

Business Trends

In the 1st quarter of 2006 the PCC Group had a sales revenue of some EUR 238 million (consolidated) and despite slight losses again in Trading/Energy nevertheless obtained a result before taxes of EUR 3.7 million.

The largest contribution to the result again came from the chemical production division which is mainly due to PCC Rokita S.A., Brzeg Dolny. The three large Rokita units of chlorine production, polyols production and speciality chemicals as well as Rokita-Agro, the pesticides producer, concluded the 1st quarter with a profit. This was seasonally induced in the case of Rokita-Agro. Business is also expected to be positive in the four fields in the 2nd quarter. Rokita subsidiary Kosmet-Rokita, producing household chemicals, at least recorded a break-even result in the 1st quarter of 2006. However, future prospects for this product sector are uncertain given the increasing pressure of international competition in supplying the large trade chains such as Metro and Real. That is why PCC Rokita S.A. is considering selling this subsidiary in 2006.

The 1st quarter of 2006 also went well for the logistics division due in particular to the favourable result of PCC Rail Szczakowa S.A. All the PCC AG companies in the logistics division are to be brought together under this company's umbrella to both enhance their cooperation and make more efficient use of synergies. This should

herald in further rises in earnings for this division.

The trading/energy division in which some 2/3 of our total sales revenue is generated - recorded a positive result for the first time in March 2006. However, this could not completely offset the losses for January and February so that a minus of some EUR 150,000 remained as per 31 March 2006.

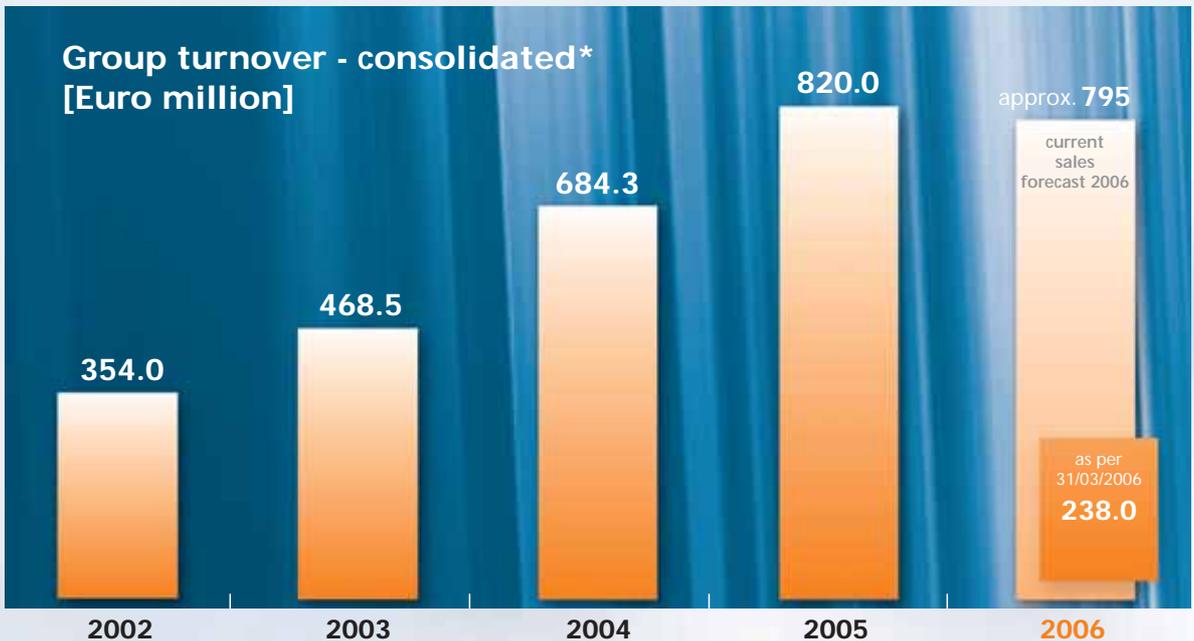
Greater concentration on a limited number of strategic products and a reduction of fixed costs should lead to sustained improvement in the economic efficiency of this division and ensure a return to earning profits.

Approval of the year-end accounts for 2005

Consolidated year-end accounts are to be approved at the end of May. We will at the same time provide you with the balance sheet and profit and loss account as a download under www.pcc.de.

PCC ratifies agreements

As part of privatization in Poland, PCC AG has ratified agreements on purchasing two chemical plants. Subject to the approval of the cartel authority and assent of the Finance ministry, this will result in ZAK (Zaklady Azotowe Kedzierzyn) near Gliwice and ZAT



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



(Zakłady Azotowe Tarnów) near Krakow becoming part of the PCC Group (www.azoty.tarnow.pl and www.zak.com.pl). PCC's bid was accepted for a price of around EUR 117 million (PLN 466 million). For this sum Nafta Polska S.A. – the state entity charged with privatising the Polish oil and chemical plants - sold 80% of the shares in each instance.

Incorporation of both chemical plants into the consolidated entity will see PCC Group sales revenue climbing to EUR 1.4 billion. Together, the new acquisitions turn over around EUR 600 million. Acquiring ZAK und ZAT has considerably expanded PCC's production capacities in Poland. PCC has already had experience in restructuring former state-owned enterprises in Poland. PCC Rokita S.A., the Silesian chemicals manufacturer, and rail operator PCC Rail Szczakowa S.A. have been successfully restructured by PCC. This is documented by a number of awards. Just recently Zyta Gilowska, the Polish Vice-Premier, bestowed "The Gold Statue of Polish Business Leader" award on PCC boss Waldemar Preussner. Along with PCC Rail Szczakowa S.A., prizes were awarded by the Business Centre Club to a further 14 companies of the 142 participating.

PCC Rail Szczakowa S.A. and PCC Rokita S.A. today rank amongst the most profitable companies in their market segments.

PCC Energie GmbH sets up subsidiary

PCC Technik GmbH is the name of the youngest subsidiary of electricity supplier PCC Energie GmbH. PCC Technik GmbH will in future be planning and implementing energy contracting projects. This includes planning, installing and operating energy plants and energy supply grids especially of power grids. The company will also fit, operate and service measuring appliances. PCC Technik GmbH, which has started operations with a nominal capital of EUR 300,000, also includes the monitoring of supplied energy amongst its scope of work & services.

PCC obtains electricity trading licence in Romania

PCC is now active in energy trading in 16 countries. PCC is not only currently trading on the international power exchanges in Germany, Austria, France and Italy

but also on the national ones in Poland, the Czech Republic and now in Romania as well.

Staff matters

Gisbert Rühl laid down his mandate as a supervisory board member on 3 April. In future the PCC AG supervisory board will be completed by Dr. rer. nat. Franz Josef Kruger from Eppstein. Dr. Kruger is the managing partner of InnoventisConsulting GmbH in Eppstein.

New issue of PCC AG

The fact that most of the securities sales prospectus was concluded during the 1st quarter allowed Bond No. 18 to be published on 1st May following prospectus approval by the German Financial Supervisory Authority (Bafin). Its ISIN is DE000A0JFJ90 (WKN A0JFJ9). As is usual, the security has a 7.00% p.a. rate of interest with interest paid out quarterly. Minimum investment is EUR 5,000. The maturity date is 1 April 2011. This corporate bond is also registered for unlisted trading on the Frankfurt Stock Exchange. The bond can be acquired directly and free of charge through PCC AG. The initial issue price is 100%.

We will gladly send you a copy of the published security sale prospectus including subscription documentation. Just send us a brief e-mail to anleihe@pccag.com or call us under **02066/908090**.