our companies is organized as an independent profit centre, the introduction and refinement of internal control mechanisms have contributed to this success in 2003. In this way the synergies between production, trade, energy and logistics come to bear ever more intensively.

Our broadly-based market positioning, both geographically and sector-wise, makes it easier for us to master crises in individual segments of our business. Thus the very weak business situation in Western Europe was more than offset by our strong performance in Eastern Europe and China.

2004 will also see us continuing with our strategy of diversification and internationalization. At the same time, we intend to raise our share of the market in the individual sectors.

Dipl. Volkswirt Waldemar Preussner



PCC at a Glance

PPC Group with head offices in Duisburg-Homberg is active in energy/raw materials trading, production and logistics.

Trading in chemical raw materials and solid fuels is the Group's traditional core business. The exploitation of underlying synergies made it possible to extend our portfolio into the complementary areas of energy trading, basic chemicals production (phenol compounds, adipic acids, polyols, phosphor compounds), transformation of petro- and carbon-based raw materials, trading in metallurgical products and the logistics relating to them. In order to achieve a balanced optimization of all business activities in the future, major emphasis will be put on developing the production side of the business.

The PCC Group today is a holding company made up of numerous operating companies in Germany, the Netherlands, Finland, Poland, Russia, the Czech Republic, Slovakia, Hungary, Romania, Estonia, the Ukraine and China. Group turnover has practically increased tenfold (from EUR 59m to today's EUR 500m) since the Group was set up in 1993. All told, around 3,600 staff today work for the PCC Group throughout the world – of whom some 80 are in Duisburg.

Key figures

Equity:	EUR 5m
Credit standing index rating by Creditreform: (100 - 600 with top rating 100)	193
Employees:	3,600 internationally, of whom some 80 are in Germany
Turnover 2003:	EUR 468m (consolidated)

Photo:
PCC AG Head Office, Duisburg

The Three Core Businesses of the PCC Group

PCC AG

Trading/energy

Petro Carbo Chem GmbH
D - Duisburg

GED mbH
D - Duisburg

C&C GmbH
D - Duisburg

El & Gas N.V.
NL - Ede

PCC OY
FN - Helsinki

Morava-Chem spol. s r.o.
CZ - Cesky Tesin, Prostejov

PCC GmbH
PL - Warschau

PCC S.A.
PL - Gliwice

PCC Energy S.A.
PL - Chorzów

Petromag Oy
FN - Helsinki

Chemical raw materials
Energy, Power
Solid fuels

Production

Synteza S.A.
PL - Kedzierzyn-Kozle

Weglopochodne Sp. z o.o.
PL - Kedzierzyn-Kozle

Rokita S.A.
PL - Brzeg Dolny

Rokita Agro S.A.
PL - Brzeg Dolny

Kosmet-Rokita Sp. z o.o.
PL - Brzeg Dolny

Logistics

PCC Cargo GmbH
D - Duisburg

PCC Cargo S.A.
PL - Chorzów

Sped-Kol Blachownia Sp. z o.o.
PL - Kedzierzyn-Koyzle

Autochem-Rokita Sp. z o.o.
PL - Brzeg Dolny

Kolchem-Rokita Sp. z o.o.
PL - Brzeg Dolny

K.P. Szczakowa S.A.
PL - Jaworzno

J-V-Euro-Line GmbHG
D - Duisburg

Structure of the PCC Group
(Shareholdings in operating companies)

PCC AG conducts its business through stakes in operating companies in Germany and the rest of Europe. Some of the companies below have their own offices in, for instance, Russia, the Ukraine, Slovakia and Hungary.

The presence of Petro Carbo Chem GmbH in China provides a link to the growth markets of Asia.

A strong presence in local markets enables quick and flexible reactions to their often quite disparate trends.

As of 31 December 2003 PCC AG held shares in the following companies:

	in %	in EUR
Petro Carbo Chem GmbH, Duisburg	100.00	2m
GED mbH, Gesellschaft für Energieversorgung und Datenmanagement mbH, Duisburg	100.00	200,000
PCC Cargo GmbH, Duisburg	100.00	50,000
EL & GAS N.V., Ede (Netherlands)	100,00	100,000
Petromag Oy, Helsinki (Finland)	50.00	125,000
Petro Carbo Chem Oy, Helsinki (Finland)	100.00	277,510
Euro-Line GmbH, Duisburg	50.00	25,000
Petro Carbo Chem S.A., Gliwice (Poland)	100.00	appr. 1.7m
Morava Chem spol. s r.o., Cesky Tesin (Czech. Rep.)	100.00	appr. 1.7m
Sped-Kol Blachownia Sp. z o.o., Kedzierzyn-Kozle (Poland)	97.20	appr. 463,000
PCC Cargo S.A, Katowice (Poland)	100.00	appr. 211,000
Rokita S.A., Brzeg Dolny (Poland)	50.32	appr. 1.62m
Synteza S.A., Kedzierzyn-Kozle (Poland)	100.00	appr. 463,000
Weglopochodne Sp. z o.o., Kedzierzyn-Kozle (Poland)	100.00	appr. 347,000
PCC Energy S.A., Dabrowa Górnicza (Poland)	100.00	appr. 194,000
C&C Coke and Coal GmbH, Duisburg	60.00	appr. 240,000
Kopalnia Piasku “Szczakowa S.A.”, Jaworzno (Poland)	34.59	appr. 578,000

Core Businesses

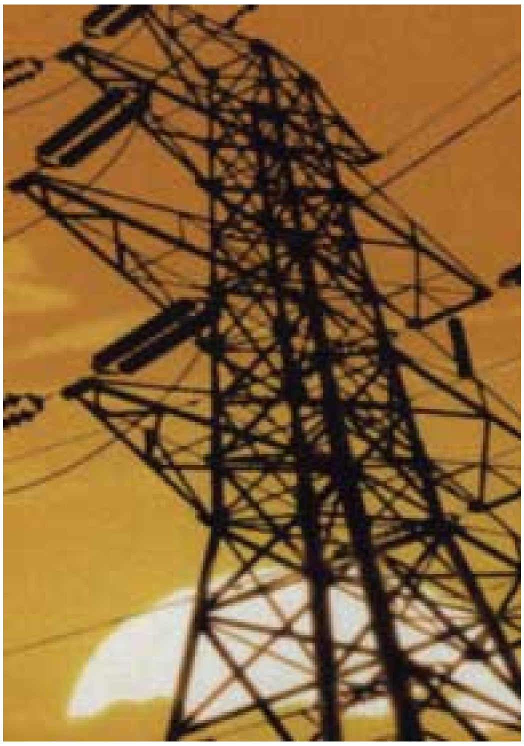
The constant change of conditions in today's global markets also dictates a permanent process of adjustment and adaptation in corporate positioning. Although the PCC Group's original core business in raw materials trading still plays a considerable role, the production and logistics activities are becoming ever more important – as can be seen from the following composition of turnover.

This trend is expected to continue over the next few years. The continued rise of the Group's overall value should be driven by both further diversification within the core businesses and identification of new growth areas.

Turnover by segment (in '000 EUR)	**2001**	**2002**	**2003**
Trading/Energy	**458,516.13**	**399,805.72**	**355,583.51**
Production	**22,156.57**	**147,376.43**	**178,649.04**
Logistics	**18,260.94**	**12,794.16**	**52,085.16**

CORE BUSINESSES

Trading/Energy



This segment's core activity is trading in petro- and carbon-based raw materials and supplying energy. The main trading sectors involved today relate to chemical raw materials and solid fuels. Trading activities (sale of coal to power plants) have led to Group companies becoming active on the liberalized electricity markets. Hence trading in electrical energy has developed into a principal contributor to turnover as well. The operating company Petro Carbo Chem GmbH is now trading on the power exchanges in Germany, the Netherlands and Austria. Trading on the power exchange in France is under way. Turnover of EUR 106.5m was recorded in this segment in the past year, i.e. much lower than in the previous year (EUR 155.4m). But prevailing high price levels and the consistent use of price hedging instruments in futures of the German EEX power exchange produced a significant rise in earnings as against the previous year. For the coming years, the development of energy trading activities is planned for Southern Europe. It can therefore be anticipated that electrical power trading will become ever more important for our company in 2004 and will again be a chief contributor to the bottom line.

The combined EUR 122.4m turnover of the other two trading sectors – chemical raw materials and solid fuels – also contributed significantly to the positive operating result. These trading activities are predominantly generated by the Moscow and Dnepropetrovsk branches (on the procurement side) and the representative offices in Warsaw and Beijing (on the sales side).

Against all expectations, the solid fuels sector has regained relevance for the Group largely due to acute shortages on the coke market (declining deliveries from China). Despite the partial transfer of the coke business onto a newly-established operation in a joint venture with a renowned Polish coke supplier in 2002, sales climbed from 121.41 kilo to. up to 159.25 kilo to. in 2003 – this was reflected in a growth of turnover from EUR 7.7m to EUR 10.9m. The continuing shortage situation will reinforce this trend in 2004 resulting in further rises in coke turnover at attractive margins.

