Initiative and Commitment

08

/ Annual Report 2008

pcc SE

PCC SE Annual Report 2008

/ Initiative and Commitment

In 2008, PCC SE's average workforce numbered more than 6,100 employees. The largest portion – 4,000 people – was attributable to the Logistics division, with 1,800 working at the Chemicals division. Each employee contributes to the competitiveness of the PCC Group. Without the initiative and commitment of every individual, the success enjoyed by PCC SE in the last few years would not have been possible – and with this basis, our prospects for utilizing to the full the market opportunities that come our way are excellent indeed.

PCC. synergies at work

“For me, the greatest pleasure is when, after a long development phase, we launch a new product or a new technology, or commission a new piece of equipment, and everything starts to work as it should. As an engineer, I take particular delight in the challenge that derives from having access to the latest technologies.”

Maciej Milewski (33): Studied chemical and process engineering at Wrocław University of Technology; started work with PCC Rokita in 2002 as a supervisor in the ethoxylate production facility, currently Production Director Phosphorus Chemicals Complex.

Maciej Milewski at sulphonation plant 2 of PCC Rokita in Brzeg Dolny

Contents

"I really appreciate the possibility of working in a team, of communicating with people in order to achieve a defined common goal. By belonging to an international corporation, I am able to benefit from the knowledge transfer that takes place with colleagues throughout the world."

Anna Borkiewicz (33): Studied chemistry at Wrocław University of Technology, started at PCC Rokita in 2000 as a sales and distribution specialist in the specialty chemicals complex, sales manager in the surfactants department, since 2003 Sales Manager and since 2007 Product Manager Non-ionic Surfactants.

Anna Borkiewicz at sulphonation plant 2 of PCC Rokita in Brzeg Dolny

Key Group Facts and Figures

PCC is an internationally active group of companies under the management of PCC SE headquartered in Duisburg. In 2008, Group sales generated by the divisions Chemicals, Energy and Logistics amounted to some €913 million. The Group's workforce in 2008 numbered over 6,100 people located in 18 countries.

Financials in €m	2004	2005	2006	2007	2008
Sales[1]	**684.3**[1]	**803.8**[1]	**874.4**[1]	**943.8**[1]	**913.0**[1]
Trading	461.6	528.3	537.6	575.0	Energy[2] 177.0
Chemical Production	174.0	218.3	247.9	276.5	Chemicals[2] 479.8
Logistics	47.9	56.9	88.9	92.3	Logistics[2] 255.1
Gross margin	**87.1**	**100.6**	**124.4**	**131.3**	**207.9**
Net result	**12.8**	**5.4**	**3.7**	**5.1**	**– 29.4**
EBITDA[3]	**28.9**	**27.5**	**33.3**	**38.4**	**28.7**
EBIT[4]	**20.6**	**17.4**	**19.8**	**20.8**	**– 0.8**
EBT[5]	**17.4**	**10.3**	**7.4**	**8.2**	**– 27.7**
Gross cash flow[6]	**21.0**	**15.0**	**14.3**	**17.9**	**9.8**
ROCE[7] in %	**16.4%**	**9.3%**	**7.6%**	**6.4%**	**– 0.2%**
Return on equity[8] in %	**26.0%**	**9.8%**	**6.7%**	**8.0%**	**– 57.7%**
Group equity[9]	**74.3**	**89.5**	**121.6**	**138.5**	**95.6**
Equity ratio[10] in %	**31.8%**	**27.2%**	**27.8%**	**27.4%**	**17.6%**
Capital expenditures	**44.8**	**49.6**	**72.2**	**137.8**	**133.4**
Employees (consolidated companies)[11]	**2,771**	**2,785**	**3,222**	**3,767**	**6,137**
Germany	104	120	130	138	189
International	2,667	2,665	3,092	3,629	5,948

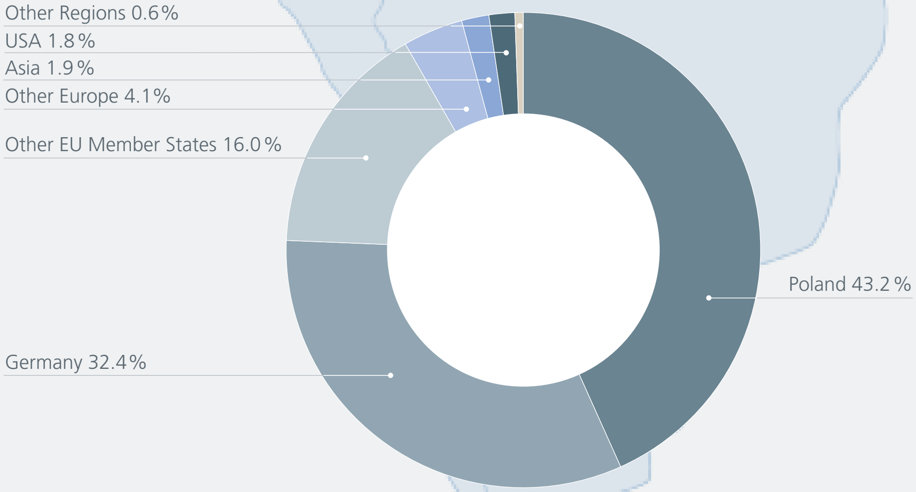
Definitions

1 Rounding differences possible; Other segment not separately disclosed
2 Divisional reorganization effective January 1, 2008
3 EBITDA = Earnings before interest, other financial items, income taxes, depreciation and amortisation
4 EBIT = Earnings before interest and taxes = EBITDA – Depreciation and amortisation
5 EBT = Earnings before taxes = EBIT – Interest and other financial items
6 Gross cash flow = Net result + Depreciation and amortisation – Additions to assets
7 ROCE = Return on capital employed = EBIT : (Average equity + average interest-bearing liabilities incl. pension provisions)
8 Return on equity = Net result : Average Group equity
9 Economic capital includes Group equity and mezzanine (profit participation certificate) capital
10 On the basis of the economic capital figure
11 Annual average

PCC Group Locations Status as at December 31, 2008

2008 SALES* ACCORDING TO GEOGRAPHIC SALES REGIONS OF THE PCC GROUP

* €913.0 million




Beijing (China)
Finland
Helsinki
Latvia
Ventspils
Moscow
Russia
Kaliningrad
Russia
Gdynia
Szczecin
Schwedt
Berlin
Poland
Warsaw
Lünen
Duisburg
Brzeg Dolny
Gliwice
Zabrze
Leipzig
Dresden
Chorzów
Kiev
Germany
Kędzierzyn-Koźle
Sławków
Czech Republic
Katowice
Jaworzno
Ukraine
Český Těšín
Rybnik
Lviv
Offenburg
Košice
Prostějov
Slovakia
Dnipropetrovsk
Miskolc
Ljubljana
Hungary
Romania
Slovenia
Zagreb
Râmnicu Vâlcea
Ploieşti
Croatia
Belgrade
Bosnia-Herzegovina
Serbia
Sarajevo
Bulgaria
Sofia
Skopje
Rep. of Macedonia

/ Organisation of the PCC Group

In 2008, the PCC Group comprised almost 100 subsidiaries and affiliated companies at home and abroad. Effective January 1, 2008, the divisional structure was realigned to encompass the three divisions Chemicals, Energy and Logistics. The main companies of the individual divisions (as at December 31, 2008) are indicated below.

DIVISIONAL AND BUSINESS STRUCTURE SINCE JANUARY 1, 2008

	Chemicals division	Energy division	Logistics division
Business units	■ Production and conversion of chemical basestocks ■ Trading in chemical commodities ■ Trading in coke and anthracite	■ Development of power plant projects ■ Trading in electricity, gas, power plant coal and emission rights ■ Electricity and gas supply	■ Rail transport ■ Road haulage ■ Logistics services ■ Transshipment terminals ■ Intermodal transport

Chemicals Division

PCC SE

MAIN DIVISIONAL COMPANIES

PCC ROKITA (PL)	PCC Synteza S.A. (PL)	PCC Petro Carbo Chem GmbH (D)
KOSMET ROKITA (PL)	PCC CHEMAX (USA)	PCC MORAVA-CHEM (CZ)
TENSIS (PL)	S.C. EURO URETHANE SRL (RO)	C&C Coke and Coal Products GmbH (D)
ra rokita-agro (PL)	AR (PL)	PCC Węglopochodne (PL)
LabMatic (PL)	EKO LOGISTYKA (RO)	CHEMIPARK (PL)

You will find a detailed schedule of the relevant shareholdings on pages 111 – 113 under Note (**27**).

Status as at December 31, 2008 (condensed)

Energy Division

PCC SE

MAIN DIVISIONAL COMPANIES

- PCC Energie (D)
- PCC Energy Trading (D)
- PCC DEG Renewables (D)
- ENERGETYKA ROKITA (PL)
- ZE NE (PL)
- GRID BH (BIH)

You will find a detailed schedule of the relevant shareholdings on pages 111 – 113 under Note (**27**).

Logistics Division

PCC SE

MAIN DIVISIONAL COMPANIES

- PCC RAIL (PL)
- PCC RAIL RYBNIK (PL)
- PCC Rail Coaltran (PL)
- PCC PORT SZCZECIN (PL)
- PCC Cargo S.A. (PL)
- PCC SPEDKOL (PL)
- PCC Rail Morava (CZ)
- PCC Kolchem (PL)
- PCC Tabor (PL)
- PCC ŚLK (PL)
- INTECHKOP (PL)
- ARRIVA PCC (PL)
- Euro-Line GmbH (D)
- PCC Intermodal (PL)
- PCC Autochem (PL)

You will find a detailed schedule of the relevant shareholdings on pages 111 – 113 under Note (**27**).

/ "Following my time with The Dow Chemical Company, joining PCC in 2006 opened up another great avenue for my professional development. I cannot imagine having more variety or more freedom. As a manager responsible for an entire business unit, my range of duties covers all the functions of the business. In particular, the influence that I can bring to bear on the product development side serves to give me new motivation every day."

Charles Ritchie (61): Graduate in export marketing, with The Dow Chemical Company from 1980 to 2004, head of various divisions, ultimately European account executive for the Polyurethanes business unit, today Sales & Marketing Director for the Polyols business unit (PCC Rokita SA) and General Manager Polyurethanes (PCC SE).

Charles Ritchie in front of the Rokopol iPol™ production plant on the site of PCC Rokita in Brzeg Dolny

01. Information for Our Investors

The newly constructed sulphonation plant 2 at PCC Rokita produces around 30,000 metric tons of anionic surfactants per year

As in previous years, PCC SE applied a balanced mix of equity, mezzanine capital and debt capital in 2008 in order to finance sustainable growth within the Group. A major element in this financial structure was once again the issuance of PCC securities. The many years of loyal support afforded to us by our investors has been a major factor in enabling PCC SE to seize market opportunities as they arise.

/ Preface by the Chairman of the Board

Dear Customers, Business Partners
and Investors, Colleagues, Employees,
Ladies and Gentlemen,

I am delighted to be able to present to you this, the 2008 annual report of PCC SE. As you will see, the PCC Group is appearing for the first time in the format of its new divisional structure. We responded to the fact that our commodity trading business has been declining for some years, and assigned it to the "Chemicals" division. Instead of the "Trading" division, therefore, we have created the new division, "Energy", to which have assigned our activities, currently at the development stage, in power plant design and construction, and also our electricity and gas supply operations aligned to the needs of industrial customers. All activities in the national and cross-boarder electricity wholesale trading segment were discontinued as planned in the course of the year due to the associated margins failing to cover the attendant risks. As in previous years, the third pillar in the Group's foundations took the form of the "Logistics" division.

Global financial and economic crisis impacts heavily on sales and earnings development at PCC Group

For the first time in six years, we were unable to increase Group sales compared to the previous year. At around €913 million, the Group's revenues were some 4 % below the figure for fiscal 2007. Although the "Logistics" division was able to more than double its contribution to sales – on the back of internal growth and also as a result of the first-time consolidation of the acquisitions made in 2007/2008, this development was offset by a substantial decline in the "Chemicals" division (– 28 %) and also a 4 % fall in revenues in the energy segment. While Group sales remained at the prior-year level until late into the summer, in line with our expectations, the consequences of the global economic downturn became increasingly noticeable as we entered the final quarter of the year under review.

While the companies of the Logistics division continued to post a reasonably stable set of business figures overall, the Chemicals division suffered a significant dip in sales – particularly at the PCC Rokita subgroup and in the division's commodity trading activities. This resulted from declining and even cancelled orders, exacerbated by a dramatic fall in prices and the substantial weakening of the Polish złoty.

The net earnings of the PCC Group for the year duly reflect the effects of the financial and economic crisis, and particularly the significant decline in the złoty towards the end of the year. The write-down of currency positions necessary as of the balance sheet date, coupled with losses from our currency hedging transaction alone resulted in a €20 million burden on Group profits (EBT), so that the Group as a whole posted a loss of – €27.7 million. Operating profit (EBITDA) was also adversely affected by the write-down of currency positions in the amount of around €8 million, without which the Group would have held that metric at roughly the level of the previous year.

Waldemar Preussner,
Chairman of the Board of PCC SE

Sale of the Logistics division set to change the face of the PCC Group

In spring 2008, Deutsche Bahn AG (DB) contacted us with a proposal to take over PCC's railway logistics activities. Having previously not had any appreciable foothold in the Polish market, the purchase of the largest private group of goods railway operations in Poland will provide DB with access, long desired, to one of the largest transport sectors in Europe – with all the anticipated growth in trade volumes to and from the east, i.e. Russia and China.

Following an intensive phase of due diligence by DB and several months of contractual negotiations, the purchase agreement was signed at the end of January 2009. With the corporate bodies of Deutsche Bahn and also the European antitrust authorities having agreed to the transaction, it was closed on July 21, 2009.

As a result of the sale of this major portion of our Logistics division – albeit with PCC Intermodal and PCC Autochem remaining under PCC's ownership – our company is expecting to achieve record profits in fiscal 2009 together with a substantial inflow of funds. This will constitute the greatest success to date of the active portfolio management approach that we pursue.

This step necessarily means a change in the structure of PCC Group with our focus being realigned to our core Chemicals businesses, plus "Intermodal" and "Energy/Power Plant Construction" as fields of expansion and development. The proceeds from the Logistics sale will be used to reduce the debts of PCC SE and our affiliated companies, although the majority will be earmarked for investments in the core businesses mentioned.

Chemical production at PCC Rokita is to be further modernized and expanded, and may be augmented through the acquisition of additional companies. In the Energy division, we intend to push forward the process already initiated of developing, building and operating power plant, particularly in the field of renewable energies. We shall also be placing particular emphasis on the expansion of PCC Intermodal in Poland which, as has already been announced, is to be floated on the stock exchange as soon as the capital markets are able to offer acceptable conditions for such a move.

Many thanks

In this period characterized by such change, I would like first to once again thank all our employees for their hard work and their commitment to our common cause. Even in this past year, we – my colleagues on the Administrative Board, the Group Management and I – have been acutely and constantly aware of the contributions they have made by virtue of their initiative, engagement and creativity.

I would also like to thank you, our esteemed investors, for your continuing support. The success which we have been able to achieve with the sale of our Logistics activities would not have been possible in the same degree without the many years of your loyal support. Your confidence in us continues to inspire, yet we are equally aware of the obligations that this brings. For it is thanks to your investments that we have been able once again in 2008 to respond flexibly and, above all, quickly to market opportunities as they have arisen, in particular on the acquisition and divestment side, despite the tough competition with which we have had to contend.

I would be delighted if you would continue to accompany PCC SE on the road ahead as we regroup to create a strong European chemicals and energy concern.

Sincerely yours,

Waldemar Preussner
Chairman of the Board

/ Corporate Bodies

The management of PCC SE, from left to right: Reinhard Quint, Dr. Alfred Pelzer, Ulrike Warnecke, Waldemar Preussner and Dietmar Kessler

Administrative Board and Managing Directors of PCC SE

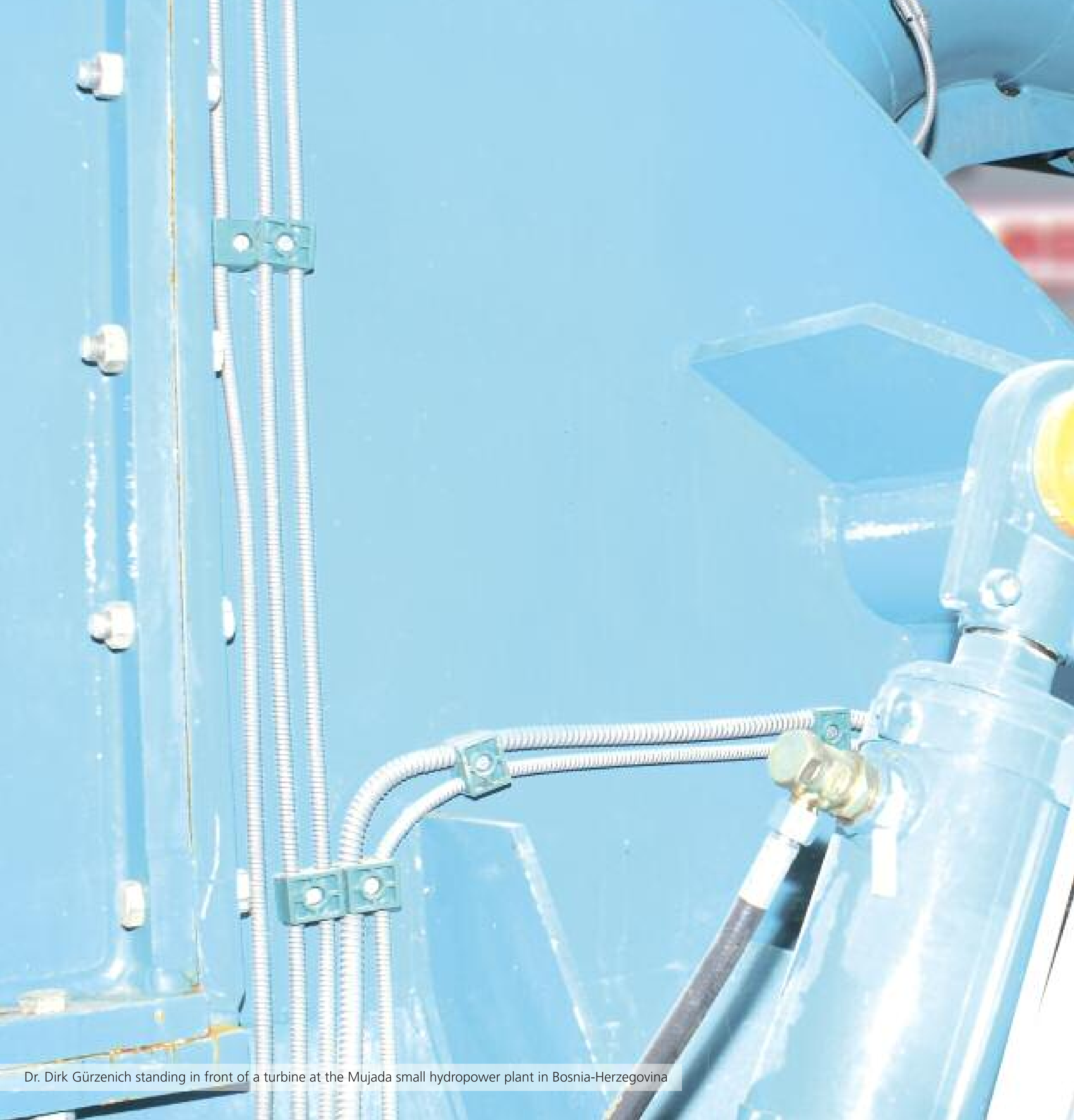
The Administrative Board of PCC Societas Europaea (SE) is made up of the Chairman Waldemar Preussner, Dipl.-Volkswirt, Deputy Chairman Dr. rer. oec. (BY) Alfred Pelzer, and Reinhard Quint as the third member.

The appointed Managing Directors are Ulrike Warnecke and Dr. Alfred Pelzer.

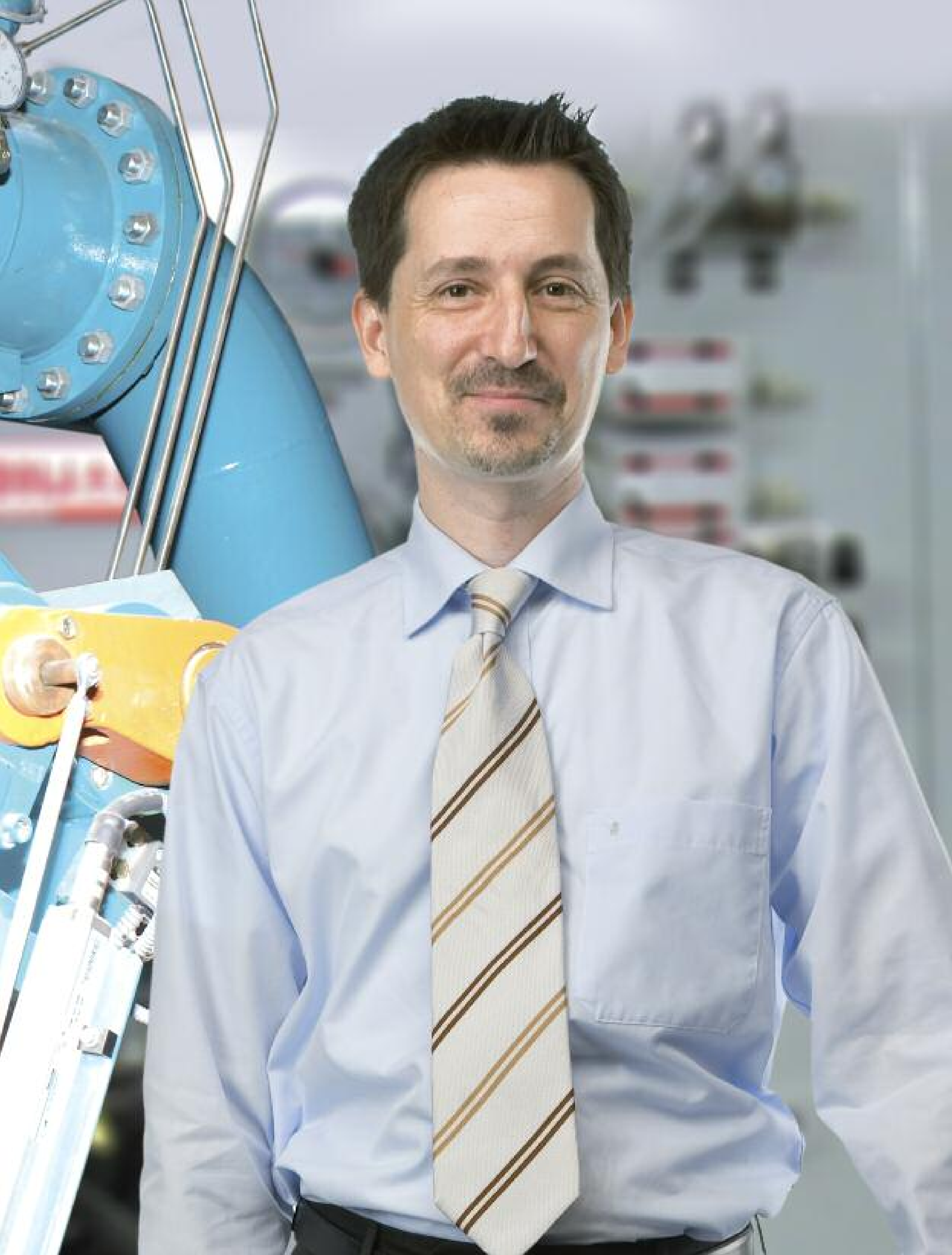
The management of the Duisburg head office is completed by Executive Vice President Dietmar Kessler, Dipl.-Kfm., CFO of the Group.

