

Business Trends

The 3rd quarter proceeded for the PCC Group as expected. Whilst a total of EUR 177.7 million was turned over between July and September – producing a consolidated Group turnover of EUR 564.4 million as per 30.09.05 – no noticeable growth in earnings was obtained in the quarter just past. Earnings before taxes (EBT) of just under EUR 12 million as of 30.09.05 were only slightly above those for the first half year of 2005.

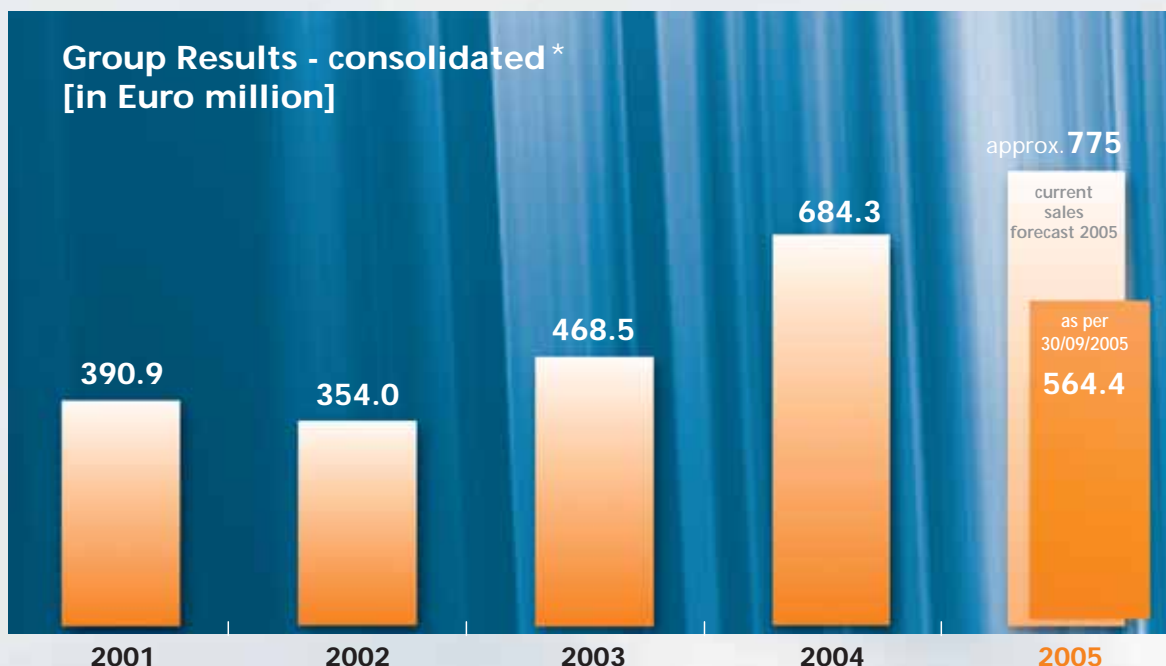
This was principally down to the regular, maintenance-induced plant downtime at the PCC Rokita S.A. and PCC Synteza S.A. works which resulted in losses in the chemical production division in July and August. However with production resumed, both companies again obtained positive earnings in September. And the assumption is also one of positive figures for the 4th quarter at the level of the first six months of 2005.

This is something we expect as well in the energy and raw material trading division which also recorded losses in the 3rd quarter of 2005. They are due in part to unexpected transmission restrictions in south-eastern Europe as a result of which we were forced to additionally purchase expensive peak-load energy to discharge our sales agreements. However, this situation has

been largely normalised so that the prospect of business proceeding positively in the months to come is a real one.

In contrast, the logistics division was again highly successful in ending the 3rd quarter of 2005. This was due to the high utilisation of capacity at PCC Rail Szczakowa S.A., the top turnover and earnings performer of this division. As of 30.09.05, this affiliated company clearly surpassed the earnings that had been originally planned for the whole year. The expectation at PCC Rail Szczakowa S.A. is for business to proceed similarly well in the 4th quarter and all the other affiliates in the logistics division will, in all probability, end 2005 on a profitable note.

Thanks to the positive trends in the logistics and chemical production divisions, the PCC Group will, in all likelihood, come up with earnings before taxes (EBT) for 2005 at roughly the favourable EUR 17.5 million figure of the previous year. They will thus be above our original expectations for 2005.



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



PCC purchases Warsaw rail company

In order to develop logistics activities not only in Silesia and especially in the north of Poland, PCC has opted to purchase another company at the strategically favourable Warsaw location.

Subject to the approval of the Polish cartel office, Coaltran Sp. z o.o. based in the Polish capital is set to become a 100% PCC Group subsidiary. The company has belonged to the Warsaw power plants as an internal operating rail company.

Employing some 160 staff, Coaltran generated a turnover of over EUR 27 million in the past year.

PCC enters the Polish container transportation market

PCC has established the Polish subsidiary of PCC Rail Containers S.A. so as to be active in the container transportation sector.

As early as August, 11th, our first container train travelled some 900 kms from Brzeg Dolny, near Wroclaw in Silesia, to Świnoujście on the Baltic Sea and back. Up to that time PKP Cargo, the state-run rail company, had functioned on this market as a monopolist.

PCC Energie finalises first set of gas supply agreements

In the 3rd quarter, Group subsidiary PCC Energie GmbH signed the first gas supply agreements and since 1st October 2005 it has been supplying a municipal utility and a paper mill in southern Germany.

The supply agreements have been concluded for a year, comprising a supply volume overall of 400 gigawatt hours (400 million kilowatt hours).

PCC starts CO₂ Information platform on the Internet

PCC has extended its provision of services as part of trading activity for CO₂ emissions.

Under www.co2-platform.com, those interested can inform themselves on basics, history and EU directives. Specimen agreements will in future be available for downloading.

PCC AG direct investments

A) Subscription period ends mid-December:

The sale of the currently subscribeable 7.00% PCC AG bearer bond (ISIN DE000A0EY6Q4) ends at the latest on December, 16th 2005.

B) Fresh issue in the New Year:

PCC is putting up a follow-up bond right at the beginning of the new year. However to reflect the general market levels, the interest rate will be down 0.25% to 6.75% a year.

The bond will, as usual, feature interest payment at quarterly intervals. EUR 5,000 is the minimum investment amount. Its term ends on April, 1st 2011. Just as with the predecessor model, listing is envisaged on the Frankfurt Stock Exchange. The bond can be acquired directly through PCC AG free of charge. The initial issue price will be at 100%.

Subject to approval by "Bafin" (Federal supervisory office for financial services), the offering prospectus will be available from mid-December.

We will gladly send you a copy inclusive of subscription documentation. Just send us a short e-mail to anleihe@pccag.com or call us under **02066/908090**.