Overall, trading in chemical raw materials was flat in 2003. Both sales and turnover were roughly at the previous year's level. However, different trends manifested themselves within the sector. Specifically, whilst turnover from the coke by-products of crude tar and benzol, together with toluol, caprolactam and adipic acid, rose, methanol and pure benzol, on the other hand, recorded declining figures. This is a result, in part, of other Group companies purchasing directly in Russia. But the main reason is the loss of our market position with a number of Russian suppliers – caused by works restructuring. Thus the methanol business will, in all probability, become less relevant for PCC in the years to come.

Generally, the Russian business boom has driven up prices for raw materials across the board. Consequently, the country has turned from an exporter into an importer for a number of products (e.g. pure benzol). Therefore, PCC's long-term objective is to become an even more prominent raw materials supplier for Russia.

In addition, the development of trading in silicones and chloride-organic hydrocarbons is planned in 2004 in cooperation with one of our long-standing partners in the Ukraine. This should provide positive impulses for PCC's entire trading activities in chemical raw materials.

Production

Based on its core business of raw materials trading and the exploitation of underlying synergies, PCC has, over the years, become a renowned raw materials producer.
Today, PCC has a majority stake of 50.32 % in producing company Rokita S.A. (www.rokita.pl) in Brzeg Dolny, (Poland). A further increase of this stake is planned for 2004. Organic and inorganic products for the paper, detergent, textile, cosmetics and pharmaceutical industries as well as basic materials for pesticides are produced. Rokita S.A. is also an important chloride manufacturer for the paper and textile industries. Furthermore, it is a renowned producer of intermediates, such as polyols which are used in the aerated plastics industry. Here Rokita S.A. already has a 60% market share in Poland. The intention is to double the present European 5% market share over the next few years. In addition, substances for cleaning drinking and service water are produced. The company publishes an environmental impact report, has an ISO certification (ISO 9001, ISO 14001) and participates in the responsible care environment programme.

The „Synteza“ (www.synteza.biz) production plant in Blachownia, Poland, is a 100% owned operating company of PCC AG. It produces basic materials such as bisphenol a, nonylphenol, dodecylphenol and cumylphenol for the Polish and international markets. These are intermediates for the production of epoxy resins (BPA, cumylphenol), non-ionic tensides in slurries (nonylphenol) or greases (dodecylphenol). Progress made over the last few years has resulted in a 100% capacity utilization of production facilities. This company is also ISO-attested (9001) and participates in the responsible care programme.

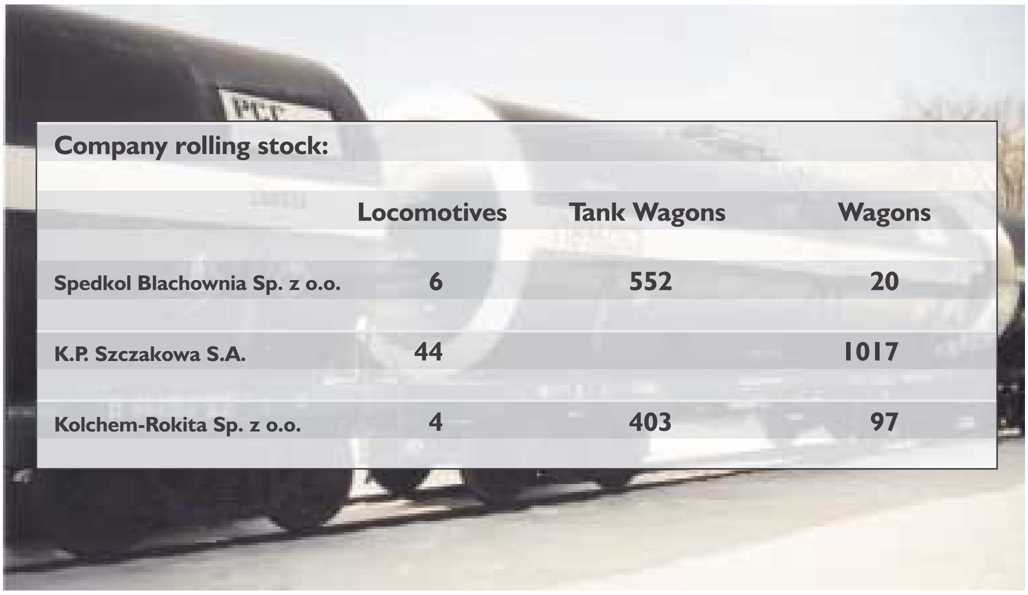
Furthermore, PCC AG owns the reworking plant of Weglopochodne in Kedzierzyn-Kozle (Poland), where tar is processed into pitch, naphthalene and anthracene oil. Naphthalene is the input material in the synthesis of dyes, tanning dyes, insect repellents and solvents; anthracene oil is used, for example, in wood protection agents.