/ "My enthusiasm for renewable energies and for working within an interdisciplinary environment has opened up for me a wide field of activity at PCC SE , with exciting opportunities for, in particular, managing new projects from project idea to final implementation. I am currently responsible for project developments in the field of renewable energies which, over the next few years, will lead to the construction of 17 further hydropower plants and one wind farm."

Dr. Dirk Gürzenich (40): Studied energy and power plant engineering; received a doctorate degree in the field of renewable energies at Ruhr University Bochum; joined Petro Carbo Chem GmbH as project manager in 2005; since 2007, manager with PCC SE responsible for international project development, and General Manager of PCC DEG Renewables GmbH.



Dr. Dirk Gürzenich standing in front of a turbine at the Mujada small hydropower plant in Bosnia-Herzegovina



/ PCC. Direct Invest

As in previous years, PCC SE continued to apply a balanced mix of equity, mezzanine capital and debt capital in 2008 in order to finance sustainable growth within the Group.

Again in 2008, a major component of our financial strategy – in addition to the traditional route of acquiring bank finance – was the issuance of PCC securities. This flexible financing instrument has been a major contributor in the past to enabling PCC SE to respond quickly and effectively to investment opportunities. In particular, the issuance of bearer bonds to a wide community of private investors will continue to form a central mainstay within the financing approach adopted by the PCC Group, facilitating fast, efficient and, above all, independent funding of both major company acquisitions and accelerated operational growth within the Group.

Since the first issuance on October 1, 1998, PCC has placed 23 securities of which 17 have since been redeemed. The interest payments and principle redemption have been effected to schedule in respect of all such bonds. In keeping with the prudent business philosophy adopted by PCC SE, the issuance volumes will continue to be utilised only to the extent necessary for our corporate development. Where opportune, moreover, PCC SE makes use of the facility of redeeming bonds prior to their maturity date.

Recent issuances

Since December 2008, we have for the first time issued an investor-redeemable corporate bond with a coupon of 6.50 % per annum. This “PCC-3 Monthly Note” carries a period of notice of six weeks to the end of the quarter and is callable on a quarterly basis until final maturity on April 1, 2011. It was decided not to include this bond for trading in the open market on the Frankfurt securities exchange. The minimum investment is €50,000 in denominations of €1,000. As with all PCC securities, interest is paid on a quarterly basis.

Prior to that, in September 2008, PCC SE issued its 21st bond at 7.25 % per annum. This security, likewise subject to quarterly coupon payments, is due for redemption on April 1, 2014. Since issuance, the bond has been tradable in the open market on the Frankfurt securities exchange subject to a minimum investment of €5,000.

Currently still available is the first PCC profit participation certificate issued in October 2007. The annual interest is 8.75 % with the usual quarterly payment, and the minimum investment is, again, €5,000. The profit participation that the certificate attracts ranges from 0.5% to 2.0 % per annum, depending on consolidated earnings for the year. Where losses have been incurred during the term of


Each year, current and prospective investors make the most of the opportunity to attend the Investors' Day and personally meet the Group management of PCC

the certificate, participation in such losses occurs as of the date of redemption. The term of this security is indeterminate. The first date at which can be redeemed is December 31, 2017. The official offer ends on September 30, 2009.

The following table shows the securities issued by PCC SE as of December 31, 2008.

SECURITIES ISSUED BY PCC SE AS OF DECEMBER 31, 2008 PCC. DirectInvest

Corporate bonds

ISIN	Interest rate p.a. in %	Issue date	Maturity	Listing	Nominal volume in €
DE000A0EY6Q4	7.00	July 1, 2005	July 1, 2010	Frankfurt	31,957,000
DE000A0JFJ90	7.00	May 1, 2006	April 1, 2011	Frankfurt	27,645,000
DE000A0LRV96	6.50	March 1, 2007	July 1, 2013	Frankfurt	9,292,000
DE000A0S8DY1	7.00	October 1, 2007	October 1, 2012	Frankfurt	19,966,000
DE000A0WL5E5	7.25	September 1, 2008	April 1, 2014	Frankfurt	4,093,000
DE000A0AE7D8	6.50	December 1, 2008	April 1, 2011	–*	560,000

Profit participation certificate

ISIN	Basic interest rate p.a. in %	Issue date	Maturity	Listing	Nominal volume in €
DE000A0MZC31	8.75	October 1, 2007	Indeterminate**	Frankfurt	6,017,000

* PCC-3 Monthly Note, redeemable on a quarterly basis with six months' notice to the end of the quarter.

** Initially redeemable with one year's notice, first date of redemption December 31, 2017; thereafter at the end of each quarter.

The current total volume of corporate bonds and profit participation certificates issued by PCC SE and still in circulation amounts to approximately €107 million (as at May 31, 2009).

Also included in the balance sheet as of December 31, 2008 under liabilities from bearer bonds with a residual term of up to one year are bonds issued abroad by PCC's major Polish subsidiaries PCC Rokita SA and PCC Rail S.A. These short-term złoty bonds with a face value totalling €11.76 million have been exclusively placed with institutional investors.

Expansion of the financial product portfolio

As already announced, the range of capital investments undertaken by PCC SE is to be expanded to include the possibility of direct public participation. It is anticipated that investors will be offered facilities to purchase either shares or profit participation rights.

Owing to the economic and financial crisis, however, the IPO (initial public offering) planned for 2008 relating to a Polish affiliate of PCC has been postponed. Provided that suitable market conditions prevail in 2009, 10% of the shares in PCC Intermodal S.A. will eventually be offered on the Warsaw stock exchange by way of a capital increase. The prospectus for this issuance was approved by the Polish stock exchange supervisory authority in February 2009 and is available on our website at www.pccintermodal.pl.

In addition to the IPO of PCC Intermodal, the financial product portfolio of PCC SE is also to be expanded through the inclusion of facilities allowing investors to participate in individual projects or project companies – currently restricted to the Chemicals division. Among the packages presently on offer are investment opportunities in the monochloroacetic acid (MCAA) plant which is under construction at the site of PCC Rokita SA in Brzeg Dolny. By 2012, the MCAA production facilities of this company are expected to be operating at full capacity, generating 42,000 metric tons of monochloroacetic acid per year. In addition, PCC Exol S.A. – a new subsidiary founded in 2008 – is currently constructing a further ethoxylation plant which is to be commissioned in 2010 with an initial production capacity of 20,000 metric tons per year. PCC Exol is headquartered in Brzeg Dolny, but the plant under construction is located in Płock, in close strategic vicinity to the mineral oil and petro-chemicals concern PKN Orlen SA. Currently under development is a new self-owned nitrogen production plant which is to be constructed on the site of PCC Rokita. The ability to generate our own gaseous N_2 at PCC Rokita will lead to considerable cost savings compared to the current source provided by external gas vendors.

Over the longer term, PCC will also be investigating the possibility of adopting direct investment models in selected power plant projects as part of its financing package in the energy sector. These projects will be primarily selected on the basis of the criteria of the transparency and clarity of structure of the business model, combined with the long-term stability of the ensuing cash flows. Satisfying this latter criterion will mainly depend on the structure of the supply and purchase agreements arranged by the project companies. Projects aligned to the utilisation of renewable energy sources are regarded as particularly suitable in this respect, especially where the costs can be effectively controlled through long-term maintenance agreements and revenues assured by grid feed-in tariffs for the electricity generated. If the legal position is regarded as still insufficiently secure in individual countries, PCC will introduce investment guarantees underwritten in the Federal Republic of Germany as an additional instrument for securing the capital invested.

PCC SE intends to successively expand its range of direct investment offerings under the label "PCC. Direct Invest" both in the chemicals and in the energy sector.

Investor relations and communications

PCC's investors are provided with up-to-date information through our annual and quarterly reports. Current corporate and, in particular, financial data and information are also posted on our websites at www.pcc.eu and www.pcc-finanzinformationen.de. All our reports and annual financial statements – going back to 2003 – are also published on these sites.

Moreover, PCC SE also invites investors to attend our Investors' Day at the Group's headquarters in Duisburg-Homberg. Last year's Investors' Day, held on June 21, 2008, was attended by around 1,500 current and potential investors wishing to avail themselves of this opportunity to enter into a dialogue with the Group management of PCC SE and also the general managers and product managers of our German affiliates.

"The crowning glory of my work is the market launch of a new product and the total satisfaction that I experience when the expected sales figures are reached. This is preceded by what is perhaps the most interesting part of my job, however: the actual creation of a new product."

Joanna Józwa (30): Studied at the Poznań School of Management and Banking; several years' experience as key account specialist and sales manager; since 2005 with Kosmet Rokita, initially as head of the development department and now as Director of Sales and Marketing.

Joanna Józwa standing in front of a filling plant at Kosmet Rokita in Brzeg Dolny; also pictured here is the dishwashing detergent "Tymek", of which millions of bottles are sold in Poland every year

02. Investment: The Basis for Our Future

Polyol production plant for Rokopol iPol™ on the PCC Rokita site in Brzeg Dolny – scheduled for commissioning in August 2009

In 2008, PCC SE was able to maintain the high level of capital expenditure undertaken in 2007. In all, funds amounting to €133.4 million were invested, with the greater share going into property, plant and equipment. In the Chemicals division, for example, further investments were committed to new building projects and the modernisation of existing facilities. The Energy division saw the completion of the self-owned cogeneration plant in Poland and of the construction work on the first climate protection project in Bosnia-Herzegovina. The Logistics division was appreciably strengthened by a number of sizeable company acquisitions.

Investment Volumes

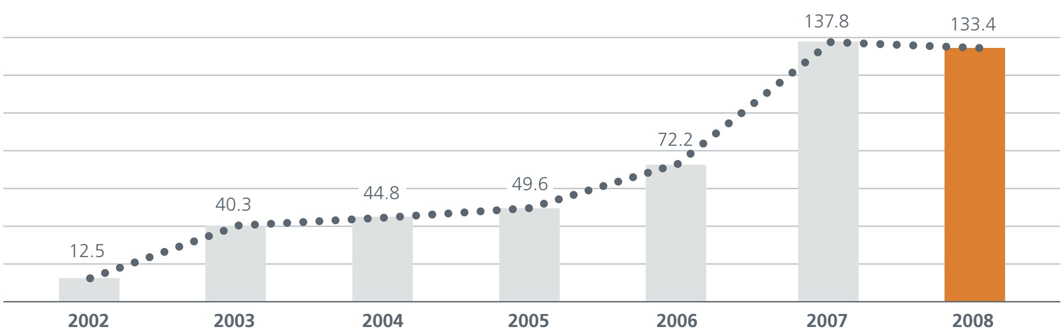
Investments in 2008: Creating the foundation for stability and sustainability

With a volume of €133.4 million, capital expenditures at the PCC Group in 2008 almost matched the high level committed in the previous year (2007: €137.8 million). At 60 %, these funds were predominantly invested in property, plant and equipment. The remaining 40 % was spent on the purchase of participating interests and intangible assets.

As in the previous year, the focus of the investment programme in the Chemicals division was on the modernisation of existing production facilities and the construction of new plant. The capital projects in the Energy division were dominated by the self-owned combined heat and power plant commissioned in Poland at the end of 2008, and the small hydropower plant in Bosnia-Herzegovina, completed at the beginning of the 2009.

In the Logistics division, we were able to significantly increase our fleet of locomotives and goods rolling stock as a result of a sizeable expansion in our corporate shareholdings.

ANNUAL CAPITAL EXPENDITURES OF THE PCC GROUP
in € million



Investments in the Chemicals Segment

Storage tanks at the new sulphonation plant of PCC Rokita in Brzeg Dolny – commissioned in 2008

Future-aligned plant expansion

In 2008, the focus of the capital expenditures made in the Chemicals division was again on plant modernisation and capacity enhancement at our existing production sites. Indeed, the upgrade of existing facilities, particularly with the aim of satisfying environmental and cost-efficiency standards in the future, was assigned just much importance as the expansion of key production units. The strategy adopted in the Chemicals division in 2008 was also again geared to the development of our capacities for the manufacture of various complimentary products such as monochloroacetic acid. Going forward, PCC intends to continue to concentrate its investments in these areas within the Chemicals division. At the same time, we are continually examining the possibility of further expansion through acquisition and green-field projects in Poland and similar opportunities in other high-growth emerging economies.

PCC Rokita SA – New-generation chemical facilities

The most important chemicals site belonging to the PCC Group is at Brzeg Dolny, Lower Silesia, a town located some 40 kilometres north-west of Wrocław and the headquarters of PCC Rokita SA. One of the largest chemical complexes in Poland, PCC Rokita was privatised in 2002 and has been a majority shareholding of the PCC Group since 2003. And 2008 saw a continuation of the comprehensive investment programme embarked upon here in the previous year.

The current portfolio of PCC Rokita is made up of four key product segments: Polyols, Surfactants, Organic Phosphorus Chemicals and Chlorine/Chlorine Derivatives.
The four business units (complexes) encompass the following main product groups:

Polyols Business Unit

Main products: Polyols as starting materials for polyurethane production

- Rokopol® polyols for the manufacture of flexible foams:
  Starting material for the production of flexible foams, primarily for the furniture industry (mattresses, sponges) and also the manufacture of foam sheeting, self-adhesive laminates, sound insulation materials, filter materials, etc.
- Rokopol® polyols for the manufacture of rigid foams:
  Starting material for the production of rigid foams for use as reinforcing and filler materials for various construction applications, e.g. laminated composites, door and window frames and also heat and sound insulation materials.
- Other Rokopol® polyols:
  Employed in the manufacture of adhesives, paints and varnishes, polyurethane elastomers; also used in sealing and lubricating oils for compressors and for the production of hydraulic fluid.

Chlorine Business Unit

Main products: Chlorine, chlorine compounds, lyes

- Liquid chlorine:
  For use in the chemical industry for chlorination, in the pulp and paper industry as a bleaching agent, and for water treatment.
- Caustic soda lye:
  For use in the chemicals, paper, domestic chemicals and textile industries.
- Caustic soda:
  Starting material for many industrial applications, degreasing agent in metallurgy, rinsing agent for bottle and apparatus cleaning in the food industry.
- Chlorobenzenes:
  Solvents, starting materials for chemical synthesis and crop/plant protection agents.

Main gate of the PCC Rokita chemicals plant in Brzeg Dolny

Surfactants Business Unit

Main products: Surfactants (surface-active substances) for the household chemicals and cosmetics industries

- Non-ionic surfactants:
  Manufactured on the basis of nonylphenol, alcohols and fatty acids; used in the production of various laundry and cleaning detergents and a range of special products.
- Anionic surfactants:
  Based on alkylbenzene and ethoxylated fatty alcohols; used in the production of laundry detergent powders and liquid detergents, liquid soaps and shampoos.

Phosphorus Chemicals Business Unit

Main products: Phosphorus derivatives and naphthalene derivatives

- Plasticisers, stabilisers and flame retardants:
  Phosphorus-based products for use in the plastics, paints and coatings industries.
- Inorganic phosphorus compounds:
  Input products for use in chemical synthesis applications (e.g. in the pharmaceutical industry and agrochemicals).
- Construction chemicals:
  Naphthalene sulphonates as a starting material for the production of concrete additives, admixtures for the production of plasterboard, speciality products in aqueous solution for various industrial applications.

/ Investments in the Chemicals Segment

In the year under review, several investment projects affecting various areas of the chemicals conglomerate PCC Rokita were taken to the commissioning stage. A number of construction activities also underwent further development with implementation and realisation expected in the coming one to two years. Several new projects were also given the go-ahead in 2008. The focus here is not only on enhancing efficiency through the use of advanced technologies but also on increasing manufacturing capacity with respect to key products, and the development of new products.

Construction of a production plant for speciality Rokopol iPol™ polyols brought forward – completion in 2009

Accounting for a 36 % of the total sales of PCC Rokita, the Polyols business unit remains its main revenue generator. PCC Rokita is the only manufacturer in this segment operating in Poland. Its polyols, sold under the brandname Rokopol®, also make a significant contribution to the high export quota of the company, which stands at almost 50 %. The main export region for PCC Rokita is Europe and, in particular, Germany which accounts for almost 45 % of the total export volume.

In past years, production of standard and commodity polyols for bulk supply has continuously increased as the company's main focus – capacity was doubled in 2006 with the completion of a third production line to a total 70,000 metric tons per year. However, in future PCC Rokita will be shifting its production emphasis more and more towards the manufacture of higher-quality, higher-margin polyols. Its product development effort is concentrating in particular on improving certain product characteristics such as flame retardance, extreme resilience and open-cell visco-elastic memory. The priority in its investment projects therefore currently lies on the production plant under construction for the manufacture of Rokopol iPol™ polyols. With this, the company's production profile can be further developed away from bulk polyols towards speciality polyols based on advanced technologies and expertise. Production is expected to start in August 2009.

Work also continued on the expansion of a storage base for propylene oxide – three tanks with a volume of 160 cubic metres each. The project is expected to be completed in the course of the third quarter of 2009. Propylene oxide (PO) is one of the main starting materials for polyol production.

Building on the announced fourth production line for standard polyols, which will increase the annual capacity of the company from 70,000 to 100,000 metric tons, was initially continued in 2008. However, due to the global financial and economic crisis starting in the fourth quarter of the year under review, completion has now been postponed. The current priority is on achieving maximum workload for the three existing production lines. The construction time required before the fourth can be commissioned is estimated at six months. Should the market situation improve soon, therefore, the fourth production line will be available for the manufacture of polyols in 2010.

Bottling of glass cleaner at Kosmet-Rokita is Brzeg Dolny

Retention/reference samples at PCC Chemax in South Carolina (USA)

New sulphonation plant commissioned / Second ethoxylation plant under construction

- **New sulphonation plant with a capacity of 30,000 metric tons**

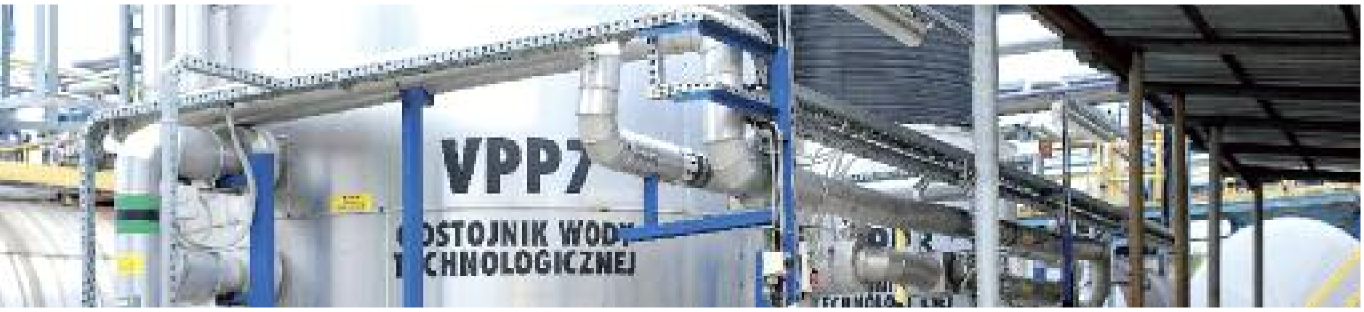
  July 2008 saw the commissioning of a new production facility for anionic surfactants, namely "sulphonation plant 2". With a capacity of 30,000 metric tons per year, this investment has quadrupled the potential production of anionic surfactants from 10,000 to a current 40,000 metric tons per year. Already, a total of 130 metric tons of the surfactants produced in the two facilities is bottled each day.

- **Commissioning of a new ethoxylation plant in Płock scheduled for 2010**

  PCC Exol S.A., newly established in 2008, is currently building a second ethoxylation plant. PCC Exol is headquartered in Brzeg Dolny while the location of the plant is in Płock in the strategic vicinity of the petrochemical concern PKN Orlen SA. This new production capacity is expected to come on stream by 2010, initially producing 20,000 metric tons of non-ionic surfactants known as ethoxylates. The ethoxylation plant already operating on the site of PCC Rokita offers an annual capacity of 25,000 metric tons. Following the commissioning of the new facility in Płock, therefore, total capacity for the production of non-ionic surfactants will be increased to 45,000 metric tons per year.