Logistics

PCC AG's logistics activities have been systematically expanded over the past few years. The range of services covers transport, the leasing of tank wagons and their cleaning. In addition PCC AG maintains two handling terminals: Klutscharki near Mukatchevo/Ukraine (Hungarian/Romanian border) and Slawkow (near Katowice, Poland). PCC's commitment to these terminals results from the different rail gauges in Eastern Europe (broad) and Western Europe (standard). Thus, products such as benzol, phenol, tar and carbolic oil are transferred from the tank wagons operating on one gauge to those on the other. Mukatchevo is a terminal for liquid petro- and carbon-based raw materials and additionally has a heating unit for handling highly viscous and higher temperature-conditioned products (phenol, styrene, acetic acid) – even in winter.

The aim in an east/west direction is to tap the markets of Slovenia, Hungary and Romania and in the other it is to develop the Ukrainian market for liquid chemical raw materials from Western and Central Europe. In 2003, 10,394.10 to were handled at Klutscharki and 20,500.00 to at Slawkow.

The transport section has been further strengthened by a 34.59% stake in the sand mine K.P. Szczakowa S.A. (www.kpszczakowa.pl). Up to now this company has mainly operated in the transport and supply of sands to various mining companies. K.P. Szczakowa S.A. has developed into the largest non-state owned rail company in Poland. Last year its locomotives and wagons transported close on 8 million tons of coal, sand and other products.



Company rolling stock:

	Locomotives	Tank Wagons	Wagons
Spedkol Blachownia Sp. z o.o.	6	552	20
K.P. Szczakowa S.A.	44		1017
Kolchem-Rokita Sp. z o.o.	4	403	97

Group Management Report

Focus of activities

Activities of the Group holding company in 2003 continued to be focused on providing the strategic leadership, portfolio optimization and financial controlling of our operating companies at home and abroad. In addition, a range of services including financial assistance, market surveys and consulting support are made available to the Group's operating companies.

Moreover, PCC AG is in charge of the strategic planning for both the overall Group and the various operating companies which include Kopalnia Piasku „Szczakowa" S.A., Jaworzno (34.9% stake), the joint ventures of Petromag Oy, Helsinki (50% stake) and Euro-Line GmbH, Duisburg (50% stake) as well as a further 100% holding in „Chemia Partners", Warsaw.

Aside from these activities, M&A efforts were continued in 2003 for both production and logistics companies in Poland. We were successful in raising our investment in Rokita S.A. to just over 50%. A further increase of this investment is being prepared.

In addition, a 34.59% share in Kopalnia Piasku „Szczakowa" S.A. – a company of interest from the logistics point of view – was purchased. Here, as well, an overall majority is being sought. Even though preliminary agreements have been ratified, they still require the approval of the Polish antitrust authorities. But this should be a formality in view of Poland's recent accession to the European Union. The Group's investments in 2003 continued to be principally financed by the revolving issuance of bearer bonds. As of 31/12/2003 the total amount of bonds issued was EUR 21.6m, of which EUR 6.3m are due on 01/01/2004, EUR 3.8m on 01/07/2004, EUR 7.2m on 01/10/2004 and EUR 4.3m on 01/12/2004. Moreover, for bonds to be issued on 01/01/04, EUR 422,000 was already prepaid in December of last year.

The payments of interest and principal are being serviced through dividend payouts due from the operating companies. Any differences between the amount or timing profile of the above maturity dates and corresponding dividend payouts can be bridged either by short-term loans of the operating company level or by the issuance of consecutive bonds.

The increase in the overall volume of outstanding bearer bonds, as of 31/12/2003, was the main factor for the continued and considerable rise in our liabilities from EUR 54,414,327.67 to EUR 88,356,090.58. Long-term assets, at the same time, climbed from EUR 19m to EUR 51.6m.