By 2010, the capacity of all four production plants will amount to a total of 85,000 metric tons. PCC Rokita is Poland's only surfactant manufacturer. With these expansions in capacity, the chemicals concern will be able to further expand its importance as a renowned European producer of surfactants for the manufacture of laundry products, cleaning agents and cosmetics.

/ Investments in the Chemicals Segment



New process water settling tank for the Phosphorus Chemicals business unit at PCC Rokita

Full-load operation of new MCAA plant planned for 2012

PCC Rokita already has the very latest technology available to it for the construction an innovative facility for the manufacture monochloroacetic (MCAA). The production process involving the direct chlorination of acetic acid guarantees a high standard of product quality. While this ambitious construction project is being implemented at PCC Rokita SA in Brzeg Dolny, marketing of the product will be the responsibility of PCC affiliate MCAA SE. Full-load production of the MCAA plant, which will have an annual capacity of 42,000 metric tons of monochloroacetic acid per year, is scheduled for 2012, with three-quarters of production earmarked for the export market.

In addition, the new MCAA plant will improve the chlorine consumption balance of the PCC Rokita chemicals complex.

Environmentally compatible membrane electrolysis facility scheduled to come on stream in 2009

2008 saw the continuation of work on a further key investment, namely the construction of a modern membrane electrolysis facility. This plant is due for commissioning in the fourth quarter of 2009, when it will replace the existing mercury electrolysis plant. Although the additional unit featuring the modern membrane technology will leave total production capacity unchanged at 120,000 metric tons of chlorine per year, with parts of the old electrolysis facility being simultaneously shut down, the level of environmental burden caused by the process will be substantially reduced. The energy requirement will also decrease by 20 %, and there will be a substantial reduction in mercury-containing effluent.

EU standards and environmental protection

- **REACH pre-registration successfully completed within the PCC Chemicals division**
  By the end of 2008, the PCC companies affected by the new European chemicals regulation REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) had already successfully completed the pre-registration of the chemicals covered by the legislation. This phase involved around 300 substances, of which approx. 150 were attributable to PCC Rokita SA alone. The great majority of these substances will have also been fully registered by November 2010.

A number of further improvements in environmental protection were also implemented at PCC Rokita in 2008. The focus here was primarily on the modernisation of the water and wastewater systems, and especially on achieving more affective pre-cleaning of effluent while within the production facilities. In the flame retardant plant, the project to pipe the cooling wastewater into the integrated cooling water recycling system of the plant was completed. The work on the wastewater retention systems of a number of production facilities was continued, accompanied by improvements in the efficiency of the central wastewater treatment plant. In 2008, all facilities containing PCB (polychlorinated biphenyls) were taken out of production, enabling the programme for the controlled elimination of PCB at PCC Rokita to be completed ahead of schedule.

PCC Rokita SA is certified according to the standards, and a participant in the programmes, indicated below:

- **IPPC – Integrated Pollution Prevention and Control – integrated approvals since 2007**
  The IPPC directive (EC directive) for the integrated avoidance and reduction of environmental contamination aims at achieving a high level of environmental protection within industry. Consequently, all the member states of the European Union now impose licensing restrictions on environmentally relevant facilities.

- **EN ISO 14001 – European environmental management standard – certification since 2001**

- **EN ISO 9001 – European quality management standard – certification since 2000**

- **Responsible Care® member since 1999**
  Worldwide environmental, safety and health initiative of the chemical industry. Progress made in said three areas is regularly published under its banner. In 53 countries around the world, chemical associations carry out regular national RC programmes. The most recent aim has been to encourage companies to adopt a voluntary commitment to do more than is legally required by way of promoting sustainability, demonstrating product responsibility, creating more safety in factories and for the neighbourhoods that surround them, and improving occupational health and environmental protection in and around their facilities.

/ Investments in the Energy Segment

By constructing our self-owned pool of power plants, we intend to reduce CO_2 emissions by a total of 160,000 metric tons per year by 2012

Transforming PCC from a pure trading company to an integrated energy corporation – with our self-owned pool of power plants

Because of ever increasing market transparency and the resultant pressure on margins, PCC has, since 2007, been continuously throttling back its activities in the cross-border energy trade in Central and Eastern Europe. Moving beyond its original pure trading approach, the Group is refocusing its attention today more on the development of its self-owned pool of power plants. As we evolve into an integrated energy corporation, we will in the future cover the complete value chain with business activities in generation, trading and distribution.

The market expertise that we have acquired through energy and emission trading activities in 17 countries within Europe is now being harnessed using the local structures of the PCC Group already in place. These have been specifically augmented in order to prepare market analyses and identify investment projects that can then likewise be developed at the local level. The strategic framework for this has been set primarily by our Duisburg headquarters with the initial focus on three main areas of activity:

1. Development of projects for the utilisation of renewable energies, especially in South-East Europe.
2. Optimisation of the energy supply system serving our self-owned chemical plants and affiliates in Poland and Romania.
3. Optimisation of the energy supply system serving industrial customers outside the Group in Western Europe.

The so-called Tyrolean weir bottom intake system serving the Mujada small hydropower plant

Turbine commissioning

1. Development of projects for harnessing renewable energies, primarily in South-East Europe

Eastern and South-East Europe are regions exhibiting an elevated need for additional power generation. The electricity prices there have risen enormously in the last few years. In addition, there are also attractive incentive systems to encourage the construction of environmentally compatible energy generation facilities, so-called climate protection projects. In the “Renewable Energies” segment, PCC in harness with the development bank of the federal-backed “German Finance Company for Investment in Developing Countries” or DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH) is concentrating on investments in hydroelectric power and wind power generation.

Currently, PCC is particularly active in Bosnia-Herzegovina, Bulgaria and the Republic of Macedonia and has already acquired numerous concessions for the construction of small hydropower plants, either through participating interests in relevant countries – such as in Bosnia-Herzegovina and Bulgaria – or through participation in international tenders, as is the case in the Republic of Macedonia. Each of these countries has committed to an energy policy aligned to a substantial expansion of power plants using renewable energies, and is underwriting these with, in particular, long-term arrangements securing the cost-effective operation of such facilities.

Within this context, hydroelectric power as a regenerative source of energy is in many cases economically viable without the need for subsidies. Consequently, investments in this area can be readily reconciled with the strategy of PCC of pursuing projects based as far as possible on market conditions rather than within heavily subsidised environments.

/ Investments in the Energy Segment

October 31, 2007:
Clear-felling prior to construction of a small hydropower plant in Bosnia-Herzegovina

November 23, 2007:
Supply of large-diameter pipe and trenching in preparation for the laying of the pipelines

January 29, 2008:
Laying the concrete foundations for the generator/turbine hall

April 16, 2008:
Construction of the ground floor walls

July 15, 2008:
Supply of the electrical equipment

The first hydroelectric power plant of PCC was connected to the grid in Bosnia-Herzegovina at the beginning of 2009. After a construction period of 16 months, the "Mujada" – the first PCC climate protection project – was able to start commercial operations at the beginning of February 2009. With an electrical output of 1.2 MW, the project will cut emissions by 7,200 metric tons of CO_2 per year.

There are currently 17 further environmentally friendly hydroelectric power plant projects from PCC at various stages of development in South-East Europe. The entire power plant portfolio is to be completed by 2011/2012, reducing the CO_2 emissions in the countries concerned by a total of 120,000 metric tons per year.

The first planned wave of hydroelectric power plants will generate a total capacity of around 45 MW. These projects will serve to expand the power generation capacities of the countries concerned, thus contributing to reducing supply bottlenecks while at the same time increasing the proportion of regenerative energy in the overall power supply mix.

SMALL HYDROPOWER PLANT PROJECTS OF PCC IN SOUTH-EAST EUROPE (Status as at December 31, 2008)

July 22, 2008:

Completion of exterior façade

August 8, 2008:

Construction of the intake (Tyrolean weir)

September 23, 2008:

Completion of the generator and turbine installation work

December 16, 2008:

Completion of the intake construction work

April 30, 2009:

Official opening by German ambassador Joachim Schmidt (second from left) and Waldemar Preussner (left)

2. Optimization of the energy supply system to the self-owned chemical plants, and participations in Poland and Romania

A further significant area in the power plant business of PCC is that of supplying electricity and steam to the Group's chemical plants and affiliates in Poland and Romania. An example for this is a coal- and biomass-fired cogeneration (CHP) facility which was completed at the end of 2008 on the site of the chemicals complex PCC Rokita in Brzeg Dolny, Poland.

PCC Rokita took just ten months to build this new combined heat and power plant, known as EC-3, on its production site. The foundation stone was laid in mid-December 2007, and by October 2008 the generator had been connected to the public grid. Full-load operations were reached in November 2008. With an output rating of 14 MW electric and 80 MW thermal, this unit has enabled CO_2 emissions to be reduced by some 40,000 metric tons per year. The production facilities of PCC Rokita SA are supplied from EC-3 with both electricity and process steam. The power plant also ensures a continuous supply of hot water to the neighbouring town of Brzeg Dolny with its approx. 14,000 inhabitants.

EC-3 also greatly reduces the emission of dust, sulphur dioxide and gaseous nitrogen compounds. The new plant will eventually completely replace the oldest CHP unit EC-1, which is due for closure at the end of March 2010. The environmental balance of the project is additionally improved by the combined combustion of biomass with coal and the recycling of production waste. Unlike in the predecessor power plant concepts EC-1 and EC-2, the turbine installed in EC-3 operates in the continuous mode, thus generating substantially more environmentally friendly power and heat.

/ Investments in the Energy Segment

With the commissioning of the cogeneration plant EC-3 in October 2008, annual CO_2 emissions have been reduced by some 40,000 metric tons

The construction of this modern power plant was subsidised with grants from the European Fund for Regional Development (Europejski Fundusz Rozwoju Regionalnego) and also the National Fund for Environmental Protection and Water Management (NFOŚiGW – Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej). These funds were granted in recognition of the use of the best available techniques/technologies, thus satisfying the BAT pollution control requirements for environmentally relevant industrial segments.

In addition, PCC Rokita has also been participating in a European research programme which started in 2008 involving CHP plant EC-2, the so-called DEBCO project (Demonstration of large-scale biomass co-firing and supply chain integration). Involved in this undertaking are 17 companies and institutions from around Europe, of which two in Poland: PCC Rokita representing industry, and Wrocław University of Science and Technology responsible for scientific research and co-organiser of the consortium. The programme is scheduled to last 48 months and participation is supported by EU grants.

Having gained valuable experience in the construction of EC-3, PCC is also keen to contribute in the future to the development of industrial power plant facilities in collaboration with selected partners in other EU countries. The trading competence available within the PCC Group, acquired over many years of business activity, is also to be utilised in the optimisation of fuel procurement, electricity marketing and managing the CO_2 portfolio associated with such projects.

The new CHP plant EC-3 is a coal- and biomass-fired cogeneration facility boasting state-of-the-art technology

3. Optimisation of the energy supply system serving customer industries in Western Europe

Aside from harnessing hydroelectric power and wind energy, PCC is also pursuing the development of highly efficient gas-fired CHP plants. These facilities are to be built and operated primarily in collaboration with industrial partners that have a process steam requirement, the aim being to keep the annual energy utilisation level at 80 % or higher. This approach has a significant advantage in terms of the CO_2 emissions produced compared to the separate generation of power and heat, particularly as certificates will need to be acquired for such emissions from 2013 onwards. We regard this niche activity as a useful supplement to our power plant portfolio, which is specifically aligned to achieving sustainable and efficient energy production and utilisation.

Since the beginning of 2008, PCC has been pursuing a pilot project together with an industrial partner, involving the development of a gas and steam turbine plant with an electrical output of around 30 MW and a maximum steam production capacity of 65 metric tons per hour. Detailed planning for the plant concept has already been completed and preparations are currently underway for submitting the licence application to the relevant authorities and drafting a project financing concept. This latter activity represents a particular challenge, given the constraints being imposed by the current economic crisis. An investment decision is to be made by the end of 2009.

Over the long term, PCC intends to create a significant power plant portfolio, providing it with market leadership in individual segments and good, efficient positions in niche markets.

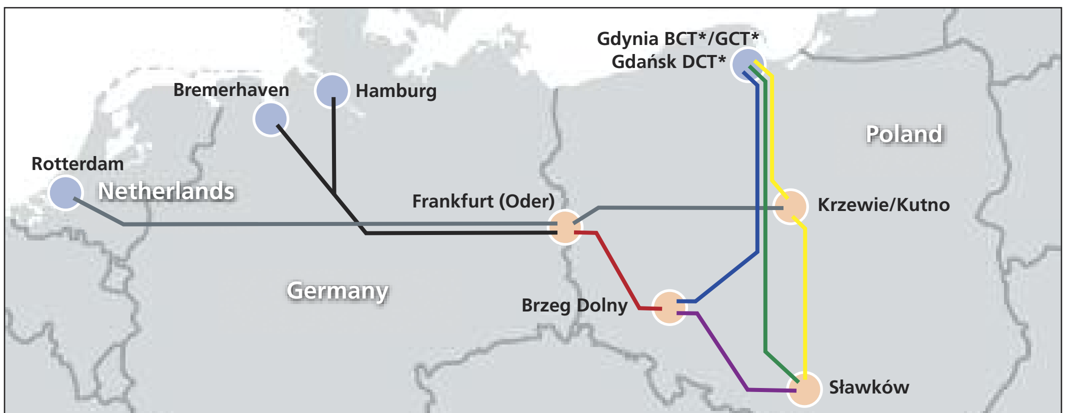
Investments in the Intermodal Segment

PCC Intermodal is active in the provision of combined transportation services for the carriage of goods in containers which are then conveyed by more than one means of transport, whether it be rail, truck or ship

Combination transportation solutions with growth opportunities / IPO of PCC Intermodal planned for the end of 2009

Since it was established in 2005, the Polish company PCC Intermodal S.A. has undergone huge growth. This transport company today already offers some 30 rail journeys per week involving all-container trains travelling on public routes. And volume is rising. In the intermodal transportation of goods in containers, more than one means of transport is invariably used, with final delivery to the customer being performed, for example, by a local truck haulage company. The railway network was expanded in 2008 and currently PCC Intermodal offers links between land terminals in Sławków, Brzeg Dolny and Krzewie near Kutno, and the sea ports of Gdańsk, Gdynia, Hamburg, Bremerhaven and Rotterdam.

RAILWAY NETWORKS UTILISED FOR THE COMBINED TRANSPORT OPERATIONS OF PCC INTERMODAL S.A.



* BCT (Baltic Container Terminal, Gdynia); GCT (Gdynia Container Terminal); DCT (Deepwater Container Terminal, Gdańsk)

Today PCC Intermodal is already able to link Poland's inland terminals with the ports of Gdańsk, Gdynia, Hamburg, Bremerhaven and Rotterdam

In 2008, the company handled around 47,600 containers, corresponding to a transported volume of 81,200 TEU (Twenty Foot Equivalent Unit = units of measurement for container transport capacity). This represents a rate of increase of more than 200 % and more than 250 % respectively compared to the previous year in which 15,300 containers and 22,400 TEU were transported.

An ambitious capital expenditure programme has been put in place for the next few years in order to enable the construction and commissioning of at least five modern intermodal terminals throughout Poland by 2012. The terminals are to be built in Poland's most important economic regions at the nodal points of major traffic routes in Central Poland (Kutno), Upper Silesia (Sosnowiec), Lower Silesia (Wrocław), Greater Poland (Poznań) and also in the hinterland of the seaports Gdańsk and Gdynia (Tczew). There are plans to construct a transshipment and logistics centre at this inland location in order to eliminate a substantial portion of the container haulage traffic and thus relieve the roads and port terminals in Gdańsk and Gdynia. PCC Intermodal will begin constructing the first of the envisaged five terminals before the end of 2009.

As already announced, PCC SE is planning its first IPO, which will involve the listing of PCC Intermodal S.A. as a publicly traded company on the Warsaw securities exchange GPW. The partial floatation is planned for the end of 2009 and will involve offering 10% of the shares in the company within the framework of a capital increase. The prospectus submitted for this IPO was approved by the Polish stock exchange supervisor authority KNF (Komisja Nadzoru Finansowego) around the middle of February 2009. The issuance prospectus has also been available in electronic form since April 2009 on the website of the company under www.pccintermodal.pl.

/ “I started with PCC Rokita straight after my studies and I’m still happy to be working here. Despite my many years of experience in the field of electrochemistry, my daily work constantly brings me face to face with new situations, and I enjoy the challenge of finding effective solutions. As head of the electrolysis plant, I am, after all, responsible for ensuring that operations remain smooth and trouble-free.”

Jerzy Lis (39): Studied physical chemistry, specialising in electrochemistry, at Wrocław University; joined PCC Rokita in 1995 as a production supervisor; then became technologist and project manager; since 2007, Production Manager of the electrolysis plant.

Jerzy Lis in front of the building housing the new membrane electrolysis facility at the production site of PCC Rokita

03. Networking Synergies

PCC Rokita is the only manufacturer of surfactants in Poland – here its new sulphonation plant 2 for the production of the anionic surfactants

The approximately 100 PCC affiliated companies continued to operate as a strong network within the PCC Group during 2008. We specifically promote the utilisation of synergy effects, but without limiting the entrepreneurial freedom of the individual companies. Diversification into competence-related, although independent segments and markets also reduces the entrepreneurial risks inherent in our business portfolio.

Chemicals Division Status as at December 31, 2008 – main companies

Within the Chemicals division, the PCC Group employed an average of 1,828 people during fiscal 2008. Total consolidated sales generated by this division amounted to €479.8 million.

Production companies

PCC ROKITA SA Brzeg Dolny (Poland)	**97.67 %**
Sales contribution 2008	€249.2 million
Employees 2008	1,568
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2002; majority holding since 2003
Business activities	Production of polyols, chlorine (chlorine compounds, lyes), surfactants, phosphorus and naphthalene derivatives, and household chemicals
Subsidiaries	- Energetyka-Rokita Sp. z o.o., wholly owned power plant operator, merged with the parent company PCC Rokita at the beginning of 2009 - Rokita-Agro S.A., manufacturer of crop/plant protection products - Kosmet-Rokita Sp. z o.o., cleaning product manufacturer - Tensis Sp. z o.o., manufacturer of chemical compounds - Ekologistyka Sp. z o.o., wholly owned waste recycling and disposal company - LabMatic Sp. z o.o., wholly owned service-provider for the inspection, maintenance and repair of industrial plants - Apakor-Rokita Sp. z o.o., wholly owned vessel and apparatus builder specialising in repairs, rust protection and similar - ChemiPark Technologiczny Sp. z o.o., technology park with research laboratories
Further information	PCC Rokita SA counts among Poland's biggest chemical plants and is the largest chemicals producer in Lower Silesia; only manufacturer of polyols, surfactants and monochlorobenzene (MCB) in Poland

PCC SYNTEZA S.A. Kędzierzyn-Koźle (Poland)	**100 %**
Sales contribution 2008	€38.1 million
Employees 2008	115
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 1998
Business activities	The main products of this company are bisphenol-A, alkaline phenols (nonylphenol, dodecylphenol) and PETROTEX®

PCC CHEMAX, Inc. Piedmont, Greenville County, South Carolina (USA)	**100 %**
Sales contribution 2008	€13.1 million
Employees 2008	31
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2006
Business activities	Development and marketing of speciality surface treatment chemicals (surfactants)
Further information	PCC Chemax was PCC's first overseas acquisition

S.C. EURO-URETHANE S.R.L. Râmnicu Vâlcea (Romania)	**58.72 %**
Sales contribution 2008	€2.2 million
Employees 2008	10
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2007
Business activities	Marketing of TDI and polyols; TDI production plant planned

Trading Companies

PETRO CARBO CHEM GmbH Duisburg (Germany) – abbreviated as PCC GmbH	**100 %**
Sales contribution 2008	€157.0 million
Employees 2008	48
Year established or incorporated within the PCC Group	Established 1993
Business activities	- Trading with solid fuels, primarily coke breeze, coke fines and small-nut anthracite - Trading with chemical commodities, primarily coking plant by-products such as crude tar and crude benzene, and also adipic acid, pure benzene, phenol, toluene, silicone polymers and bisphenol-A
Subsidiaries	- Petro Carbo Chem, Dnepropetrovsk, Ukraine - ZAO Novobalt Terminal, Kaliningrad, Russia - ZAO Petro Carbo Chem, Moscow, Russia
Further information	- Founding company of the PCC Group from which the PCC SE of today was originally carved out in 1998 - Chinese agency in Beijing since 1997 - On June 30, 2008, the transport company PCC Cargo GmbH headquartered in Schwedt / Oder (Germany) was merged with PCC GmbH where the transport services continue to be operated - PCC GmbH sold its 100% shareholding in PCC Mukachevo, a transshipment terminal in Ukraine, to Majstell Services Limited, Floriana/Malta, effective September 8, 2008 - The business activities of the sister company Petro Carbo Chem Oy, Helsinki (Finland), active in the import and international trading of industrial chemicals and also petroleum- and carbon-derived commodities, was transferred to Petro Carbo Chem GmbH in January 2009

PCC MORAVA - CHEM s.r.o. Český Těšín (Czech Republic)	**100 %**
Sales contribution 2008	€41.2 million
Employees 2008	24
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 1994
Business activities	Specialises in trading with chemical commodities, coal and coke and also foundry raw materials and products; railway and intermodal transportation services also part of portfolio
Subsidiaries	- PCC Energie KFT, Miskolc, Hungary - PCC Rail Morava s.r.o., Český Těšín, Czech Republic

C&C COKE AND COAL PRODUCTS GmbH Duisburg (Germany)	**60 %**
Sales contribution 2008	€27.5 million
Employees 2008	3
Year established or incorporated within the PCC Group	Established 2002
Business activities	Marketing of Polish coke in general, with special focus on small-sized coke fractions of Polish provenance destined for Germany and Western Europe
Further information	C&C GmbH is a joint venture between Poland's largest coal exporter Polski Koks S.A. and PCC SE; PCC SE holds 60 % of the shares and Polski Koks S.A. holds 40 %

Energy Division Status as at December 31, 2008 – main companies

The combined heat and power plant EC-3 on the site of PCC Rokita in Brzeg Dolny was commissioned in October 2008

The average number of employees in the Energy division of the PCC Group during fiscal 2008 was 223. Total consolidated sales generated by this division amounted to €177.0 million.