Results of the Operating Companies

Energy and raw materials trading
Petro Carbo Chem GmbH, Duisburg, the Group's most substantive operating company to date, and turning around after a negative 2002 result, concluded 2003 with an impressive surplus of EUR 6.05m. This company's impact on earnings, both for the trading segment and on the whole Group, remains decisive.

Within the trading segment, energy provided the main source of revenues and earnings in 2003. This was a consequence of both relatively high electricity price levels during the past year and our consistent use of sales price hedging instruments.

The other two operating fields of Petro Carbo Chem GmbH – trading in chemical raw materials and in solid fuels – also contributed positively to the company's earnings. The acute shortage of coal and coke supplies has made trading in these markets much more attractive again - due, amongst other things, to a lack of coke deliveries from China.

This trend will also affect 2004 and should have a positive effect on operating activities both at Petro Carbo Chem GmbH and at affiliates C&C Coke, Coal Products GmbH, PCC Energy S.A. and Petromag Oy. Improved business conditions are also expected for trading in both chemical raw materials and energy.

Aside from Petro Carbo Chem GmbH, the trading affiliates of C&C Coke and Coal Products GmbH, PCC S.A., Gliwice, PCC Energy S.A., Morava Chem spol. s r.o., as well as Petromag Oy concluded 2003 on a positive note and, in many cases, recorded a significantly higher surplus than in the previous year.

In contrast to 2003 when only PCC Energy S.A. paid out a dividend (EUR 167,000 to PCC AG), the expectation is for all the above companies to do so in 2004. A similar positive course of business as at Petro Carbo Chem GmbH is expected for all the other affiliates in 2004.

PCC Oy, on the other hand, again ended 2003 with a loss (EUR –70,900). This is attributable to a decline in raw material supplies from Russia. The relative strength of the Russian economy means that price levels for many products there currently exceed those in Western Europe – which, in turn, often impairs Russian exports. A loss for 2003 was also registered by GED Gesellschaft für Energieversorgung und Datenmanagement mbH, Duisburg, which supplies power to final customers. GED's year-end deficit was EUR -303,300. The main reason for this negative result lies in the competitive dynamics of the energy market – with currently only very thin margins for final customer supplies. On top of this, the activity is highly personnel-intensive. This contributes to a relatively high fixed cost block which in 2003 could not be covered. However, the increase in the number of new supply contracts in 2004 and 2005 should see GED mbH reporting considerably improved results in 2004 and a break-even in 2005 at the latest.

El & Gas N.V., the third company in the trading segment, also recorded a negative result of EUR -244,500 as of 31/12/2003. The operations of this company were stopped and its offices shut down in 2003. The recorded deficit therefore is chiefly the result of the 2003 winding-up costs and remaining salaries and severance payments to former staff including management.

Production

The increase of our stake in Rokita S.A. to over 50 %, in particular, has further enhanced the importance of the production division for the Group - a trend which is likely to continue in the future.

Both Rokita S.A. and Synteza S.A. registered significant year-end surpluses after taxes of EUR 2.2m and EUR 0.5m, respectively. Dividend payouts from these surpluses to the Group holding company are scheduled for 2004.
Even in 2003 Synteza S.A. was already in a position to pay a dividend of EUR 388,000 to PCC AG out of previous year's profits.

Both production companies expect another positive result for 2004. In view of the restructuring measures which have been implemented at Rokita S.A., profits should clearly be above those of the previous year.

Logistics

The three interrelated logistics companies - Sped-Kol Blachownia Sp. z o.o., PCC Cargo S.A. and PCC Cargo GmbH - as well as affiliate K.P. Szczakowa S.A.- ended 2003 with positive results. After a dividend of EUR 339,600 paid in 2003, Sped-Kol Blachownia Sp. z o.o. will again be paying a dividend in 2004 from the previous year's profit. A dividend payment can also be expected from PCC Cargo S.A.

PCC Cargo GmbH completely offset the 2003 loss, which stemmed from one individual contract, and achieved a year-end surplus of EUR 135,400.

Consolidated PCC Group Results

Following losses in 2002, the consolidated balance sheet reflects a year-end surplus after taxes of EUR 9m as of 31/12/2003. This is a result of strong earnings of the majority of all operating companies.

Consequently, this encouraging result has produced a significant improvement in our cash earnings as defined by DVFA/SG* from EUR –9,361,900 as per 31/12/2002 to a figure now of EUR +17,206,400.

Furthermore the Group's total assets also climbed significantly - from EUR 66.6m as of 31/12/2002 to EUR 138.8m at the end of 2003. At the same time, the equity ratio improved from 7.9% to 30.3%. This is due to both the positive 2003 results and, in particular, to the first-time consolidation of Rokita S.A..

* Deutsche Vereinigung für Finanzanalyse und Anlagenberatung e.V. (DVFA), Deutsche Gesellschaft für Betriebswirtschaft (SG)

Outlook

Exploiting synergies ensures continuing success

In the coming years the development of a trading activity in energy is planned in Southern Europe. It can therefore be anticipated that trading in electrical power will continue to gain in importance for our Group in 2004 and be a major contributor to Group earnings.

Expectations for the Group's 2004 overall result, based on the figures for the first quarter of 2004 and on the anticipated performance for the following quarters (partly due to long-term contracts in energy trading with attractive locked-in margins up to the end of this year), are for earnings to be at least at the high level of last year.

Furthermore, we again expect a distinct rise in total assets and in the equity ratio for 2004 as a result of the anticipated full consolidation of K.P. Szczakowa S.A., Jaworzno. Here we intend to achieve a majority holding during the course of the year.

A positive course of business in 2004 is again expected for all the affiliates in logistics. The rationale for this has to do with a planned closer coordination of these activities under the umbrella of PCC Rail AG, Duisburg, during 2004. This should bring about synergies not only in logistics but throughout our entire Group.

Another difficult year is expected for PCC Oy. But operations will be continued, not least on account of the strategic importance of the Helsinki location for our Group (as, among other things, we plan to market self-produced raw materials from Poland throughout the Nordic countries). Savings on staff and a reduction in office space are planned which should, at least, be such as to cover the fixed costs.

Another aim for 2004 is to raise our investments in both Rokita S.A. and K.P. Szczakowa S.A. In addition, further acquisitions are planned in production and logistics companies. The continued growth of the Group requires us to constantly improve both our internal management and financial control mechanisms. Following the Group-wide launch of a uniform reporting and controlling system in 2003, comprehensive budget planning for the whole Group was undertaken, for the first time, for 2004. The goal is to further develop and refine these instruments during the year. On the one hand, we expect positive internal impulses since reactions to changes in local market conditions at the affiliate level should be quicker and more distinct. On the other hand, much faster reporting than before can also be performed vis-à-vis our internal control bodies, investors, banks and other institutions. This will significantly raise the transparency of our business activities.

All in all, we expect our positive consolidated earnings to continue in 2004. This again is to be realized from both the Group’s own organic growth and from new acquisitions.

Consolidated Financial Statements

The following extracts of the consolidated financial statements were audited in their entirety by the audit company of Warth und Klein GmbH, Düsseldorf, including the Group management report and the notes to the financial statements. They were provided with the unreserved auditor's statement on 26 May 2004.

Balance sheet analysis	2003
Balance sheet structure	
Equity ratio	30%
Fixed assets ratio	38%
Degree of fixed assets cover	84%
Indebtedness	
Net indebtedness	'000 EUR 37,064
Gearing ratio	113%
Debt ratio	1.5
Interest cover	5.9
Profitability	
EBITDA* margin	5.2%
EBIT ** margin	3.9%
ROS ***	1.9%
ROE ****	21.4%
Overall return on capital	13.2%

* Earnings Before Interest, Taxes, Depreciation and Amortization

** Earnings Before Interest and Taxes *** Return On Sales **** Return On Equity

Balance Sheet as of 31 December 2003

PCC Aktiengesellschaft, Duisburg

ASSETS in EUR		31/12/2003	31/12/2002
A. Fixed assets			
I. Intangible assets			
1. Industrial property rights and similar rights	785,091.03		187,025.75
2. Advance payments	9,849.91		0.00
		794,940.94	**(187,025.75)**
II. Tangible Assets			
1. Real estate and buildings	25,761,776.62		3,133,134.68
2. Machinery and equipment	10,283,755.64		822,117.38
3. Plant and other equipment	1,543,522.43		521,549.85
4. Advance payments and construction-in-progress	2,521,232.54		448,618.30
		40,110,287.23	**(4,925,420.21)**
III. Financial assets			
1. Holdings in affiliated companies	3,543,020.14		2,289,248.12
2. Loans to affiliated companies	0.00		53,116.71
3. Investments in associated companies	5,126,490.40		10,907,642.39
4. Loans to related companies	500,000.00		500,000.00
5. Other loans	290,662.84		105,000.00
		9,460,173.38	**(13,855,007.22)**
		50,365,401.55	18,967,453.18
B. Current assets			
I. Inventories			
1. Raw materials and supplies	5,927,058.08		1,940,397.70
2. Unfinished goods	2,684,366.73		186,914.81
3. Finished goods and merchandise	6,993,496.64		3,267,649.77
4. Advance payments	7,451,593.12		5,307,460,21
		23,056,514.57	**(10,702,422.49)**
II. Receivables and other assets			
1. Trade receivables	39,332,060.19		21,601,859.82
2. Receivables from affiliated companies	40,911.91		615,806.69
3. Receivables from related companies	2,397,638.73		4,705,989.55
4. Other assets	9,672,094.46		3,746,967.56
		51,442,705.29	**(30,670,623.62)**
III. Securities			
Other securities		177,160.93	(0.00)
IV. Cash-in-hand, bank balances		**11,805,800.80**	**(5,674,847.19)**
		86,482,181.59	47,047,893.30
C. Prepaid expenses		1,907,086.56	541,599.04
		138,754,669.70	**66,556,945.52**