PCC ENERGIE GmbH Duisburg (Germany)	**100 %**
Sales contribution 2008	€159.5 million
Employees 2008	81
Year established or incorporated within the PCC Group	Established 1998
Business activities	Power and gas supply to industry and mid-sized companies throughout Germany; power engineering and instrumentation and control technology
Subsidiary	PCC Technik GmbH Duisburg

ZAKŁAD ENERGETYKI – BLACHOWNIA Sp. z o.o. Kędzierzyn-Koźle (Poland)	**84.46 %**
Sales contribution 2008	€10.6 million
Employees 2008	131
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2006
Business activities	Trading and distribution of electricity, thermal energy, coke-oven gas, and the generation and supply of compressed air, industrial water, distilled water and sanitary water; further important business segments include sewage and waste treatment, and also telecommunication services

PCC ENERGY TRADING GmbH Duisburg (Germany)	**100 %**
Sales contribution 2008	€40.4 million
Employees 2008	3
Year established or incorporated within the PCC Group	Established 2008
Business activities	Energy trading (formerly the Energy segment of Petro Carbo Chem GmbH, carved out in January 2008)

The Mujada small hydropower plant is the first to be completed of a current 18 such climate protection projects in South-East Europe

PCC DEG RENEWABLES GmbH Duisburg (Germany)	**60 %**
Sales contribution 2008	-
Employees 2008	1
Year established or incorporated within the PCC Group	Established 2007
Subsidiaries and affiliates	- NOVI ENERGII OOD, Sofia, Bulgaria - PCC HYDRO DOOEL Skopje, Skopje, Republic of Macedonia - PCC Izvorsko EOOD, Sofia, Bulgaria
Business activities	Holding company for operations aligned to the utilisation of renewable energy sources (acquisition, financing, direct ownership and management of participating interests and/or companies)
Further information	Joint venture between KfW banking group subsidiary DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH and PCC SE; PCC SE holds 60 % and DEG holds 40 % of the shares

GRID BH d.o.o. Sarajevo (Bosnia-Herzegovina)	**60 %**
Sales contribution 2008	-
Employees 2008	3
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2006
Business activities	Project company; in-service operation of the Mujada small hydropower plant in Bosnia-Herzegovina was started in February 2009
Further information	At the end of 2008, PCC SE sold its shareholding in GRID BH d.o.o. to PCC DEG Renewables GmbH

/ Logistics Division Status as at December 31, 2008 – main companies

In the Logistics division, the PCC Group employed an average of 3,996 people during fiscal 2008. Total consolidated sales generated by this division amounted to €255.1 million.

PCC RAIL S.A. Jaworzno (Poland)	**97.65%**
Sales contribution 2008	€255.8 million
Employees 2008	3,838
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2003
Business activities	PCC Rail is the lead company of "PCC Logistics". Organised within a subgroup comprising more than a dozen subsidiaries, PCC Rail is active in the fields of railway goods transportation and rail passenger services. PCC Rail also has its own transshipment terminal. The self-owned fleet comprises almost 400 locomotives and around 7,700 wagons and rail tankers
Subsidiaries and affiliates	- PCC Rail Rybnik S.A., Rybnik (Poland) – railway transport - PCC Rail Coaltran Sp. z o.o., Warsaw (Poland) – track management; rail transportation - PCC Cargo S.A., Sławków (Poland) – transportation/containerisation; cargo handling; road haulage - PCC Spedkol Sp. z o.o., Kędzierzyn-Koźle (Poland) – transportation/containerisation; track management - Arriva PCC Sp. z o.o., Warsaw (Poland) – passenger transportation (rail) - PCC Port Szczecin Sp. z o.o., Szczecin (Poland) – transshipment terminal (seaport); bulk cargo management - PCC Kolchem Sp. z o.o., Brzeg Dolny (Poland) – rail transportation/track management - PCC Tabor Sp. z o.o., Jaworzno (Poland) – fleet maintenance and repairs - PCC Lok-Wag S.A., Jaworzno (Poland) – fleet management - PI-T INTECHKOP Sp. z o.o., Katowice (Poland) – technical machinery service - PCC SLK Sp. z o.o., Jaworzno (Poland) – rail infrastructure management
Further information	PCC Rail together with its subsidiaries and affiliates is Poland's largest private railway operator with a market share of around 8%

PCC INTERMODAL S.A. Gdynia (Poland)	**95.58%**
Sales contribution 2008	€18.2 million
Employees 2008	78
Year established or incorporated within the PCC Group	Established 2005
Business activities	- Intermodal container transportation – in all, the company handled around 47,600 containers in fiscal 2008 (previous year: 15,300); PCC Intermodal operates scheduled services with between 100 and 120 all-container trains per month - Management of door-to-door deliveries - Cargo handling and storage services - Overseas transportation of goods
Further information	The IPO of PCC Intermodal planned for 2008 was postponed to 2009 due to the onset of the economic and financial crisis. The issuance prospectus was approved by the Polish stock exchange supervisory authority in February 2009. The electronic version of this prospectus has been available on the company's website at www.pccintermodal.pl since April 2009

PCC AUTOCHEM Sp. z o.o. Brzeg Dolny (Poland)	**99.04%**
Sales contribution 2008	€6.4 million
Employees 2008	80
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2002; majority holding since 2003
Business activities	Road haulage and forwarding services; vehicle fleet includes 50 self-owned road tankers; specialises in the transportation of hazardous materials and particularly the carriage of liquid chemicals; has a modern washing facility for road tankers and containers

EURO-LINE GmbH Duisburg (Germany)	**50 %**
Sales contribution 2008	€1.9 million
Employees 2008	1
Year established or incorporated within the PCC Group	Established 2000
Business activities	Procurement of railway transportation services for coke and anthracite, primarily within Russia and the neighbouring Eastern European countries
Further information	Euro-Line GmbH was established as a joint venture between PCC SE and a Russian partner. The 50% interest previously held by PCC SE was sold at book value to Petro Carbo Chem GmbH, Euro-Line's main customer, in August 2008

Other Segment Status as at December 31, 2008 – main companies

The Other segment of the PCC Group employed an average of 90 employees during fiscal 2008. Total consolidated sales generated by this segment amounted to €1.2 million.

PCC CAPITAL GmbH Duisburg (Germany)	**100 %**
Sales contribution 2008	€1.8 million
Employees 2008	3
Year established or incorporated within the PCC Group	Established 2005
Business activities	Financial services provided to the companies of the PCC Group and also third parties. Product range extends from full-service factoring to purchase financing
Participating interest	Drefakt GmbH, Dresden

PCT S.A. Brzeg Dolny (Poland)	**100 %**
Sales contribution 2008	€2.7 million
Employees 2008	36
Year established or incorporated within the PCC Group	Incorporated within the PCC Group in 2002; majority holding since 2003
Business activities	Information technology and telecommunications service-provider

/“I get great satisfaction from each step forward in the implementation of major projects. The wide range of logistics activities – from truck haulage and rail transportation to sea shipment – means that I am constantly being faced with exciting challenges.”

Kamila Raczkowska (32): Studied social and economic geography at Wrocław University; qualified commercial and trade administrator, studied logistics management, since 2007 Chief Logistician at PCC Rokita SA.

Kamila Raczkowska in front of a rail tanker belonging to PCC Spedkol in Brzeg Dolny

04. Group Management Report

New propylene oxide storage farm of PCC Rokita – three tanks with a volume of 160 cubic metres each

Since January 1, 2008, the company has been segmented on the basis of the divisions Chemicals, Energy and Logistics. With its production and trading companies, the Chemicals division was the main revenue generator of the three, accounting for consolidated segment sales of €480 million. As a result of the companies purchased and assigned to the Logistics division, the sales of this segment increased to €255 million, while the revenues realised by the Energy division came in at €177 million.

/ Core Business Activities

At the beginning of fiscal 2008, the divisional organisation of our Group was restructured on the basis of the following four segments:

- Chemicals
- Energy
- Logistics
- Other

Consolidated Group sales across all the divisions amounted to €913 million for the full financial year. Compared to the corresponding prior-year figure of €944 million, this represents a decrease of 3.3 %. Consolidated Group sales therefore fell below our expectations for fiscal 2008 (budget 2008: > €1 billion), due in the first instance to the drastic slump in commodity prices resulting from the global financial and economic crisis which took root in the final quarter of the year. A further contributory factor was the significant decline in the Polish złoty compared to the euro. The performance of the individual divisions within the Group during the year under review was again very mixed:

Chemicals

From January 1, 2008, this division comprised the production companies:

- PCC Rokita SA, Brzeg Dolny (participating interest 97.67 %)
- PCC Synteza S.A., Kędzierzyn-Koźle
- PCC Węglopochodne Sp. z o.o., Kędzierzyn-Koźle
- PCC Chemax, Inc., Piedmont
- S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea (participating interest 58.72 %)

and also the commodity/raw material trading companies:

- Petro Carbo Chem GmbH, Duisburg
- PCC Morava-Chem s.r.o., Český Těšín
- Petro Carbo Chem S.A., Gliwice
- Petro Carbo Chem Oy, Helsinki
- C & C Coke and Coal Products GmbH, Duisburg (participating interest 60 %)

With consolidated segment sales amounting to €480 million (previous year: €666 million), the Chemicals division was the main revenue generator within the PCC Group. Operating profit in the form of earnings before interest, tax, depreciation and amortization (EBITDA) amounted to some + €12.0 million, which is below the corresponding prior-year figure of + €13.2 million. This is essentially due to the valuation as of the balance sheet date of financial instruments adopted to hedge against future currency risks. After adjusting for these foreign exchange effects, the operating profit (EBITDA) of the Chemicals division amounted to around + €20.0 million, significantly above the prior-year level.

On the production side, this was largely the result of activities at PCC Rokita SA, Brzeg Dolny. This subsidiary has market-leading positions in, among others, the product segments Polyols, Surfactants and Phosphorus Chemicals (flame retardants, plasticisers) in Central Europe particularly, and also to some extent throughout Europe. The Polyols business once again gave rise to a number of problems in 2008. Standard polyols, which are subject to heavy price-based competition, make up a large proportion of the sales generated by PCC Rokita SA. Further major effort was therefore invested in expanding the portfolio in 2008 to include speciality polyols used in the manufacture of high-resilience (HR) foams. However, as a result of the international economic crisis which began in autumn 2008, certain investments and projects had to be postponed. Nevertheless, we were successful in completing the upgrade of the chlorine electrolysis process at PCC Rokita SA, applying the more environmentally friendly membrane technology and, through this, engendering significant energy savings potential. In December 2008, PCC Rokita SA hived off its crop and plant protection products business, selling its 100% holding in Rokita-Agro S.A. to an Israeli competitor. This constitutes a further continuation of our strategy to concentrate on our core businesses.

PCC Synteza S.A., Kędzierzyn-Koźle, which produces not only bisphenol-A but also, among others, nonylphenol, once again suffered a loss in fiscal 2008 due to disproportionate rises in its input raw material prices, particularly during the first half of 2008, and also the adverse changes in parity that occurred between the złoty and the euro.

Our third production site in Poland, PCC Węglopochodne Sp. z o.o., Kędzierzyn-Koźle, which was originally shut down at the end of 2007 as part of a settlement agreement with our contractual partner of many years standing, was brought back into production again at the request of said partner during the first quarter of 2008 in order to compensate for production losses at another site owned by the same company. The settlement agreement concluded in 2007 remained unaffected by this event, although PCC Węglopochodne Sp. z o.o. was able through this arrangement to once again make an unexpected positive contribution to earnings in 2008. In the meantime, the plant has now been finally shut down.

PCC Chemax, Inc., Piedmont, which focuses on the formulation of surface-active substances, also made a positive contribution to Group earnings, albeit with profits below our expectations due to a further decline in economic activity in the USA.

Having acquired an interest in the Romanian subsidiary S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea, and obtained a strategic minority holding in S.C. Oltchim S.A., likewise involved in polyol production, we were able to successfully further pursue our policy of competence-related diversification instituted in 2007. However, the speed with which these projects could be further developed was initially reduced by the global economic downturn that began in 2008; future dynamics will also remain largely dependent upon the duration and intensity of the prevailing crisis situation.

The planned investment by S.C. Euro-Urethane S.R.L. in a production facility for TDI (toluene diisocyanate) did not, therefore, go ahead in 2008, which hence became something of a transition year in which this subsidiary concentrated – with limitations – on the joint venture in the polyol trading business entered into with S.C. Oltchim S.A. As a consequence of this, the company ended the financial year with a loss. It is, however, still planned that these two companies will cooperate in TDI production in the future.

The two largest trading companies in the Chemicals division, namely Petro Carbo Chem GmbH, Duisburg, and PCC Morava-Chem s.r.o., Český Těšín, were each able to close fiscal 2008 with a profit, both entities benefiting from the high price levels encountered in commodities and the increasing scarcity of raw materials. The earnings position of Petro Carbo Chem GmbH was additionally boosted by the successful sale of its transshipment terminal in Ukraine. The other companies involved in commodities trading are of somewhat subordinate importance with respect to their contribution to Group earnings. As part of the realignment of our divisional organisation and the associated restructuring measures, these smaller subsidiaries have either already been merged (Petro Carbo Chem S.A., Gliwice integrated within PCC Synteza S.A.) or are going through the process of liquidation (PCC Energy S.A., Chorzów). The remaining commodities trading activities of these companies have been transferred to Petro Carbo Chem GmbH, Duisburg. This also applies to the operations of Petro Carbo Chem Oy, which since January 1, 2009, has been reorganised as the internal Scandinavian profit centre of Petro Carbo Chem GmbH, Duisburg.

Energy

This division encompasses the following subsidiaries involved in energy supply and power plant construction, namely:

- PCC Energie GmbH, Duisburg
- Z.E. Blachownia Sp. z o.o., Kędzierzyn-Koźle (participating interest 84.46 %)
- PCC DEG Renewables GmbH, Duisburg (participating interest 60 %)
- Grid BH d.o.o., Sarajevo (participating interest 60 %)

and also a company that focuses on trading with energy, certificates and power plant coal:

- PCC Energy Trading GmbH, Duisburg

The shares in Energetyka-Rokita, which also falls under the Energy division and operates as our local, self-owned power plant company in Brzeg Dolny, were sold at the end of the year by PCC SE to PCC Rokita SA. The new power plant of this subsidiary, which was built with the support of funds from the European Union, was connected to the Polish grid in October 2008. It operates on the basis of coal and biomass and has a capacity rating of 14 MW electric and 80 MW thermal. This new facility will serve to reduce our CO_2 emissions by 40,000 metric tons per year.

Taking all these companies together, the consolidated sales of the Energy division in fiscal 2008 amounted to some €177 million (previous year: €184 million). Its EBITDA was, as expected, once again negative at – €2.8 million.

One of the major contributors to this loss was PCC Energie GmbH, Duisburg. There were two primary reasons for this: firstly, the provisions for anticipated losses allocated per December 31, 2007 by this subsidiary were not sufficient to fully cover the losses that actually occurred in 2008 as a result of the tardy hedging of oil price-linked gas purchase prices; and secondly, the margin generated in the electricity business was insufficient to cover the fixed overheads of this subsidiary. These losses were partially offset by the positive results posted by Z.E. Blachownia Sp. z o.o., Kędzierzyn-Koźle, which also operates in the energy supply business.

The activities of the other subsidiaries that make up this division were still in their developmental phase in fiscal 2008. Only the Bosnian subsidiary GRID BH d.o.o., Sarajevo, was able to connect its first small hydropower plant to the grid before the end of 2008. Some licences and permits still need to be obtained for the three other planned sites in Bosnia. The negotiations on the concession agreements for a total of eleven sites in Macedonia, which were acquired back in 2007 following a successful tendering process, had likewise still not yet been successfully concluded by the end of 2008. These power plant projects are to be built and operated under the management of PCC DEG Renewables GmbH, Duisburg, a joint venture with DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, a subsidiary of KfW. PCC DEG Renewables GmbH also stepped up its activities in Bulgaria in 2008. With the purchase of Novi Energii OOD, Sofia, and the establishment of PCC Izvorsko EOOD, Sofia, further climate protection projects are to be pursued in this region of growing importance for PCC. Now that all the formal and legal hurdles have been overcome, we expect the first investment activities to begin here in 2009. Significant contributions to earnings from these operations are, however, not expected until some time into the future.

Logistics

This division focuses on the rail transport business and intermodal carriage services.

It comprises the following companies:

- PCC Rail S. A., Jaworzno (participating interest 97.65 %)
- PCC Rail Rybnik S. A., Rybnik (participating interest 90.11 %)
- PCC Intermodal S. A., Gdynia (participating interest 95.57 %)
- Euro-Line GmbH, Duisburg (participating interest 50 %)

and also a company involved in road haulage:

- PCC Autochem Sp. z o.o., Brzeg Dolny (participating interest 99.04 %)

Consolidated segment sales amounted to €255 million, significantly above the corresponding prior-year figure of €92 million. This is essentially due to the first-time consolidation of PCC Rail Rybnik S.A., which accounted for €108 million of the total. There was a similarly positive effect on divisional earnings before interest, tax, depreciation and amortization (EBITDA), which amounted to + €25.2 million (previous year: + €14.2 million).

The Logistics division is dominated by the two subgroups PCC Rail S.A., Jaworzno, and PCC Rail Rybnik S.A., Rybnik, as the main sales and profit generators. By increasing its investment at the beginning of fiscal 2008, PCC Rail S.A. succeeded in acquiring a controlling majority of the shares in the Szczecin port company Drobnica. Since March 2008, this entity has been trading under the name PCC Port Szczecin S.A., Szczecin. As a result, the PCC Rail subgroup has also secured ready access to the steadily increasing international flow of goods passing through Poland. In the next two years, this port company will invest around 20 million złoty in the infrastructure of the harbour facilities themselves, and also in its self-owned containers and cranes, in order to be properly equipped for the substantial trade volumes forecast for the future.

Together with PCC SE, PCC Rail S.A. has, since January 1, 2008, had a controlling majority holding in PCC Rail Rybnik S.A. (formerly PTKiGK Rybnik S.A.) as well as an appreciable minority interest in PTK Holding S.A., Zabrze, enabling it to further expand its position on the Polish railway transport market. With these acquisitions, the “PCC Logistics“ subgroup grew in 2008 to the largest private railway transport company in Poland, registering a market share of 8%.


The number of containers handled by PCC Intermodal rose in 2008 to around 47,600

Through our subsidiary PCC Intermodal S.A., Gdynia (formerly PCC Rail Containers S.A., Jaworzno), we also stepped up our activities in the high-growth Polish market for container handling and transport services, strengthening the operation with further national and international routes. We changed the name of this company in the spring of 2008 in order to provide the business model with a more defined and identifiable profile. The construction of a self-owned terminal in Kutno was also successfully completed in 2008. Due to start-up losses, primarily attributable to the initially insufficient utilisation of the newly established transport routes, this subsidiary was unable to avoid closing fiscal 2008 with a loss. Following developments on the international capital markets, its planned IPO was postponed to 2009. The share issue prospectus has already been approved by the Polish stock exchange supervisory authority and has been published for inspection on the company's website.

The other two subsidiaries that belong to this division, namely Euro-Line GmbH, Duisburg, (railway transport) and PCC Autochem Sp. z o.o., Brzeg Dolny, (road haulage) are of a somewhat subordinate importance; Euro-Line GmbH made a positive contribution to the division's earnings, while PCC Autochem Sp. z o.o. made a loss due to the significant decline in the euro-złoty exchange rate.

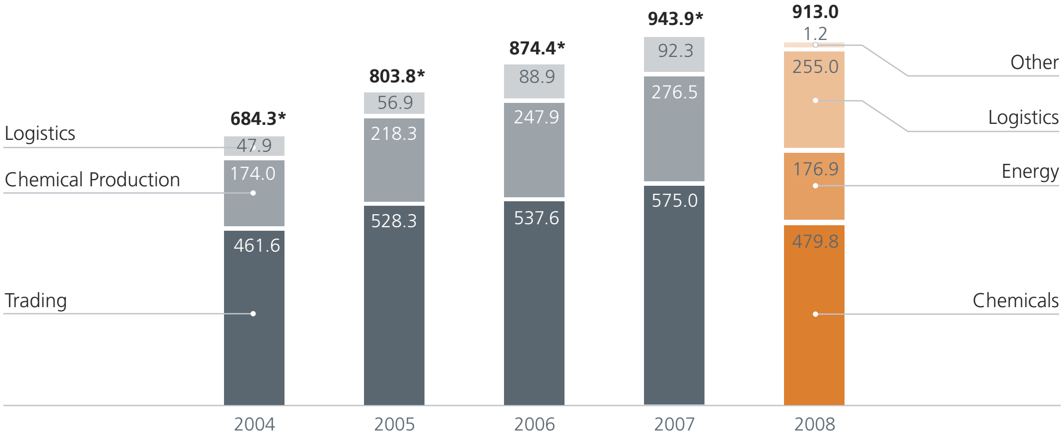
/ Core Business Activities

The Polish haulage company PCC Autochem has a fleet of some 50 road tankers

Other

In addition to the three core business areas covered by the PCC Group, we also have activities in factoring (PCC Capital GmbH, Duisburg) and in the IT and telecommunications field (PCT S.A., Brzeg Dolny). These two subsidiaries made positive contributions to Group profits in fiscal 2008.