LIABILITIES in EUR		31/12/2003		31/12/2002
A. Equity				
I. Subscribed capital	5,000,000.00			5,000,000.00
II. Capital reserves	55,796.86			55,796.86
III. Earned surplus	9,316,240.33			2,208,299.87
IV. Accumulated profit/Accumulated deficit	5,929,888.67		./.	2,128,046.87
V. Minority interest	21,698,330.97			133,541.78
		42,000,256.83		5,269,591.64
B. Reserves for special purposes		0.00		8,000.00
C. Accruals				
1. Accruals for pensions and similar liabilities	1,343,552.07			109,460.46
2. Tax accruals	2,335,260.88			4,518,702.75
3. Other accruals	4,318,774.43			2,047,330.86
		7,997,587.38		6,675,494.07
D. Liabilities				
1. Liabilities from bearer bonds of which due within a year: EUR 30,002,865.91 (31/12/2002: EUR 15,519,250.19)	31,835,865.91			21,125,277.94
2. Liabilities to banks of which due within a year: EUR 15,569,695.24 (31/12/2002: EUR 2,661,412.57) of which due over 5 years: EUR 0,00 (31/12/2002: EUR 1,397,603.44)	17,212,205.04			4,059,016.01
3. Advance payments received on orders of which due within a year: EUR 668,587.41 (31/12/2002: EUR 390,640.71)	668,587.41			390,640.71
4. Trade payables of which due within a year: EUR 31,091,806.29 (31/12/2002: EUR 24,443,478.18)	31,091,806.29			24,443,478.18
5. Payables to affiliated companies of which due within a year: EUR 12,362.59 (31/12/2002: EUR 112,252.67)	12,362.59			112,252.67
6. Payables to related companies of which due within a year: EUR 86,341.20 (31/12/2002: EUR 136,280.82)	86,341.20			136,280.82
7. Other liabilities of which due within a year: EUR 7,351,300.92 (31/12/2002: EUR 3,223,080.78) of which taxes: EUR 1,466,081.52 (31/12/2002: EUR 391,316.60) of which relate to social security and similar obligations: EUR 99,763.34 (31/12/2002: EUR 143,280.68)	7,448,922.14			4,147,381.34
		88,356,090.58		54,414,327.67
E. Deferred income		400,734.91		189,532.14
		138,754,669.70		**66,556,945.52**

Profit and Loss Statement
for Fiscal Year 01 January to 31 December 2003
PCC Aktiengesellschaft, Duisburg