SALES OF THE PCC DIVISIONS BEFORE AND AFTER THE STRUCTURAL CHANGE
Consolidated sales in €m



Rounding differences possible
* "Other" segment not separately disclosed

Business Development and Financial Performance

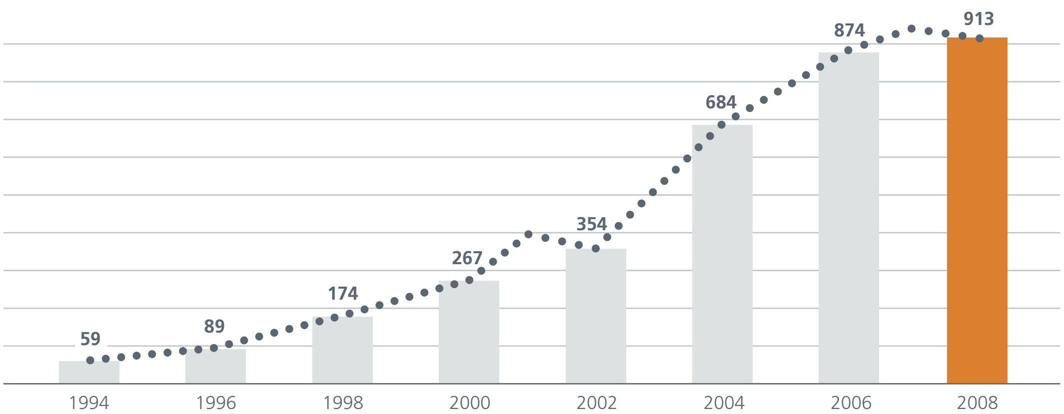
Overall, the PCC Group finished fiscal 2008 with earnings before interest, tax, depreciation and amortization (EBITDA) of + €28.7 million, a fall of some – €9.6 million (–25.2%) below the + €38.4 million posted in the previous year. This was due primarily to the effect of foreign exchange movements on our operating business, and also the valuation as of the balance sheet of financial instruments adopted to hedge future currency risks. Overall, the net impact from foreign currency gains and losses on the EBITDA figure was – €12.8 million. Earnings were also adversely affected by the disproportionate rise in raw material prices that occurred during the first half of 2008, which could only be passed on to our customers after some delay.

Earnings before taxes (EBT) also suffered a decline. After making around + €8.2 million in 2007, we posted a loss before taxes of – €27.7 million in 2008. This development is due to the following principal factors: an increase in depreciation and amortization to €29.4 million (previous year: €17.7 million) resulting from higher capital expenditures; and an increase in financial costs compared to the previous year resulting from investments in property, plant and equipment and in acquisitions, giving a total for 2008 of €23.0 million (previous year: €16.7 million). Due to the heavy decline in the złoty rate of exchange during the last quarter of 2008, not inconsiderable year-end revaluation charges had to be incorporated in the balance sheet as a result of the revaluation, required by German commercial law, of derivative financial instruments and foreign currency liabilities. These developments mainly affected the two Polish subgroups PCC Rokita SA and PCC Rail S.A., with total deductions amounting to some €20 million. Of this figure, around one half has already been charged to earnings as detailed above. The other half is recognised in the result of other financial items.

Reflecting the slight decrease in sales, the consolidated balance sheet shows a decline in trade accounts receivable from some €110 million to €98 million. By contrast, trade accounts payable increased due to the first-time consolidation of PCC Rail Rybnik S.A., from around €88 million to €100 million. The increase in bank liabilities was even more significant. As a result of the investments and acquisitions that continued into 2008, this figure rose by some €55 million, from €87.4 million to €142 million. Liabilities from bearer bonds fell from around €112 million in 2007 to €105 million in 2008 due to the scheduled repayment of bonds issued by PCC SE and PCC Rokita. The net result of the above is that total liabilities increased from €406 million to €480 million. The substantial weakening of the złoty during the last quarter of 2008 had an influence on almost all our balance sheet and income statement items.

On the assets side there was a substantial increase in tangible fixed assets to €267 million (previous year: €203 million). Due to the first-time consolidation of PCC Rail Rybnik, financial assets decreased from €53.3 million to around €38 million. Current assets also declined overall from €230 million to some €197 million. The main cause for this was a substantial reduction in cash and cash equivalents of around €19 million to some €21 million (previous year: €43 million).

COSOLIDATED SALES OF THE PCC GOUP
Figures in €m



/ Outlook for 2009 and 2010

We anticipate that consolidated sales will be significantly lower in 2009 than in previous years. This is primarily a consequence of the drastic decline in commodity prices that has occurred as a result of the global financial and economic crisis that began in 2008, and also the substantial weakening of the Polish złoty compared to the euro. Another major cause is the planned sale of the majority of our logistics activities in the form of PCC Rail S.A. and the PCC Rybnik group, as a result of which the Logistics division will make a significantly smaller contribution to Group revenues than in previous years.

The corresponding contract of sale was signed with Deutsche Bahn AG (German Rail) back in January 2009 but, at the time of preparing the consolidated financial statements, was still subject to the suspensive condition of approval by the European antitrust authorities in Brussels. Their consent was issued on June 12, 2009, so that the expectations are that this transaction will be finally and successfully closed in July 2009.

As a result, 2009 is likely to be the most successful year in the history of the PCC Group, with prospects for triple-digit million euro earnings as of year-end. The cash proceeds from this sale are to be partially used or retained for debt redemption. We also intend to boost progress in projects already started in the Chemicals and Energy divisions and to expand our intermodal transport business, thus generating further growth of the PCC Group by augmenting our core activities and effectively strengthening our competitiveness. At the same time, PCC SE will continue to pursue its strategy of active investment portfolio management and business acquisition with a view to continuing the process of competence-related diversification into new market segments.

Developments in the earnings of the operationally active subsidiaries and affiliates in 2009 and 2010 will be heavily dependent upon how the current global economic crisis pans out, something that remains very difficult to predict. Based on the figures of the first quarter of 2009 and the latest developments in the months of April and May 2009, the corporate management expects the full fiscal year to be characterised primarily by stagnation. By contrast, we are budgeting for an upturn in operating profit in 2010, by which time the first completed investments in the Chemicals division should also be making a positive contribution. The growth dynamics of the container transport market in Poland and also the first fully productive small hydropower plants in South-East Europe will additionally support this positive trend, based on current scheduling.

/ Risks to Future Development

Aside from the general economic risks that lie outside our control, the PCC Group is exposed in its operating business to the risk of price changes and credit or default risks. We endeavour to eliminate the latter as far as possible by taking out commercial credit insurance policies. Price change risks are minimised through the conclusion of back-to-back transactions, price formulae and/or hedging instruments.

In addition, the operating companies and the holding company are exposed to the risk of changes in interest rates and foreign exchange parities. However, these can be at least partially eliminated by hedging. The foreign exchange rate and foreign currency risk in the Group may be significantly minimised once the euro has been introduced into Poland as its official currency.

The Chemicals division is, moreover, particularly susceptible to the risk of rising environmental protection charges in the wake of increasingly stringent waste, effluent and other pan-European environmental regulations. Investment requirements resulting from these could, in the future, have a negative effect on the earnings position of this division. The same applies to additional expenditures which may arise in connection with the REACH regulation (EU legislation on the registration, evaluation, authorisation and restriction of chemicals) ratified in December 2006. The utilisation of further potential for savings may, however, compensate to some extent for any additional costs incurred.

/ Events After the Balance Sheet Date

As already mentioned, the contract for the sale of shares in "PCC Logistics" was signed with Deutsche Bahn AG at the beginning of 2009. The DB Supervisory Board, like the German Federal Ministry for Transport, Construction and Municipal Development, has already given its approval. The approval of the European antitrust authority is expected on June 12, 2009. The final closing of this transaction is therefore likely to occur in July 2009.

Energetyka-Rokita S.A. was integrated within PCC Rokita SA in spring 2009. This merger will help to save costs and reduce administrative input. As the company was also previously fully consolidated as part of PCC Rokita SA, the net assets, financial position and results of operations of the subgroup remain readily comparable for the reader.

The transaction involving the sale of Rokita-Agro has now been finally closed.

Duisburg, June 23, 2009
PCC SE

Ulrike Warnecke
Managing Director

Dr. rer. oec. Alfred Pelzer
Managing Director

/“Since the Rokita chemicals complex was taken over by PCC SE six years ago, its organisational and operational efficiency has increased significantly. These days I derive most satisfaction from implementing new ideas and innovative solutions that make a real economic difference. I get a particular kick out of being involved in the fast-paced world of strategic and operational decision-making.”

Jerzy Wacek (55): Studied chemical engineering at the Wrocław University of Technology and industrial process safety at the Technical University of Łódź; began work with PCC Rokita as it is today in 1979 as a production supervisor (salt electrolysis) and was subsequently promoted to head supervisor; 1987 became departmental head responsible for polyether production; in 1998 appointed chief technologist in the Rokopol® complex; since 2006, Production Director in the Rokopol® complex.

Jerzy Wacek standing in front of polyol production line 3 in Brzeg Dolny, commissioned in 2006

05. Consolidated Annual Financial Statements

Accounting for 36% of total sales, the Polyols business unit – here a view of production line 3 – was the main revenue generator at PCC Rokita in 2008

The publication of our annual report plays a major part in ensuring good transparency in the external communications of PCC SE. In particular, the consolidated annual financial statements and the explanatory notes contained therein are important in conveying a true and fair view of the business performance and financial position of the PCC Group. All our financial information including our quarterly and annual reports from 2003 to the present day are available on our website at www.pcc-finanzinformationen.de.

Contents

Consolidated Income Statement

for the period January 1 to December 31, 2008

Figures in €k	Note	01/01-31/12/**2008**	01/01-31/12/**2007**
Sales	(4)	**912,962**	**943,797**
Change in inventories		9,226	2,040
Other internal costs capitalised	(5)	2,289	390
Other operating income	(6)	31,438	40,239
Purchased goods and services	(7)	716,561	814,927
Personnel expenses	(8)	105,030	56,820
Other operating expenses	(10)	105,617	76,325
EBITDA (Earnings before interest, taxes, depreciation & amortisation)		**28,707**	**38,394**
Depreciation and amortisation	(9)	29,472	17,658
EBIT (Earnings before interest and taxes and other financial items)		**– 765**	**20,736**
Dividend income and income from investments		4,323	1,664
Interest and similar income		4,334	2,778
Depreciation on financial fixed assets and marketable securities		1,785	209
Interest and similar expenses	(12)	33,813	16,743
EBT (Earnings before taxes)		**– 27,706**	**8,226**
Taxes on income	(13)	1,681	3,152
Profit for the year		**– 29,387**	**5,074**
Result attributable to PCC Group		– 28,706	4,588
Result attributable to minority interests		– 681	486

/ Consolidated Balance Sheet

as at December 31, 2008

Assets Figures in €k	Note	Dec. 31, **2008**	Dec. 31, **2007**
Fixed assets		**328,922**	**263,322**
Intangible assets		23,735	6,467
Tangible assets		267,133	203,532
Financial assets		38,053	53,323
Current assets		**196,865**	**229,575**
Inventories	(14)	45,366	45,748
Trade accounts receivable	(15)	97,608	110,242
Accounts receivable from affiliated companies	(16)	3,865	945
Accounts receivable from enterprises in which participating interests are held	(17)	536	1,998
Other assets	(18)	25,211	26,717
Marketable securities		783	1,250
Cash and cash equivalents		23,496	42,675
Deferred taxes		**6,853**	**2,107**
Prepaid expenses and deferred charges		**11,293**	**9,740**
Total assets		**543,932**	**504,744**

Equity and Liabilities Figures in €k	Note	Dec. 31, **2008**	Dec. 31, **2007**
Equity	(20)	**29,564**	**72,496**
Subscribed capital		5,000	5,000
Capital reserve		56	56
Consolidated retained earnings		14,261	44,288
Accumulated other capital		–1,544	10,207
Minority interests		11,792	12,945
Provisions	(21)	**33,158**	**25,002**
Provision for pensions and similar obligations		5,466	3,093
Tax provisions		7	306
Deferred tax provisions		1,686	600
Other provisions		25,999	21,003
Liabilities	(22)	**479,566**	**405,500**
Mezzanine capital		66,000	66,000
Liabilities from bearer bonds		105,275	112,325
Bank liabilities		141,998	87,448
Advance payments for orders received		2,494	1,597
Trade accounts payable		99,695	88,431
Accounts payable to affiliated companies		1,026	848
Accounts payable to companies in which participations are held		741	42
Other liabilities		62,337	48,809
Deferred income		**1,643**	**1,746**
Total equity and liabilities		**543,932**	**504,744**

/ Consolidated Cash Flow Statement

for the period January 1 to December 31, 2008

Figures in €k	01/01-31/12/**2008**	01/01-31/12/**2007**
Profit for the year	**– 29,387**	**5,074**
Depreciation, amortisation and impairment of intangible fixed assets	29,472	17,658
Amortisation and impairment of financial assets	1,766	199
Change in provisions	8,156	10,188
Increase (+), decrease (–) in allowances for receivables and other assets	3,568	– 421
Gains (–), losses (+) on disposals of fixed assets	– 1,013	– 14,806
Other non-cash gains (–), expenses (+)	– 2,809	0
Gross cash flow	**9,753**	**17,891**
Increase (–), decrease (+) in inventories	382	– 3,011
Increase (–), decrease (+) in trade accounts receivable (gross)	9,084	– 6,729
Increase (–), decrease (+) in receivables from affiliated companies	– 2,920	– 903
Increase (–), decrease (+) in other assets	– 2,883	– 4,853
Increase (+), decrease (–) in trade accounts payable	11,264	7,736
Increase (+), decrease (–) in payables to affiliated companies	177	215
Increase (+), decrease (–) in other liabilities	15,020	16,154
Other changes	– 361	499
Cash flow from operating activities	**39,517**	**26,999**
Inflows from disposals of tangible fixed assets	5,482	13,618
Inflows from disposals of financial assets	9,841	27,498
Capital expenditures for purchases of intangible fixed assets	– 20,186	– 2,416
Capital expenditures for purchases of tangible fixed assets	– 83,022	– 91,256
Capital expenditures for purchases of financial assets	– 30,156	– 44,155
Other changes	– 473	0
Cash flow from investing activities	**– 118,513**	**– 96,711**
Dividends paid to shareholder and owner	– 1,600	– 3,000
Inflows (+), outflows (–) from assumption/redemption of mezzanine capital	0	– 35
Inflows (+), outflows (–) from issuance/redemption of profit participation certificates	3,409	2,608
Inflows (+), outflows (–) from issuance/redemption of bearer bonds	– 7,049	– 16,530
Inflows (+), outflows (–) from assumption/redemption of other financial liabilities	54,551	32,636
Cash flow from financing activities	**49,311**	**15,679**
Changes in cash due to cash transactions	– 29,685	– 54,033
Changes in cash due to foreign exchange rates	10,506	– 357
Cash at beginning of period	42,675	97,065
Cash at end of period	**23,496**	**42,675**

Consolidated Statement of Movements in Group Equity

for fiscal 2008

Figures in €k	Subscribed capital	Capital reserve	Consolidated retained earnings	Accumulated other capital		Equity per consolidated balance sheet	Minority interests	Group equity
				Amounts due to foreign currency translation	Capital from profit participation certificates			
As per Dec. 31, 2007	**5,000**	**56**	**44,288**	**7,599**	**2,608**	**59,551**	**12,945**	**72,496**
Profit as per Dec. 31, 2008			– 28,706			– 28,706	– 681	– 29,387
Additions to capital from issuance of profit participation certificates					3,409	3,409		3,409
Dividends paid to shareholder and owner			– 1,600			– 1,600		– 1,600
Consolidation measures			279			279	– 471	– 193
Foreign currency translation differences				– 15,161		– 15,161		– 15,161
As per Dec. 31, 2008	**5,000**	**56**	**14,261**	**– 7,562**	**6,017**	**17,772**	**11,792**	**29,564**

/ Consolidated Statement of Changes in Fixed Assets

for fiscal 2008

	Historical cost						
Figures in €k	**Jan. 1, 2008**	Changes in consolidation scope	Additions	Disposals	Reclassi-fications	Foreign currency translation	**Dec. 31, 2008**
Intangible assets	**13,186**	**4,127**	**20,186**	**106**		**– 2,719**	**34,675**
Industrial property and similar rights	9,501	1,253	358	106	580	– 808	10,779
Goodwill	2,957	2,874	19,006		– 34	– 1,813	22,990
Advance payments	728		822		– 546	– 98	906
Tangible assets	**366,433**	**72,456**	**84,830**	**12,700**		**– 48,273**	**462,747**
Land, land rights and buildings	36,467	7,538	4,155	198	7,917	– 5,264	50,615
Technical plant and machinery	170,753	62,368	12,718	7,634	37,079	– 22,824	252,460
Other plant, operating and office equipment	91,603	1,523	687	1,277	6,061	– 11,599	86,998
Advance payments and construction in progress	67,609	1,028	67,271	3,591	– 51,057	– 8,585	72,674
Financial assets	**60,509**	**– 36,897**	**36,161**	**15,299**		**– 2,402**	**42,072**
Shares in affiliated companies	8,933	– 44,892	1,428	7,630	48,413	– 692	5,561
Loans to affiliated companies	1,761		35	144			1,652
Shares in associated companies	33,814	8,051	8,030	1,642	– 28,106	– 758	19,389
Other investments	5,784	– 33			– 4,596	– 763	392
Loans to enterprises in which participating interests are held	473		342	120		– 38	656
Securities	8,186	12	25,031	288	–20,716	– 6	12,220
Other loans	1,559	– 34		470		– 147	908
Advance payments			1,295	5,005	5,005		1,295
Fixed assets	**440,128**	**39,687**	**141,177**	**28,105**		**– 53,394**	**539,494**

Accumulated depreciation and amortisation							Net book value		
Jan. 1, 2008	Changes in consolidation scope	Additions	Disposals	Reclassi-fications	Foreign currency translation	**Dec. 31, 2008**	**Dec. 31, 2007**	Changes in at-equity valuation	**Dec. 31, 2008**
6,720	**2,975**	**2,720**	**93**		**– 1,382**	**10,940**	**6,467**		**23,735**
6,141	928	1,189	93	20	– 824	7,361	3,362		3,418
579	2,047	1,531		– 20	– 558	3,579	2,377		19,411
							728		906
162,901	**39,377**	**26,752**	**7,697**		**– 25,720**	**195,614**	**203,532**		**267,133**
14,627	2,364	1,582	115	– 3	– 2,145	16,310	21,840		34,305
102,163	36,995	21,572	6,478	9	– 16,998	137,263	68,590		115,197
45,763	19	3,542	1,103	– 6	– 6,522	41,694	45,839		45,304
347		55			– 55	347	67,263		72,327
7,185	**– 3,138**	**1,766**	**1,000**		**– 794**	**4,019**	**53,323**		**38,053**
4,875	– 3,066	1,758	1,000	– 21	– 606	1,941	4,058		3,619
551	– 39					512	1,210		1,139
367						367	33,447		19,022
304					– 41	263	5,479		129
							473		656
		8		21	– 1	28	8,185		12,192
1,089	– 34				– 147	908	471		
							0		1,295
176,806	**39,214**	**31,238**	**8,790**		**– 27,896**	**210,572**	**263,322**		**328,922**

“The PCC Group brought in a breath of fresh air for all of us at PCC Chemax. The dynamic, customer-focused environment that exists constantly motivates me to find that elusive ideal solution. So it is particularly satisfying for me when we are able, for example, to produce a surfactant that meets precisely and in optimum fashion the functional and economic criteria specified by a customer.”

Denise Cooper (52): BSc in biology gained at Clemson University, South Carolina; joined PCC Chemax in 1983, initially as a lab technician, moving up to product manager; today Corporate Vice President Sector and Product Development.

Denise Cooper in a PCC Chemax laboratory in Piedmont (USA)

Notes to the Consolidated Annual Financial Statements

for fiscal 2008

General principles and methods

The consolidated annual financial statements and also the management report of PCC Societas Europaea, Duisburg, Germany (PCC SE) as of December 31, 2008, have been prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB). The consolidated financial statements of PCC SE comprise the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of movements in Group equity and the notes to the consolidated financial statements.

The closing date for preparation of the consolidated annual financial statements was December 31, 2008, coinciding with the closing date for the annual financial statements of PCC SE. The financial year of the Group corresponds to the calendar year.

The annual and subgroup financial statements of the subsidiaries included in the consolidation have likewise been prepared to December 31, 2008.

The financial statements of PCC SE and the consolidated subsidiaries are prepared in accordance with uniform accounting and valuation principles. The accounting and valuation principles applied in fiscal 2007 (previous year) have been retained unchanged.

Individual items of the consolidated balance sheet and the consolidated income statement have, in part, been differently aggregated in order to improve clarity of presentation. The items concerned are explained in the notes. The total cost approach (classification of expenses by nature) has also been retained unchanged in the consolidated income statement.

The currency employed in the preparation of the consolidated annual financial statements is the euro. The reporting currency is the euro. Unless otherwise indicated, all amounts are given in thousand euros (€k). Rounding differences may be encountered in the total sum lines.

PCC SE is a non-listed European joint stock company (Societas Europaea). PCC SE is the parent company of the PCC Group.

(1) Composition of the Group

Essentially, all material subsidiaries are included in the consolidated annual financial statements of PCC SE.

Subsidiaries not responsible for material business operations and regarded individually and in aggregate as being insignificant in terms of portraying a true and fair view of the net assets, financial position, results of operations and cash flows of the Group, have been omitted from the consolidation process and are therefore not reflected in the consolidated annual financial statements. The subsidiaries included in the consolidation either in full or on a proportional basis are as follows:

Fully consolidated subsidiaries	Country	Share of voting rights in %
C & C Coke and Coal Products GmbH, Duisburg	Germany	60.00
Euro-Line GmbH, Duisburg	Germany	50.00
PCC Capital GmbH, Duisburg	Germany	100.00
PCC DEG Renewables GmbH, Duisburg	Germany	60.00
PCC Energie GmbH, Duisburg	Germany	100.00
PCC Energy Trading GmbH, Duisburg	Germany	100.00
Petro Carbo Chem GmbH, Duisburg	Germany	100.00
"Grid BH" d.o.o., Sarajevo	Bosnia-Herzegovina	60.00
PCC Oy, Helsinki	Finland	100.00
PCC MORAVA-CHEM s.r.o., Český Těšín	Czech Republic	100.00
PCC Chemax Inc., Piedmont	USA	100.00
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Romania	58.72
PCC Energy S.A., Chorzów	Poland	100.00
PCC Rokita SA, Brzeg Dolny	Poland	97.67
Apakor-Rokita Sp. z o.o., Brzeg Dolny	Poland	95.30
Ekologistyka Sp. z o.o., Brzeg Dolny	Poland	97.67
Energetyka-Rokita Sp. z o.o., Brzeg Dolny	Poland	97.67
Kosmet-Rokita Sp. z o.o., Brzeg Dolny	Poland	97.67
LabMatic Sp. z o.o., Brzeg Dolny	Poland	97.21
PCC Synteza S.A., Kędzierzyn-Koźle	Poland	100.00
PCC Węglopochodne Sp. z o.o., Kędzierzyn-Koźle	Poland	100.00
Rokita-Agro S.A., Brzeg Dolny	Poland	87.81
Tensis Sp. z o.o., Brzeg Dolny	Poland	97.67
PCC Autochem Sp. z o.o., Brzeg Dolny	Poland	99.04
PCT S.A., Brzeg Dolny	Poland	100.00
Zakład Energetyki-Blachownia Sp. z o.o., Kędzierzyn-Koźle	Poland	84.46
PCC Intermodal S.A., Gdynia (formerly PCC Rail Containers S.A.)	Poland	95.58
PCC RAIL S.A., Jaworzno	Poland	97.65
PCC Rail COALTRAN Sp. z o.o., Warsaw	Poland	97.65
PCC Cargo S.A., Sławków	Poland	97.65
PCC Śląskie Linie Kolejowe Sp. z o.o., Jaworzno	Poland	97.65
PCC Spedkol Sp. z o.o., Kędzierzyn-Koźle	Poland	97.65
PCC Kolchem Sp. z o.o., Brzeg Dolny	Poland	97.65
PCC Tabor Szczakowa Sp. z o.o., Jaworzno	Poland	97.65
P-IT Intechkop Sp. z o.o., Katowice	Poland	63.38
PCC Lok-Wag S.A., Jaworzno	Poland	97.65
PCC Port Szczecin Sp. z o.o., Szczecin	Poland	89.29
Doker-Port Sp. z o.o., Szczecin	Poland	55.81
PCC Rail Rybnik S.A., Rybnik (formerly PTKiGK S.A.)	Poland	90.10
PCC Rail Tabor S.A., Rybnik (formerly PNTK PTK Tabkol S.A.)	Poland	90.10
PTK "INFRASTRUKTURA" S.A., Rybnik	Poland	90.10
ENERGOPORT Sp. z o.o., Rybnik	Poland	90.10
PUT TRANS PAK Sp. z o.o., Konin	Poland	90.10
ZOS PTK Sp. z o.o., Rybnik	Poland	90.10

The following associated companies have been accounted for on a proportionate basis using the at-equity method:

Associated companies	Country	Share of voting rights in %
Nadwiślański Zakład Transportu Kolejowego "NZTK" Sp. z o.o., Bieruń	Poland	69.10
Trawipol Sp. z o.o., Gliwice	Poland	53.17
PCC Rail Sea Sp. z o.o., Katowice	Poland	48.83
Nowiny Zabrzańskie Sp. z o.o., Zabrze	Poland	48.10
PTK Holding S.A., Zabrze	Poland	48.10
PTK Zakład Napraw Utrzymania Taboru Sp. z o.o., Pyskowice	Poland	48.10
Śląskie Centrum Logistyki S.A., Gliwice	Poland	11.43
Port Handlowy Świnoujście Sp. z o.o., Świnoujście	Poland	10.46
Port-Inwest Sp. z o.o., Świnoujście	Poland	10.46
Port Operator Sp. z o.o., Świnoujście	Poland	3.66
Kolej Bałtycka S.A., Świnoujście	Poland	2.30
Inwestycyjna Grupa Budowlano-Surowcowa S.A., Katowice	Poland	32.22
Telekomunikacja Kopalń Piasku S.A., Gliwice	Poland	35.28
PUH Włodzimierz S.A., Katowice	Poland	13.69
Górnicze Zakłady Dolomitowe S.A., Siewierz	Poland	10.63
Kopalnia Piasku Kotlarnia S.A., Kotlarnia	Poland	10.63
Wytwórnia Konstrukcji Betonowych S.A., Siemanowice	Poland	2.11
TRANSGAZ S.A., Rybnik	Poland	8.78

The following entities have not been included in the consolidated annual financial statements of PCC SE as these undertakings – individually and in their aggregation – are immaterial to the net assets, financial position, results of operations and cash flows of the Group.

Non-consolidated companies	Country	Share of voting rights in %
"Petro Carbo Chem", Dnepropetrovsk	Ukraine	100.00
PCC Development (Chemia Partners) Sp. z o.o., Warsaw	Poland	100.00
PCC Energia EOOD, Sofia	Bulgaria	100.00
PCC Energie Kft., Miskolc	Hungary	100.00
PCC Energija d.o.o., Belgrade	Serbia	100.00
PCC Energija d.o.o., Ljubljana	Slovenia	100.00
Petro Carbo Chem Energija d.o.o., Zagreb	Croatia	100.00
PCC Envolt Sp. z o.o., Brzeg Dolny	Poland	100.00
PCC Izvorsko EooD, Sofia	Bulgaria	100.00
PCC Ploiesti S.R.L., Ploiesti	Romania	100.00
PCC Rail Morava s.r.o., Český Těšín	Czech Republic	100.00
WBG S.A., Jaworzno	Poland	100.00
PCC Slovakia s.r.o., Kosice	Slovakia	100.00
PCC Technik GmbH, Duisburg	Germany	100.00
PCC Utilities S.A., Warsaw	Poland	100.00
WFP Project Development Sp. z o.o., Jaworzno	Poland	100.00
ZAO "NOVOBALT Terminal", Kaliningrad	Russia	100.00
ZAO "Petro Carbo Chem", Moscow	Russia	100.00
PCC MCAA SE, Duisburg	Germany	100.00
ChemiPark Sp. z o.o., Brzeg Dolny	Poland	97.17
GEKON Sp. z o.o., Brzeg Dolny	Poland	97.57
PCC Exol S.A., Płock	Poland	97.67
BiznesPark Rokita Sp. z o.o., Brzeg Dolny	Poland	97.62
LabAnalityka Sp. z o.o., Brzeg Dolny	Poland	97.47
CWB "Partner" Sp. z o.o., Brzeg Dolny	Poland	95.23
Technochem Sp. z o.o., Brzeg Dolny	Poland	83.80
PCC HYDRO DOOEL Skopje, Skopje	Rep. of Macedonia	60.00
Petromag-Kaliningrad, Kaliningrad	Russia	50.00
Arriva PCC Sp. z o.o., Warsaw	Poland	48.83
"NOVI ENERGII" OOD, Sofia	Bulgaria	36.00
Drefakt GmbH, Dresden	Germany	25.50
SBB Sp. z o.o., Katowice	Poland	17.30
SGT S.A., Gliwice	Poland	17.15
Agencja Rozwoju Lokalnego S.A., Katowice	Poland	6.79
Przedsiębiorstwo Kompleksowej Realizacji Budownictwa "Fabud" S.A., Siemianowice	Poland	0.73

For a detailed schedule of shareholdings, please refer to Note (**27**).

Changes in the Group in the year under review can be summarised as follows:

Fully consolidated subsidiaries	Domestic	Foreign
Jan. 1, 2007	6	28
Additions	2	4
Disposals / Mergers	0	1
Dec. 31, 2007	8	31
Additions	0	10
Disposals / Mergers	1	4
Global consolidated companies as of Dec. 31, 2008	**7**	**37**

The subsidiaries PCC Port Szczecin Sp. z o.o., Szczecin, Poland, PCC Lok-Wag S.A., Jaworzno, Poland, Doker-Port Sp. z o.o., Szczecin, Poland, PCC Rail Rybnik S.A. (formerly PTKiGK Rybnik S.A.), Rybnik, Poland, PCC Rail Tabor S.A. (formerly PNTK PTK Tabkol S.A.), Rybnik, Poland, PTK "INFRASTRUKTURA" S.A., Rybnik, Poland, ENERGOPORT Sp. z o.o., Rybnik, Poland, PUT TRANS PAK Sp. z o.o., Konin, Poland and ZOS PTK Sp. z o.o. Rybnik, Poland were included for the first time in the consolidated financial statements of PCC SE as of December 31, 2008. All these companies have been incorporated as fully consolidated entities.

Effective July 1, 2008, the subsidiary PCC Cargo GmbH, Duisburg, Germany was merged within PCC GmbH, Duisburg, Germany. Similarly, there was a change in the investment structure due to the merging of the subsidiary PCC S.A., Gliwice, Poland within PCC Synteza S.A., Kędzierzyn-Koźle, Poland effective January 1, 2008.

The subsidiaries WBG S.A., Jaworzno, Poland and PCC Rail Morava s.r.o., Český Těšín, Czech Republic were removed from the scope of consolidation effective January 1, 2008. These companies accounted for no appreciable business activity.

Owing to the first-time consolidation of the subgroup PCC Rail Rybnik S.A., Rybnik, changes in the Group have had a significant effect on the consolidated financial statements. Similarly, due to the restructuring of the divisions as of January 1, 2008, a divisional comparison with previous years is only possible to a limited degree.

(2) Consolidation methods

Included in the consolidated annual financial statements of the PCC Group are all the material domestic and foreign subsidiaries over which PCC SE has, either directly or indirectly, the power to govern their financial and operating policies.

The book value method is used for the consolidation of capital, whereby the carrying value of the shares owned by the parent company is eliminated against the amount represented by the shares in the equity of the subsidiary undertaking. The book values of the shares owned by the parent company in the consolidated entity are eliminated against its equity on the basis of the ratios prevailing at the time of first-time inclusion in the consolidated financial statements. The positive and negative differences arising from this allocation are set off against reserves unless recognised in income. With the first-time consolidation of PCC Rail Rybnik S.A., calculated goodwill has been capitalised and will be amortised over 15 years commencing January 1, 2008.

All expenses and income, and also accounts receivable and payable resulting from transactions between consolidated companies, are eliminated, as are intercompany profits where such are material.

The financial statements of PCC SE and the consolidated subsidiaries are prepared in accordance with uniform accounting and valuation principles.

Participating interests in associated companies are accounted for in the consolidated balance sheet by the book value method; realised net earnings for the year are proportionately allocated using the equity value approach. The shares in PCC Rail Rybnik S.A., Rybnik, disclosed as additions in the previous year, have been reclassified this year from associated companies in which participations are held to shares in affiliated companies, and, due to the acquisition of a majority holding, this entity has been fully consolidated. The equity interest in Petromag-Oy, Helsinki, was divested in 2008.

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Equity value at beginning of period	28,406	243
Additions/Disposals	– 28,406	28,012
Dividends	0	0
Proportionate net earnings / loss	0	151
Equity value at end of period	**0**	**28,406**

The assets and liabilities of subsidiaries whose functional currency is not the euro are translated at the mid rate ruling on the balance sheet date, while income and expenses are translated at weighted average rates for the year. Equity components of the subsidiaries are translated at the corresponding historic rate of exchange prevailing as of the date of their formation. The resultant currency translation differences are recognised as adjusting items for currency translation within accumulated other capital or minority interests, as appropriate. The exchange rates of the main currencies of the Group applied with respect to one euro are as follows:

	Closing rate		Average rate	
Currency exchange rate for 1€	Dec. 31, 2008	Dec. 31, 2007	2008	2007
Czech koruna (CZK)	26.8750	26.6280	24.9460	27.7660
Polish złoty (PLN)	4.1535	3.5935	3.5121	3.7837
US dollar (USD)	1.3917	1.4721	1.4708	1.3705
Romanian leu (RON)	4.0225	3.6077	3.6826	3.3353
Bosnia convertible mark (BAM)	1.9558	1.9558	1.9558	1.9558

(3) Notes to the accounting and valuation policies

Intangible and tangible fixed assets are capitalised at purchase or manufacturing cost and amortised or depreciated using the straight-line method on the basis of estimated useful economic lives. Self-constructed/self-manufactured tangible fixed assets are measured at individual cost plus directly attributable overheads. Interest on borrowings is included in full in the manufacturing cost where the associated debt capital has been used for the manufacture of an asset and the interest relates to the period during which that asset was manufactured. Assets of a value below €150.00 are written off in full in the year of acquisition, while assets of a value between €150.00 and €1,000.00 are written down as a collective item under fixed assets over a period of 5 years.

Shares in immaterial subsidiaries not consolidated, and other participating interests and loans, are recognised at the lower of cost or fair value.

Inventories are measured at the lower of cost or market.

Accounts receivable and other assets are disclosed at their face value/nominal amount and individually measured. Identifiable credit or default risks are reflected by appropriate individual value allowances. Accounts receivable in foreign currencies in the financial statements of the subsidiaries are recognised at the exchange rate prevailing at the time of the transaction or, if lower, at the mid rate ruling at the reporting date.

Credit balances at banks and cash in hand are recognised at face value.

Deferred taxes arising in the individual financial statements of the subsidiaries included in the consolidation are accrued with respect to timing differences between the reporting date valuation of an asset or liability and its tax base, provided that a tax charge or benefit is probable in future periods. In addition, deferred tax assets and liabilities are reported where these result from consolidation measures affecting income. Deferred tax assets on tax-deductible loss carry-forwards allowable in the future are not capitalised.

Prepaid expenses and deferred charges are recognised on the assets side of the balance sheet, provided that they represent expenses pertaining to a period after the closing date. Deferred income is recognised on the liabilities side with respect to income received prior to the balance sheet date, representing revenues attributable to a period after that date.

Provisions are recognised in an amount which, on prudent commercial assessment, is required to cover identifiable risks and contingent liabilities. Provisions for pensions and similar obligations are accrued at the present value of the vested benefits based on actuarial assessments.

Liabilities are reported at the higher of face or redemption value.

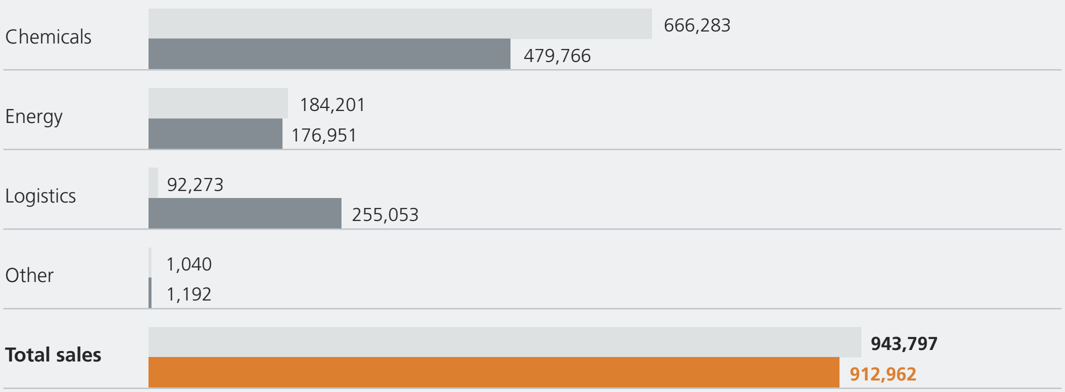
Within the PCC Group, derivative financial instruments are contracted in order to hedge currency and interest rate risks and also electricity trading transactions. These derivative financial instruments are exclusively measured at fair value.

Notes to the Individual Items of the Income Statement

(4) Sales

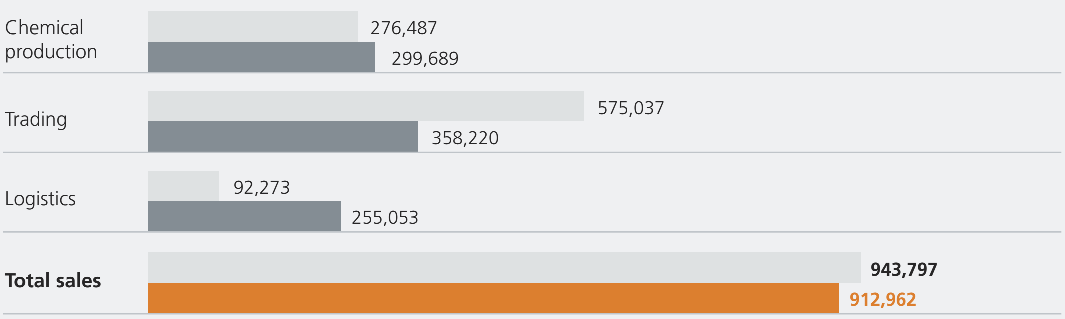
THE SALES GENERATED BY THE INDIVIDUAL DIVISIONS IN FISCAL 2008 WERE AS FOLLOWS:
Figures in €k

Dec. 31, 2007
Dec. 31, 2008



IF THE DIVISIONAL STRUCTURE FROM 2007 HAD CONTINUED THROUGH 2008, THE SALES BREAKDOWN WOULD HAVE BEEN AS FOLLOWS:
Figures in €k

Dec. 31, 2007
Dec. 31, 2008



The sales breakdown by geographic region reads as follows:

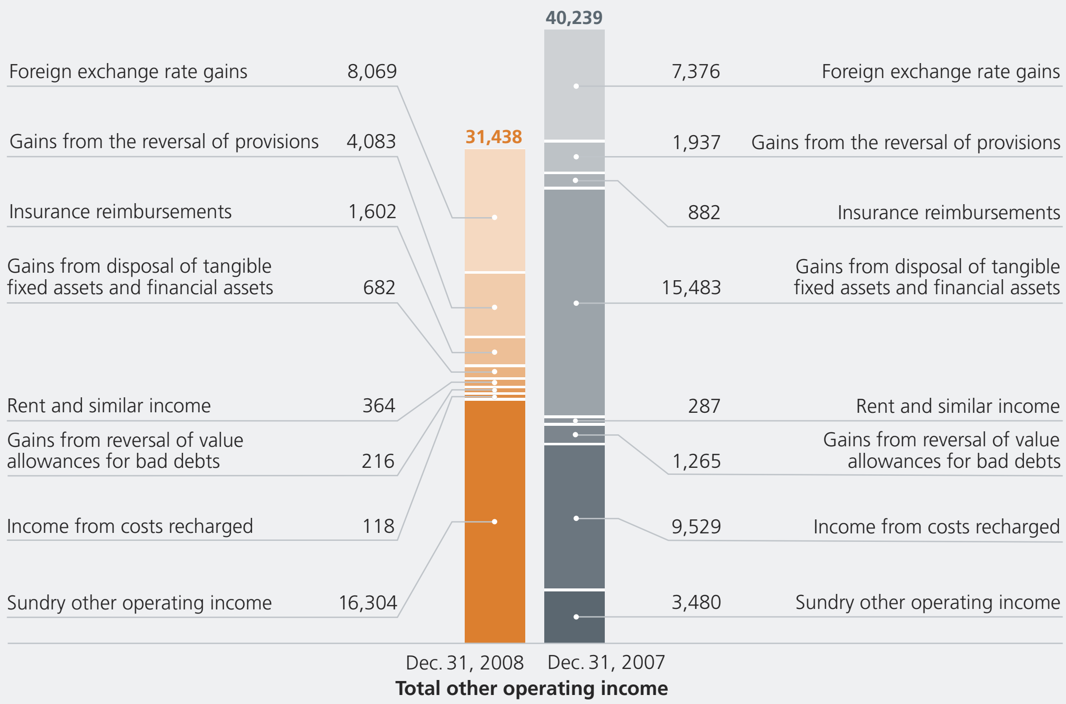
Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Germany	295,577	336,090
Poland	395,068	326,354
Other EU member states	146,637	185,370
Other Europe	37,414	41,471
USA	15,992	17,783
Asia	17,008	21,941
Other regions	5,267	14,788
Total sales	**912,962**	**943,797**

(5) Other internal costs capitalised

The total for other internal costs capitalised essentially derives from the capitalisation of interest on borrowings directly assignable to the long-term investment programme and apportionable to the manufacturing period.

(6) Other operating income

OTHER OPERATING INCOME BREAKS DOWN AS FOLLOWS:
Figures in €k



Gains from the disposal of tangible fixed assets and financial assets in the previous year included income from the sale of securities amounting to €14,419k.

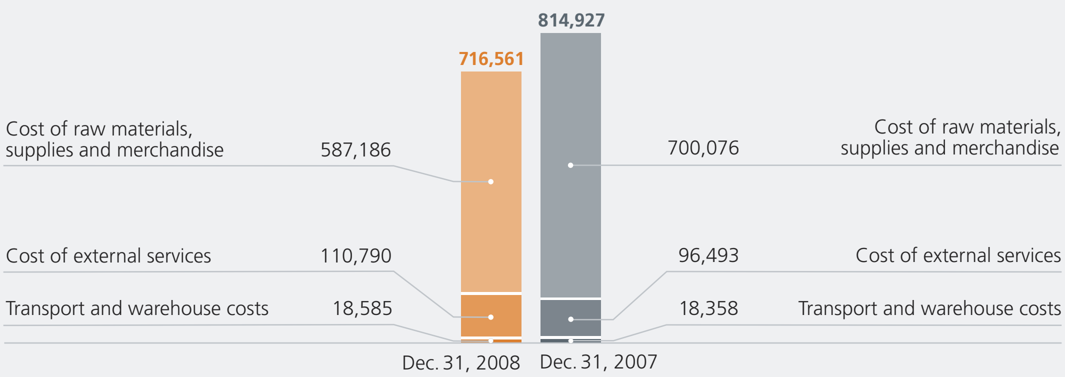
Foreign exchange gains need to be considered in conjunction with the foreign exchange losses disclosed under other operating expenses; owing to the substantial depreciation of the złoty in 2008, the offsetting effect here was minimal, leading to a burden on earnings.