in EUR		2003	2002
1. Turnover		468,452,632.77	353,978,892.98
2. Reduction/rise in inventory of finished and unfinished products		./. 584,236.86	982,521.14
3. Work-in-progress		243,878.05	0.00
4. Other operating income of which from the release of the reserves for special purposes: EUR 8,000.00 (EUR 0.00)		8,622,428.57	4,444,312.65
5. Cost of materials			
a) Cost for raw materials, supplies and purchased products	375,487,923.35		(328,819,420.86)
b) Cost of purchased services	24,362,719.25		(15,837,175.50)
		399,850,642.60	**344,656,596.36**
6. Personnel cost			
a) Wages and salaries	17,252,247.25		(6,587,031.78)
b) Social security and expenditure on pensions and benefits of which for pensions: EUR 16,291.45 (2002: EUR 111,050.17)	3,645,383.35		(1,348,971.85)
		20,897,630.60	**7,936,003.63**
7. Depreciation on intangible fixed assets and on tangible assets		6,182,629.19	901,469.50
8. Other operating expense of which appropriation to the reserves for special purposes: EUR 0,00 (EUR 8.000,00)		31,470,893.11	14,626,696.46
9. Income of associated companies		161,878.26	0.00
10. Other interest and similar income		929,502.46	763,160.25
11. Write-offs on short-term securities		3,048.63	0.00
12. Losses absorbed from associated companies		0.00	109,491.33
13. Interest and similar expenses		4,137,099.82	2,010,521.08
14. Profit / loss on ordinary operations		**15,284,139.30**	**./. 10,071,891.34**
15. Extraordinary income	149,870.55		(351,126.82)
16. Extraordinary expenses	85,945.84		(4,433.61)
17. Extraordinary results		63,924.71	346,693.21
18. Taxes on income and earnings		2,633,033.64	330,287.74
19. Other taxes		3,710,605.02	371,995.48
20. Year-end surplus/Year-end deficit		**9,004,425.35**	**./. 10,427,481.35**
21. Loss carried forward/Profit carried forward		**./. 1,781,907.34**	**8,317,271.41**
22. Gains accruing to minority shareholders		1,292,629.34	17,836.93
23. Accumulated profits/Accumulated loss		**5,929,888.67**	**./. 2,128,046.87**

Comparison of Consolidated Earnings with Previous Year

The consolidated balance sheet and statement of profit and loss as per 31/12/2003 were significantly affected by the first-time consolidation of Rokita S.A. – which practically rules out any meaningful comparison with the previous years. The pro-forma comparison below illustrates, however, that even without Rokita S.A. the PCC Group markedly improved its earnings position in 2003 as a result of a much better performance from the majority of the operating companies.

Earnings position (in '000 EUR)	**2003**	**2003**	**2002**
		without Rokita S.A.	
Turnover	468,452.60	337,891.20	353.978,90
Change in inventories	./. 584.20	+ 140.20	982,50
Work-in-progress	243.90	+ 31.40	0,00
Cost of goods sold	./. 399,850.60	./. 306,838.80	./. 344.656,60
Gross income	**68,261.70**	+ **31,224.00**	**10,304.80**
Personnel cost	./. 20,897.60	./. 8,717.30	./. 7,936.00
Depreciation	./. 6,182.60	./. 941.40	./. 901.50
Other operating expenses and income as well as other taxes (balance)	./. 26,559.10	./. 11,418.10	./. 10,554.40
Operating result after other taxes	+ **14,622.40**	+ **10,147.20**	./. **9,087.10**
Financial results	./. 3,048.90	./. 2,103.20	./. 1,356.80
Extraordinary result	+ 63.90	./. 1.2	+ 346.70
Profit/Loss before taxes on income	+ **11,637.40**	+ **8,042.80**	./. **10,097.20**
Taxes on income and earnings	./. 2,633.00	./. 1,245.50	./. 330.30
Consolidated year-end surplus/ Consolidated year end deficit	+ **9.004.40**	+ **6,797.30**	./. **10,427.50**

Governing Bodies of the Group
Supervisory Board, Board of Directors

The board of directors, the shareholders' meeting and the supervisory board represent the governing bodies of PCC AG.

Waldemar Preussner (Chairman and CEO), Dr. Jürgen Stadelhofer (Chairman Supervisory Board)

The following are members of the Board of Directors:

Dipl.-Volkswirt Waldemar Preussner (Chairman and CEO),
Buchenstraße 5, D-47509 Rheurdt

Dr. rer. oec. (BY) Alfred Pelzer (board director),
Ernst-Velten-Straße 3, D-47809 Krefeld

Ms. Ulrike Halbach (deputy member of the board of directors),
Pützfeld 8, D-42655 Solingen

The following are members of the Supervisory Board:

Dr. rer. nat. Jürgen Stadelhofer (Chairman),
RAG Coal International AG,
Rellinghauser Straße 1, D-45128 Essen

Reinhard Quint (deputy Chairman),
ThyssenKrupp Services AG,
Hans-Günter-Sohl-Straße 1, D-40235 Düsseldorf

Dipl. Wirtsch.-Ing. Gisbert Rühl (member of the supervisory board),
Roland Berger Strategy Consultants,
Georg-Glock-Straße 3, 40474 D-Düsseldorf

WORLD WIDE WEB

The PCC Group on the World Wide Web

Production

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www.synteza.biz
www.rokita.pl
www.kosmet.com.pl
www.rokita-agro.pl

Raw material trading

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Transport

www.pcc-cargo.de
www.autochem.com.pl
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