Income from the reversal of provisions includes an amount of €2,950k as a portion of the provisions for site dismantling obligations (€6,000k) allocated in 2007. The dismantling work is continuing through 2009.

Sundry other operating income includes grants and subsidies from the Polish provinces (voivodeships [Polish: województwo]) for rail passenger transport services provided by the consortium headed by PCC Rail S.A. (approx. €3,300k; previous year: approx. €250k). These were offset by higher expenses from passenger transport services disclosed under sundry other operating expenses.

(7) Purchased goods and services

THE COST OF GOODS AND SERVICES PURCHASED IN FISCAL 2008 BREAKS DOWN AS FOLLOWS:
Figures in €k

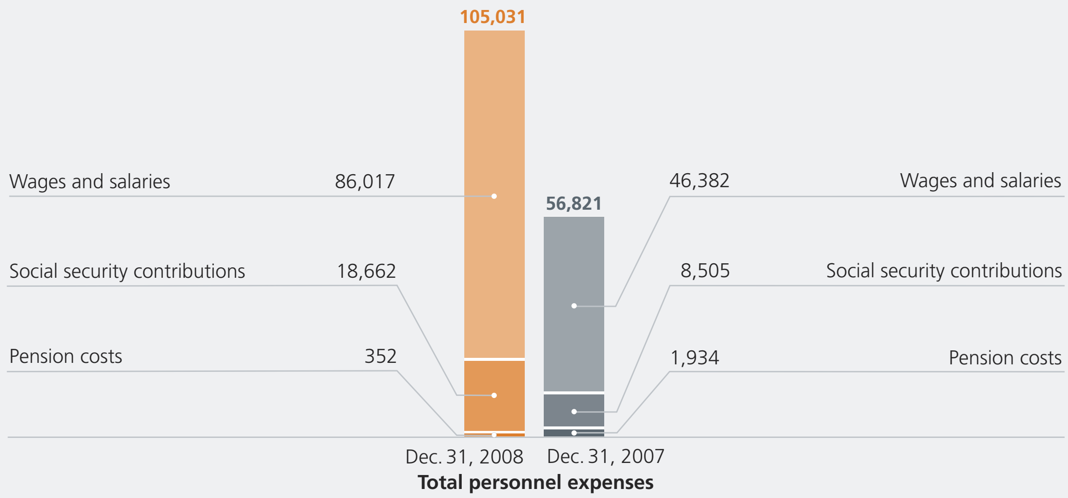


Total purchased goods and services

/ Notes to the Consolidated Annual Financial Statements

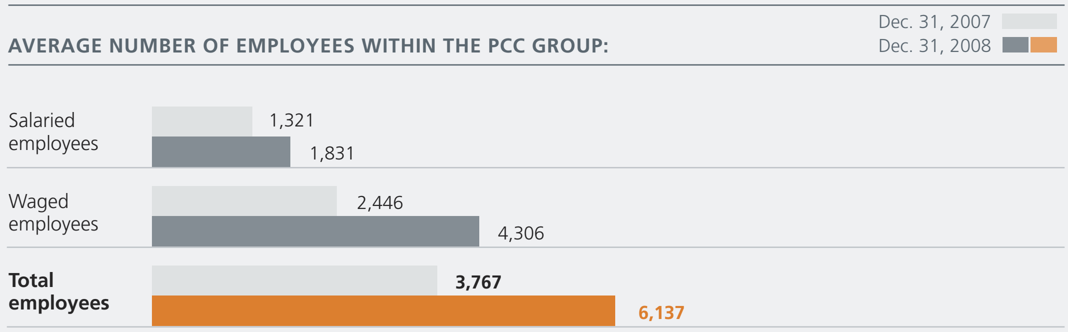
(8) Personnel expenses

THE PERSONNEL EXPENSES ARE COMPRISED AS FOLLOWS:
Figures in €k



The significant increase in personnel expenses compared to the previous year is the result of the first-time consolidation of PCC Rail Rybnik S.A. and its subsidiaries. This is also reflected in the following table showing the change in the average workforce at the PCC Group.

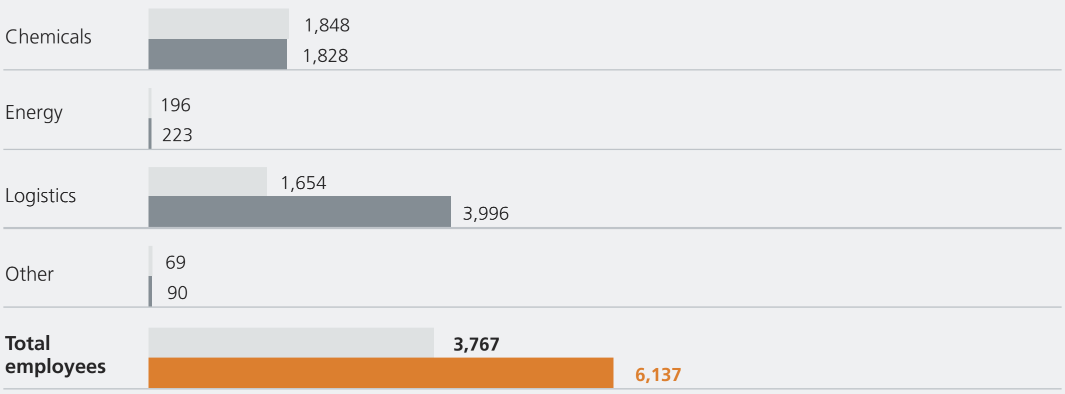
AVERAGE NUMBER OF EMPLOYEES WITHIN THE PCC GROUP:



The following diagram showing the workforce breakdown by division illustrates even more clearly the impact that the first-time consolidation of PCC Rail Rybnik and its subsidiaries has had on employee numbers:

ANNUAL AVERAGE NUMBER OF EMPLOYEES WITHIN THE PCC GROUP BY DIVISION:

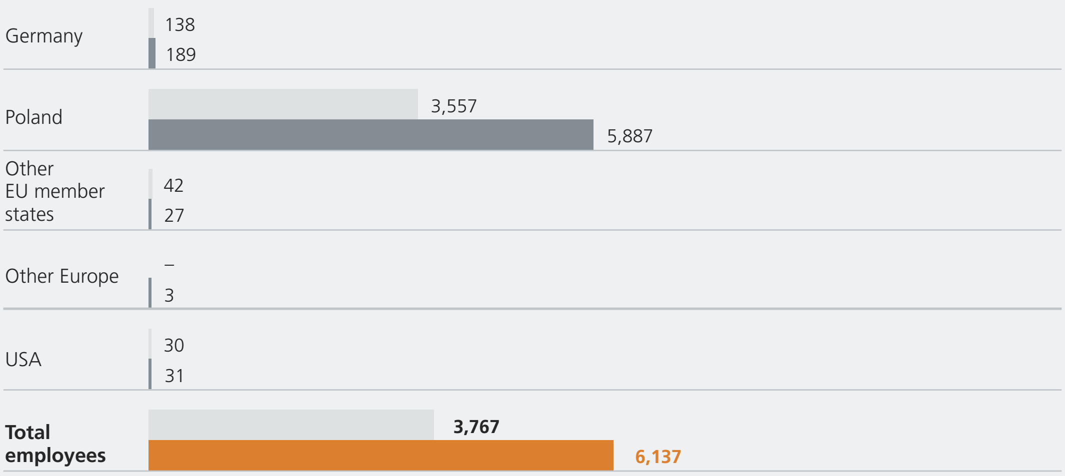
Dec. 31, 2007
Dec. 31, 2008



Broken down by geographic region, annual average employee numbers developed as follows:

ANNUAL AVERAGE NUMBER OF EMPLOYEES WITHIN THE PCC GROUP BY GEOGRAPHIC REGION:

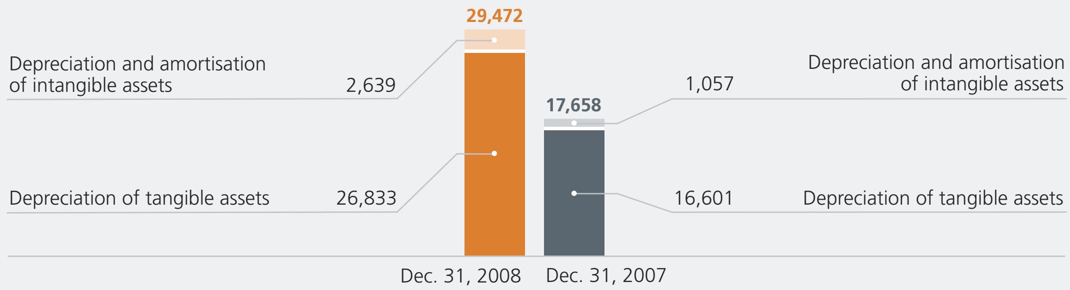
Dec. 31, 2007
Dec. 31, 2008



(9) Depreciation and amortisation

THE DEPRECIATION AND AMORTISATION FIGURES FOR 2008 ARE AS FOLLOWS:

Figures in €k



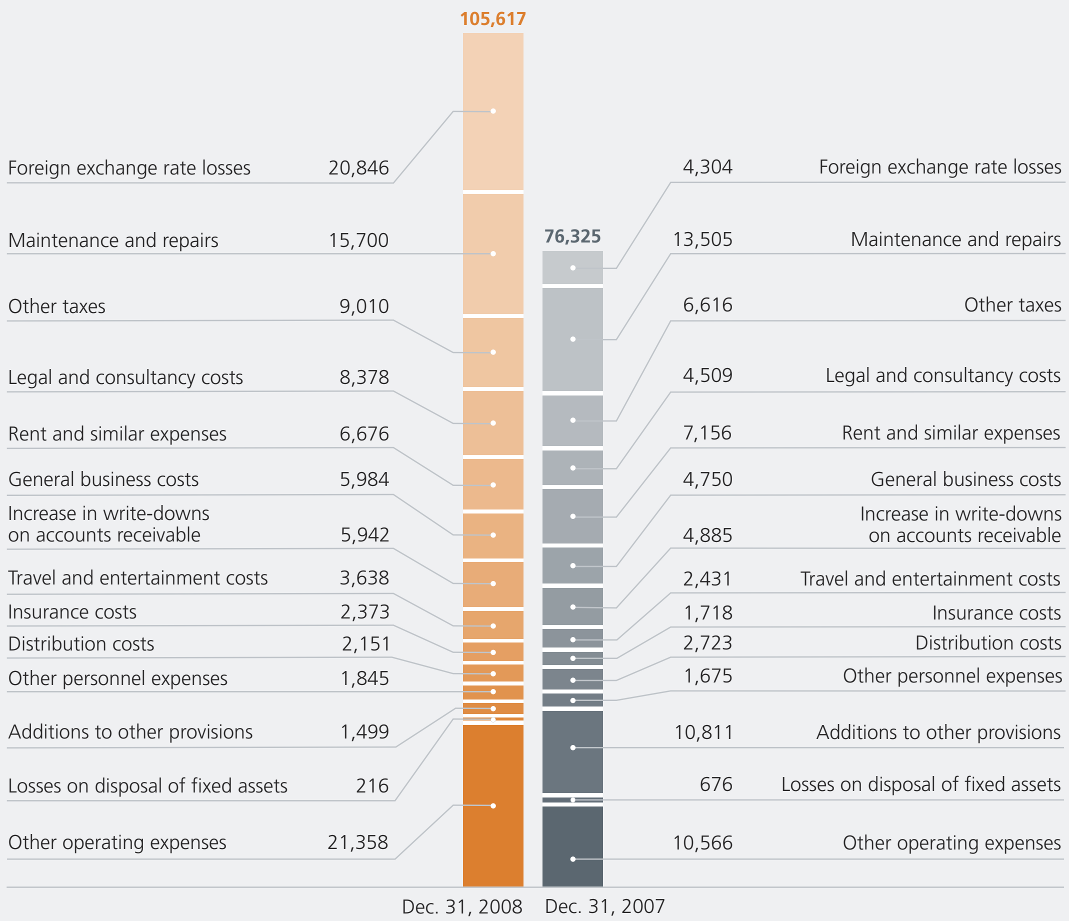
Total depreciation and amortisation

Owing to the capital expenditures initiated in 2007 and completed in 2008, depreciation of tangible assets in particular has increased compared to the previous year. Added to this is the not inconsiderable effect resulting from the first-time consolidation of PCC Rail Rybnik S.A.

(10) Other operating expenses

THE OTHER OPERATING EXPENSES INCURRED IN FISCAL 2008 WERE AS FOLLOWS:

Figures in €k



Total other operating expenses

Generally, the expansion in the scope of consolidation has led to an increase in operating expenses.

The expense arising from foreign exchange differences is the result of the translation of liabilities in foreign currencies at the closing rate, and charges following the valuation of financial instruments used to hedge currency risks. The amount of this expense rose compared to the previous year by €16,542k. This demonstrates the strong influence exerted on Group results by the devaluation of the Polish złoty that occurred in the final quarter of 2008.

Once again, there was also a rise in other operating expenses due to an increase in external consultancy charges as a result of acquisition projects. The change in additions to other provisions is due to the provisions allocated in 2007 for losses anticipated from the gas business of PCC Energie GmbH (€4,319k) and for the site dismantling obligations of PCC Węglopochodne Sp. z o.o. (€6,000k).

(11) Other financial items

The headings incorporated in other financial items are as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Income from associated companies	3,662	1,518
Income from participating interests	660	146
Total income from participations	**4,323**	**1,664**
Write-downs of financial assets	– 1,766	– 199
Write-downs of marketable securities	– 18	– 10
Income from financial loans	0	0
Total other net financial items	**2,538**	**1,455**

(12) Interest and similar expenses

This item is comprised of interest on loans, interest on bearer bonds and participation certificates, and derivative financial instruments, and breaks down as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Interest on loans	8,064	3,879
Interest on bearer bonds and profit participation certificates	14,974	12,864
Derivatives	10,775	0
Interest and similar expenses	**33,813**	**16,743**

The increase in interest on loans compared to the previous year is due to the debt-financed acquisition of participating interests in the logistics companies of the PCC Rail Rybnik subgroup and of a minority holding in Trawipol Sp. z o.o., Gliwice. The interest expense relating to investments initiated in 2007 and completed in 2008 has also now been recognised in full.

The €10.8 million indicated against derivatives includes valuation losses as of the closing date arising from the substantial devaluation of the Polish złoty towards the end of the year.

(13) Taxes on income

Taxes on income include the income taxes paid or owed by the individual countries and also deferred taxes recognised in earnings. Taxes on income are comprised of municipal trade and corporate income tax, the solidarity surcharge and the corresponding foreign taxes on income. There were no deferred taxes arising out of consolidation measures.

The breakdown of taxes on income by origin reads as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Current taxes on income, domestic	636	177
Current taxes on income, foreign	4,255	2,728
Deferred taxes, foreign	– 3,210	247
Total taxes on income	**1,681**	**3,152**

Notes to the Individual Items of the Balance Sheet

(14) Inventories

The breakdown of inventories is as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Raw materials and supplies	12,238	16,223
Work in progress	6,748	6,439
Finished goods and merchandise	21,387	18,964
Advance payments	4,994	4,122
Total inventories	**45,366**	**45,748**

(15) Trade accounts receivable

The analysis of the trade accounts receivable reads as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Trade accounts receivable	105,949	115,531
Value allowance for specific bad debts	– 8,341	– 5,289
Total trade accounts receivable	**97,608**	**110,242**

Trade accounts receivable as of December 31, 2008 all have a remaining term of up to one year.

(16) Accounts receivable from affiliated companies

Accounts receivable from affiliated companies as of December 31, 2008 all have a remaining term of up to one year.

(17) Accounts receivable from enterprises in which participating interests are held

Accounts receivable from enterprises in which participating interests are held as of December 31, 2008 all have a remaining term of up to one year.

(18) Other assets

The items under the other assets heading are as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Claims for refunds of VAT and other dues and levies	13,146	11,274
Surety and deposits	6,592	4,634
Income tax claims	1,943	2,681
Other assets	3,530	8,128
Total other assets	**25,211**	**26,717**

These items have a remaining term of up to one year.

(19) Prepaid expenses and deferred charges

Prepaid expenses and deferred charges include a debt discount (desagio) amounting to €616k (previous year €776k).

(20) Equity

The subscribed capital of PCC SE as of December 31, 2008 amounts to €5,000k and is fully paid up. It is divided into 5,000,000 individual share certificates with a par value of €1 per share.

The items included under consolidated retained earnings are as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Revenue reserves and profit/loss carried forward attributable to consolidated companies	29,930	24,322
Allocated differences arising from consolidation measures	13,037	15,378
Share of profit/loss for the year attributable to Group	– 28,706	4,588
Total consolidated retained earnings	**14,261**	**44,288**

The consolidated retained earnings are comprised of the unappropriated profits realised in the period under review by the subsidiaries included in the consolidated financial statements. The share of the consolidated net earnings for the previous year attributable to the Group, amounting to €4,588k, has been recognised as profit brought forward within consolidated retained earnings.

Accumulated other capital includes the adjustment amount arising from foreign currency translation, which, at – €7.5 million in the annual financial statements for 2008, represented a significant drop of €15 million compared to the prior-year figure of + €7.6 million. This reflects the changes that occurred in the closing rates of exchange between December 31, 2007 and December 31, 2008.

Also recognised within accumulated other capital is capital from profit participation certificates. This item includes additions to retained earnings as of December 31, 2008 arising from the issuance of a subordinated profit participation certificate by PCC SE in the amount of €6,017k, this figure corresponding to the repayment obligation. The profit participation certificate was issued in October 2007 in the amount of €20,000k in certificate denominations of €1,000, subject to a minimum investment of €5,000. It offers a basic coupon of 8.75 % per annum on the profit participation certificate amount plus an additional share of profits amounting to between 0.5 % and 2.0 % per annum, depending on consolidated profit for the year. Where losses have been incurred during the term of the profit participation certificates, participation in such losses occurs as of the date of redemption. The term of the profit participation certificate is indeterminate. Amounts received exceeding the nominal value of the participatory right (agio) arising from the issuance of the participation certificate, totalling €29,000, are likewise disclosed within accumulated other capital.

Participating interests in the PCC Group are held by German and foreign minority shareholders. The minority shareholders participate in the Group equity and the consolidated profit for the year.

(21) Provisions

The change in provisions during the year under review was as follows:

Figures in €k	Jan. 1, 2008	Currency effects	Reversed	Other changes	Dec. 31, 2008
Provisions for pensions and similar obligations	3,093	– 417	2,251	5,041	5,467
Provisions for taxes on income	307	– 30	4	– 265	8
Deferred tax provisions	599	– 76	6	1,168	1,685
Other provisions	21,003	– 548	4,364	9,908	25,999
Provisions	**25,002**	**– 1,072**	**6,624**	**15,853**	**33,158**

Other changes are reflected in the balance between amounts utilised, amounts added and changes in the Group.

Provisions for pensions and similar obligations are due in full to obligations of consolidated companies abroad (Poland). An interest rate of 4 % (previous year 4 %) has been applied as the basis of the actuarial assumptions used for the evaluation of these obligations.

Included in other provisions are the following:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Provisions for anticipated losses	17,121	10,468
Accrued expenses for payment obligations	5,046	5,997
Accruals for personnel costs	1,242	1,120
Provisions for obligations to customers	416	643
Accruals for litigation costs	347	348
Accruals for audit and other legal or consulting costs	279	343
Accruals for major repairs and maintenance	49	691
Accruals for order commitments	2	3
Provisions for restructuring charges	0	242
Other accruals	1,496	1,148
Other provisions / accruals	**25,999**	**21,003**

There was a further increase in provisions for anticipated losses compared to the 2007 accrual. In 2007, a total of €4,319k was allocated as provisions for anticipated losses in respect of foreseeable future excess obligations arising from pending purchase agreements in the energy trading segment. Of this provision, €2,180k was utilised in 2008, with the remainder reserved for 2009.

A countervailing effect under this heading was exerted by the appreciation in value of derivative financial instruments used to hedge against currency risks. In 2008, these amounted to €13.3 million and relate to subsidiaries of which the functional currency is the Polish złoty.

(22) Liabilities

The maturity structure of the liabilities as of December 31, 2008 reads as follows:

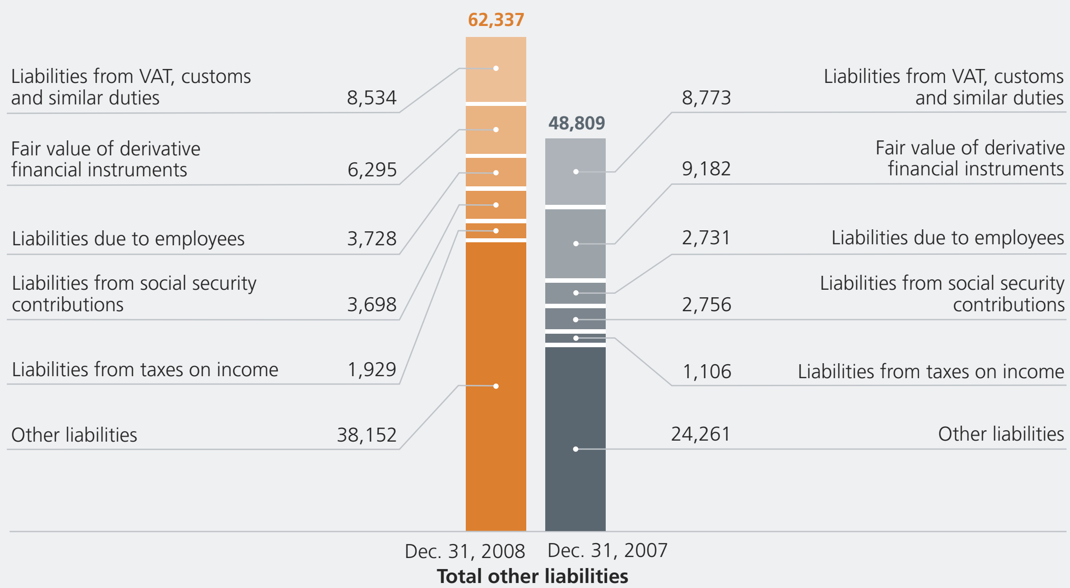
Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2008
Mezzanine capital	0	66,000	0	66,000
Liabilities from bearer bonds	11,762	87,260	6,253	105,275
Bank liabilities	84,097	53,517	4,384	141,998
Advance payments for received orders	2,492	2	0	2,494
Trade accounts payable	96,825	2,871	0	99,695
Accounts payable to affiliated companies	1,026	0	0	1,026
Accounts payable to enterprises in which participating interests are held	741	0	0	741
Other liabilities	40,521	17,094	4,721	62,337
Total liabilities	**237,464**	**226,744**	**15,359**	**479,566**

The mezzanine capital exclusively comprises subordinate loans bearing a fixed interest rate between 7.3 % and 7.9 % per annum and, in part, providing an additional, earnings-related distribution depending on consolidated profit for the year.

The liabilities from bearer bonds are the result of the issue of bonds by PCC SE and of short-term bonds issued by PCC Rokita and PCC Rail. The PCC SE bonds carry a fixed interest rate between 6.5 % and 7.25 % per annum.

(23) Other liabilities

THE ITEMS AGGREGATED UNDER OTHER LIABILITIES READ AS FOLLOWS:
Figures in €k



Included under other liabilities is an amount of €268k owed to a shareholder of PCC SE.

(24) Derivative financial instruments

Owing to its business activities in the energy trading sector, the PCC Group is exposed to particular financial risks arising from price changes in the national and international energy markets. Fluctuations in income and cash flow result from these risks.

In order to limit or eliminate such exposure, the PCC Group utilises derivative financial instruments in the form of exchange-listed futures and option contracts in the electricity and gas trading sectors. The resultant open positions are measured as of the reporting date according to daily exchange-quoted settlement prices published by the clearing service. Initial margins paid are disclosed under other assets (**18**). Variation margins paid or received during the period under review are disclosed under other liabilities (**23**) or other assets (**18**).

Figures in €k	Nominal value	Fair value
Electricity futures	**3,859**	**11,656**
Buy	79,244	72,333
Sell	– 75,385	– 60,677
Gas futures	**3,788**	**2,286**
Buy	3,788	2,286
Sell	0	0
Total as per Dec. 31, 2008	**7,647**	**13,942**

With growing globalisation and the expansion in international trade, companies of the PCC Group are being increasingly exposed to foreign currency and interest rate risks. Derivative financial instruments are used to minimise this exposure. These are disclosed in the balance sheet and valued as of the reporting date. The difference thus determined is recognised in income, with losses from currency derivatives being disclosed under operating expenses and losses from interest rate derivatives being shown under financial items. The items are separately explained in the relevant sections. The fair values of the derivative financial instruments employed are shown in the following table:

Figures in €k	Nominal value	Fair value
FX-forwards	**– 18,535**	**– 6,067**
Buy	1,937	3
Sell	– 20,472	– 6,070
FX-options	**– 11,640**	**– 31**
Buy	0	0
Sell	– 11,640	– 31
Cross-currency interest rate swap	20,898	– 8,584
Interest rate swaps	0	0
Other derivatives	0	0

(25) Contingent liabilities and other financial liabilities

The contingent liabilities as of December 31, 2008, were as follows:

Figures in €k	Dec. 31, 2008	Dec. 31, 2007
Liabilities arising from guarantee agreements	13,149	17,966
Liabilities arising from warranties	482	13,747
Bills and notes discounted	4,062	0
Other contingent liabilities	3,974	9,162
Total contingent liabilities	**21,666**	**40,875**

The other financial liabilities as of December 31, 2008, were as follows:

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2008
Mezzanine capital	6,307	17,020	17,273	40,600
Other liabilities	340	2,727	10,188	13,255
Total liabilities	**6,648**	**19,747**	**27,461**	**53,856**

(26) Corporate bodies

The corporate bodies of PCC SE are as follows:

Managing Directors:

- Dr. rer. oec. (BY) Alfred Pelzer
- Ulrike Warnecke

Administrative Board:

- Waldemar Preussner, Dipl. Volkswirt, Chairman
- Dr. rer. oec. (BY) Alfred Pelzer, Managing Director of PCC SE
- Reinhardt Quint, Member of the Management Board of ThyssenKrupp Services AG

The members of the Board received remunerations amounting to €132k in fiscal 2008 (previous year: €132k).

Duisburg, June 23, 2009

PCC SE
The Managing Directors

Ulrike Warnecke

Dr. Alfred Pelzer

(27) Schedule of shareholdings Name and head office of company	Currency	Exchange rate as of Dec. 31, 2008 1 euro =	PCC SE participating interest in per cent Direct	Indirect	Total
Parent company PCC SE, Duisburg	EUR	1.0000			
Subsidiaries Fully consolidated companies					
PCC Energie GmbH, Duisburg	EUR	1.0000	100.00		100.00
C & C Coke and Coal Products GmbH, Duisburg	EUR	1.0000	60.00		60.00
Petro Carbo Chem GmbH, Duisburg	EUR	1.0000	100.00		100.00
PCC Capital GmbH, Duisburg	EUR	1.0000	100.00		100.00
PCC MORAVA-CHEM s.r.o., Český Těšín	CZK	26.8750	98.00	2.00	100.00
Zakład Energetyki-Blachownia Sp. z o.o., Kędzierzyn-Koźle	PLN	4.1535	84.46		84.46
PCC Oy, Helsinki	EUR	1.0000	100.00		100.00
PCC Chemax Inc., Piedmont	USD	1.3917	100.00		100.00
PCC Energy S.A., Chorzów	PLN	4.1535	100.00		100.00
PCC Rokita SA, Brzeg Dolny	PLN	4.1535	97.67		97.67
Kosmet-Rokita Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.67	97.67
Rokita-Agro S.A., Brzeg Dolny	PLN	4.1535		88.26	88.26
PCT S.A., Brzeg Dolny	PLN	4.1535	100.00		100.00
Energetyka-Rokita Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.67	97.67
Tensis Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.67	97.67
Ekologistyka Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.67	97.67
LabMatic Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.21	97.21
Apakor-Rokita Sp. z o.o., Brzeg Dolny	PLN	4.1535		95.30	95.30
PCC Węglopochodne Sp. z o.o., Kędzierzyn-Koźle	PLN	4.1535	100.00		100.00
PCC Synteza S.A., Kędzierzyn-Koźle	PLN	4.1535	100.00		100.00
PCC Autochem Sp. z o.o., Brzeg Dolny	PLN	4.1535	58.85	40.19	99.04
PCC RAIL S.A., Jaworzno	PLN	4.1535	97.65		97.65
PCC Rail COALTRAN Sp. z o.o., Warsaw	PLN	4.1535		97.65	97.65
PCC Cargo S.A., Sławków	PLN	4.1535		97.65	97.65
PCC Spedkol Sp. z o.o., Kędzierzyn-Koźle	PLN	4.1535		97.65	97.65
PCC Intermodal S.A., Gdynia (formerly PCC Rail Containers S.A.)	PLN	4.1535	78.23	17.35	95.58
PCC Kolchem Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.65	97.65
PCC Tabor Szczakowa Sp. z o.o., Jaworzno	PLN	4.1535		97.65	97.65
PCC Śląskie Linie Kolejowe Sp. z o.o., Jaworzno	PLN	4.1535		97.65	97.65
PCC Lok-Wag S.A., Jaworzno	PLN	4.1535		97.65	97.65
P-IT Intechkop Sp. z o.o., Katowice	PLN	4.1535		63.38	63.38
PCC Port Szczecin Sp. z o.o., Szczecin	PLN	4.1535		89.29	89.29
Doker-Port Sp. z o.o., Szczecin	PLN	4.1535		55.81	55.81
PCC Rail Rybnik S.A., Rybnik (formerly PTKiGK S.A.)	PLN	4.1535	41.26	48.85	90.11
PUT TRANS PAK Sp. z o.o., Konin	PLN	4.1535		90.11	90.11
ZOS PTK Sp. z o.o., Rybnik	PLN	4.1535		90.11	90.11
ENERGOPORT Sp. z o.o., Rybnik	PLN	4.1535		90.11	90.11
PCC Rail Tabor S.A., Rybnik (formerly PNTK PTK Tabkol S.A.)	PLN	4.1535		90.11	90.11
PTK “INFRASTRUKTURA“ S.A., Rybnik	PLN	4.1535		90.11	90.11
“Grid BH“ d.o.o., Sarajevo	BAM	1.9558		60.00	60.00
PCC DEG Renewables GmbH, Duisburg	EUR	1.0000	60.00		60.00
PCC Energy Trading GmbH, Duisburg	EUR	1.0000	100.00		100.00
SC Euro-Urethane S.R.L., Râmnicu Vâlcea	RON	4.0225	58.72		58.72
Euro-Line GmbH, Duisburg	EUR	1.0000		50.00	50.00

Notes to the Consolidated Annual Financial Statements

(27) Schedule of shareholdings Name and head office of company	Currency	Exchange rate as of Dec. 31, 2008 1 euro =	PCC SE participating interest in per cent		
			Direct	Indirect	Total
Associated companies					
Nadwiślański Zakład Transportu Kolejowego "NZTK" Sp. z o.o., Bieruń	PLN	4.1535	–	69.10	69.10
Trawipol Sp. z o.o., Gliwice	PLN	4.1535	–	53.17	53.17
PCC Rail Sea Sp. z o.o., Katowice	PLN	4.1535	–	48.83	48.83
Nowiny Zabrzańskie Sp. z o.o., Zabrze	PLN	4.1535	–	48.10	48.10
PTK Holding S.A., Zabrze	PLN	4.1535	–	48.10	48.10
PTK Zakład Napraw Utrzymania Taboru Sp. z o.o., Pyskowice	PLN	4.1535	–	48.10	48.10
Śląskie Centrum Logistyki S.A., Gliwice	PLN	4.1535	–	11.43	11.43
Port Handlowy Świnoujście Sp. z o.o., Świnoujście	PLN	4.1535	–	10.46	10.46
Port-Inwest Sp. z o.o., Świnoujście	PLN	4.1535	–	10.46	10.46
Port Operator Sp. z o.o., Świnoujście	PLN	4.1535	–	3.66	3.66
Kolej Bałtycka S.A., Świnoujście	PLN	4.1535	–	2.30	2.30
Inwestycyjna Grupa Budowlano-Surowcowa S.A., Katowice	PLN	4.1535	–	32.22	32.22
Telekomunikacja Kopalń Piasku S.A., Gliwice	PLN	4.1535	35.28	–	35.28
PUH Włodzimierz S.A., Katowice	PLN	4.1535	–	13.70	13.70
Górnicze Zakłady Dolomitowe S.A., Siewierz	PLN	4.1535	–	10.63	10.63
Kopalnia Piasku Kotlarnia S.A., Kotlarnia	PLN	4.1535	–	10.63	10.63
Wytwórnia Konstrukcji Betonowych S.A., Siemanowice	PLN	4.1535	–	0.15	0.15
TRANSGAZ S.A., Rybnik	PLN	4.1535	–	8.78	8.78

(27) Schedule of shareholdings Name and head office of company	Currency	Exchange rate as of Dec. 31, 2008 1 euro =	PCC SE participating interest in %			Equity in local currency ('000)	Net result in local currency ('000)
			Direct	Indirect	Total		
Non-consolidated companies							
"Petro Carbo Chem", Dnepropetrovsk	UAH	10.8555		100.00	100.00	1,499.0	171.0
PCC Development (Chemia Partners) Sp. z o.o., Warsaw	PLN	4.1535	100.00		100.00	27.9	– 26.3
PCC Energia EOOD, Sofia	BGN	1.9558	100.00		100.00	13.0	– 58.0
PCC Energie Kft., Miskolc	HUF	266.7000		100.00	100.00	30,059.0	1,194.0
PCC Energija d.o.o., Belgrade	RSD	88.3352		100.00	100.00	– 4,046.0	– 6,458.0
PCC Energija d.o.o., Ljubljana	EUR	1.0000		100.00	100.00	9.4	2.5
PCC Energija d.o.o., Zagreb	HRK	7.3555		100.00	100.00	0.0	0.0
PCC Envolt Sp. z o.o., Brzeg Dolny	PLN	4.1535	100.00		100.00	374.2	– 204.0
PCC Izvorsko EooD, Sofia	BGN	1.9558		100.00	100.00	– 29.0	– 34.0
PCC Ploiesti S.R.L., Ploiesti	RON	4.0225		100.00	100.00	136.5	– 52.0
PCC Rail Morava s.r.o., Český Těšín	CZK	26.8750		100.00	100.00	152.8	– 7.0
WBG S.A., Jaworzno	PLN	4.1535	100.00		100.00	453.0	– 22.0
PCC Slovakia s.r.o., Kosice	SKK	30.1260		100.00	100.00	3,018.0	2,820.0
PCC Technik GmbH, Duisburg	EUR	1.0000		100.00	100.00	398.9	– 65.0
PCC Utilities S.A., Warsaw	PLN	4.1535	100.00		100.00	385.7	– 16.7
WFP Project Development Sp. z o.o., Jaworzno	PLN	4.1535	100.00		100.00	378.0	– 5.0
ZAO "NOVOBALT Terminal", Kaliningrad	RUB	41.2830		100.00	100.00	26,064.1	2,655.1
ZAO "Petro Carbo Chem", Moscow	RUB	41.2830		100.00	100.00	4,733.0	1,594.0
PCC MCAA SE, Duisburg	EUR	1.0000	100.00			100.1	– 25.0
ChemiPark Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.67	97.67	4,695.8	– 1,388.2
GEKON Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.67	97.67	*	*
PCC Exoł S.A., Plock	PLN	4.1535		97.67	97.67	77.8	– 47.2
BiznesPark Rokita Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.62	97.62	1,424.1	121.1
LabAnalityka Sp. z o.o., Brzeg Dolny	PLN	4.1535		97.47	97.47	830.6	– 199.6
CWB "Partner" Sp. z o.o., Brzeg Dolny	PLN	4.1535		95.23	95.23	288.8	77.2
Technochem Sp. z o.o., Brzeg Dolny	PLN	4.1535		83.80	83.80	7.8	– 19.6
PCC HYDRO DOOEL Skopje, Skopje	EUR	1.0000		60.00	60.00	– 129.7	– 134.7
Petromag-Kaliningrad, Kaliningrad	RUB	41.2830		50.00	50.00	49.0	– 17.0
Arriva PCC Sp. z o.o., Warsaw	PLN	4.1535		48.83	48.83	1,129.1	– 2,870.9
"NOVI ENERGII" OOD, Sofia	BGN	1.9558		36.00	36.00	– 44.4	– 12.5
Drefakt GmbH, Dresden	EUR	1.0000		25.50	25.50	560.7	40.7
SBB Sp. z o.o., Katowice	PLN	4.1535		17.30	17.30	40.6	– 21.1
SGT S.A., Gliwice	PLN	4.1535	17.15		17.15	– 589.6	– 1,126.0
Agencja Rozwoju Lokalnego S.A., Katowice	PLN	4.1535		6.80	6.80	1,802.1	56.2
Przedsiębiorstwo Kompleksowej Realizacji Budownictwa "Fabud" S.A., Siemianowice	PLN	4.1535		0.73	0.73	26,066.8	1,872.0

*activity suspended

Auditors' Report

We have audited the consolidated financial statements prepared by PCC SE, Duisburg, Germany, comprising the balance sheet, income statement, notes to the consolidated financial statements, the cash flow statement and the statement of movements in equity – taking into account the group's accounting records and the group management report for the financial year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report according to German commercial law is the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with §317 HGB (Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements and rule infringements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements prepared in accordance with the applicable financial reporting framework, and in the group management report, are detected with reasonable assurance. Knowledge of the business activities and of the economic and legal environment in which the PCC Group operates and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidated financial statements, the determination of the entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of PCC SE, Duisburg, Germany comply with the legal requirements of German commercial law and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, essentially provides an accurate view of the group's position and suitably presents the opportunities and risks associated with the group's future development.

Düsseldorf, June 26, 2009

Warth & Klein GmbH
Wirtschaftsprüfungsgesellschaft

Häger	Krichel
Wirtschaftsprüfer (Auditor)	Wirtschaftsprüfer (Auditor)

Glossary

Additives
Additives are substances which, incorporated in formulations in very small quantities, optimize the properties and performance profile of paints and plastics and/or facilitate their manufacture and processing.

BAT
Best Available Techniques aka Best Available Technologies.

EBIT
Earnings Before Interest and Taxes; ↑EBITDA less depreciation and amortisation.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation.

EBT
Earnings Before Taxes; ↑EBIT less interest and other financial items.

Ethoxylation
Process for the manufacture of non-ionic surfactants (surface-active substances), which are major constituents of, in particular, detergents and cleaning products.

Futures
A futures or forward contract is a standardized contract, traded on a futures exchange, to buy or sell a certain underlying instrument at a certain date in the future and at a specified price. The future date is called the delivery date or final settlement date. The pre-set price is called the futures price.

GPW
Warsaw securities exchange, abbreviation for the Polish: Giełda Papierów Wartościowych w Warszawie

Hedge
A hedge is an investment that is taken out specifically to reduce or cancel out the risk in another investment. Hedging is a strategy designed to minimize exposure to an unwanted business risk, while still allowing the business to profit from an investment activity.

Initial margin
Security payment made on conclusion of a ↑futures or forward contract.

Intermodal transportation
Conveyance of goods, primarily in containers carried by more than one mode of transport: rail, truck or ship. The modal switch facilitates transport efficiency and local delivery to the customer.

IPO
Initial Public Offering – facility by which investors are given access to the shares of a business being floated for the first time on the stock exchange or similar institution in the officially organised capital market.

IPPC
Integrated Pollution Prevention and Control introduced as an EC directive.

MCAA
Monochloroacetic acid; chemical compound; starting material for the production of crop/plant protection products, dyes and medicines.

Mezzanine capital
General term covering forms of finance which, due to their legal and economic make-up, represent a mix of equity and debt capital.

MW (megawatt)
Unit of measurement for electric power:
1 Megawatt = 10^3 kilowatts
1 Gigawatt = 10^6 kilowatts
1 Terawatt = 10^9 kilowatts

Option contract
Forward contract granting the right, without obligation, to buy ("call") or sell ("put") certain asset quantities at an agreed price prior to a pre-set date (American option) or on a pre-set date (European option). Option contracts can themselves be traded.

Phosphorus derivatives
Substances manufactured from phosphorus such as flame retardants and plasticisers.

Provenance
In trade: Verified statement of the place of origin/previous owner of goods.

REACH
European regulation governing the registration, evaluation, authorisation and restriction of chemicals.

Renewable energy
Also known as regenerative energy; term given to energy from sustainable sources such as solar energy, biomass, hydroelectric power and wind power.

ROCE
Return On Capital Employed; (↑EBIT: Average equity + average interest-bearing debt capital incl. pension provisions).

SE
Latin abbreviation: Societas Europaea; English: European Company.

Sulphonation
Process for the manufacture of anionic surfactants (surface-active substances) which, because of their dermatological compatibility, are widely used in cosmetics and hand dishwashing detergents.

Surfactant
Surface-active substance; ingredient in detergents and cleaning products (↑Ethoxylation, ↑Sulphonation)

Swap
A swap is a derivative in which two counterparties agree to exchange one stream of cash flows for another stream.

TDI
Toluene diisocyanate; one of the more important isocyanates and an intermediate substance used in the manufacture of products such as adhesives and foams (polyurethane).

Value chain
The sequential set of primary and support activities in a production process that an enterprise performs to turn inputs – e.g. raw materials – into value-added outputs – e.g. finished products – for its external customers.

Variation margin
Extra margin for higher risk deposited by members of an exchange with the exchange authorities. Used in the daily offsetting of profits and losses made on ↑futures.

/“To my mind, Customer Services is one of the essential departments in our company, hence the most important facet of my job is providing help and support to our customers on a daily basis. I also have a vested interest in promoting collaboration between our various departments, because this vital to ensuring that our customers get the service they expect.“

Karolina Worona (28): Studied marine logistics at Gdynia Maritime Academy, specialist in intermodal transport, joined Customer Services at PCC Intermodal in 2007.

Karolina Worona on site at the Baltic Container Terminal in the port of Gdynia

/ Credits

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The German version is the original and authoritative.

All versions can be downloaded from www.pcc.eu.

PCC SE
Duisburg, July 2009

Forward-looking statements

This annual report contains forward-looking statements which are based on the current estimates and assumptions made by the management with respect to future developments. The accuracy of such statements is subject to risks and uncertainties that lie outside the control and forecasting capability of PCC SE. Examples include changes in the market environment and underlying economic conditions, the behaviour of other market participants, the success with which new acquisitions can be integrated, the realisation of anticipated synergy effects and the actions of governmental agencies. Should such factors of uncertainty or imponderables come into play, or if the assumptions upon which these statements are based, prove to be incorrect, the ensuing events could differ materially from those explicitly indicated, implied in or inferred from these statements. PCC SE neither plans nor undertakes to update any forward-looking statements in respect of developments or events occurring in the future.

Technical discrepancies

For technical reasons (e.g. arising from the conversion of electronic formats), differences may occur between the information provided in this annual report and that contained in the accounting documents submitted for publication in the Federal electronic gazette (Bundesanzeiger). In such cases, the version appearing in the Federal electronic gazette is authoritative.

PCC. synergies at work

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