



## Business Development

In the third quarter of 2007, the PCC Group generated consolidated sales of EUR 239 million. As a result, consolidated sales for the first three quarters of 2007 amounted to EUR 692 million, compared to EUR 664 million as per September 30, 2006. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 6.2 million in the third quarter, bringing EBITDA for the first three quarters to EUR 29.2 million, up EUR 4.1 million from the same period of 2006 (EUR 25.1 million as per September 30, 2006).

In line with earlier forecasts, seasonal effects coupled with a significant rise in interest payments and amortization costs resulting from the implementation of investment projects in the Chemical Production and the Logistics division caused earnings before taxes (EBT) to drop by EUR 700,000 during the third quarter, reaching EUR 6.3 million as per September 30, 2006. EBT thus fell slightly short of the result reached during the same period of last year (EUR 6.6 million). However, based on the positive business development that we are experiencing in the fourth quarter, we still maintain our forecast that earnings before taxes will rise to about EUR 10 million for the whole of 2007 (EBT 2006: EUR 7.4 million).

The single division's business development in the third quarter of 2007 can be summed up as follows:

According to expectations, production stops caused by regular maintenance works resulted in losses in the Chemical Production division in July and August. Another negative factor for the division's business

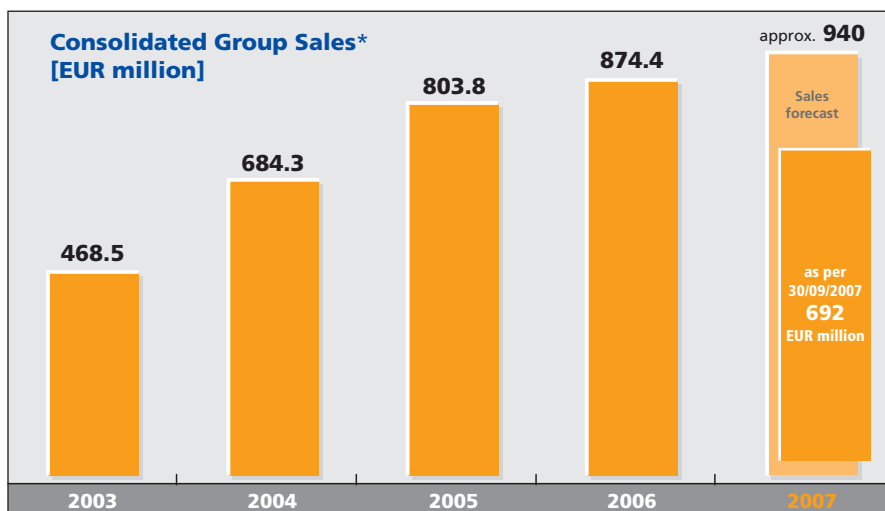
development in the third quarter was the PLN-EUR exchange rate development. Nevertheless, the division returned to a pre-tax profit as early as in September.

The Logistics division closed the third quarter of 2007 with an overall profit, albeit - as in Chemical Production - a lower one than in the previous quarter. Rising transport volumes - mainly due to rising coal supplies to power stations - are likely to stimulate the division's business and an improvement of its results in the last quarter of 2007.

Both divisions will contribute positively to the Group's consolidated earnings for 2007.

In the Trading division, we started to wind up our electricity trading business in Poland and the Czech Republic in the third quarter of 2007. This process necessitating an adjustment of staff levels will be completed by the end of this year. By that time all existing contracts in this area will be fulfilled, and remaining open positions will be closed. Any future activities in this area will be managed centrally from Duisburg. To this aim, we decided to establish the company PCC Energy Trading GmbH headquartered in Duisburg. Starting from January 1, 2008 this company will also take over the remaining electricity trading business of its sister company Petro Carbo Chem GmbH which after that date will focus exclusively on its profitable business areas, namely trading in chemical raw materials, coke and anthracite.

We expect the Trading division to return to an overall profit in 2008 at the latest.



\* PCC's consolidation group comprises:  
 PCC Rokita SA from 2003  
 PCC Rail S.A. (previously PCC Rail Szczakowa S.A.) from 2004



### Continued expansion following acquisitions in the transport sector

PCC plans further acquisitions aiming at a continued expansion of its strong position especially on the Polish logistics market, where it is one of the leading private rail operators. Currently PCC is planning the takeover of the Polish rail operator PTKiGK S.A. (Przedsiębiorstwo Transportu Kolejowego i Gospodarki Kamieniem). This company is headquartered in the Silesian town of Rybnik, close to the Czech border and within one of Poland's largest coal mining areas.

PCC has already concluded contracts securing the purchase of 85 percent of the rail company's shares. However, the closing of the transaction is still subject to approval by Poland's competition authority UOKiK (Urząd Ochrony Konkurencji i Konsumentów).

PTKiGK Rybnik generated sales of nearly EUR 65 million last year, employing approximately 1,100 staff. Following the completion of the takeover, PCC group's rolling stock would expand by about 2,000 wagons owned by PTKiGK to more than 5,500 wagons. PCC's locomotive fleet would grow from 116 to 220 units.

### PCC Rail Containers serving new routes

The Group's subsidiary PCC Rail Containers, which is earmarked to become the first PCC company listed on the Warsaw Stock Exchange, has started serving two new routes for container block trains. The first route links Brzeg Dolny with Gdynia, while the second one connects Frankfurt/Oder with Sławków via Brzeg Dolny. More routes will follow step by step. In reaction to the continuously rising order volume, PCC Rail Containers hired another 42 new container chassis from Hamburg-based chassis specialist Paul Günther AG. The company now has a total of 65 chassis at its disposal.

### Construction starts at PCC's first small hydropower plant in Bosnia and Herzegovina

Following the issue of the construction permit for the small hydropower plant Mujada (D. Vakuf), PCC has finally received the go-ahead for the construction of the first of four hydropower projects in Bosnia and Herzegovina (BiH).

Treating this project as a pilot scheme, PCC will commence the construction of Mujada immediately, even before the construction permits for the other three projects have been issued. Doing so, PCC wishes to communicate - especially to the local population - that it remains committed to long-term investments in BiH. The construction of those decentralised and environmentally friendly hydropower plants contributes to an increase of the country's energy generation capacities and the avoidance of bottlenecks in energy supplies.

### PCC issues new bond at 7.00% and first profit participation certificate at 8.75%

On October 1, 2007 PCC SE issued two new securities. Both new securities have already been listed on the Open Market of the Frankfurt Stock Exchange (FWB® Frankfurter Wertpapierbörse).

Interest on the new 7.00% bond (ISIN DE000A0S8DY1) is paid quarterly in line with earlier bonds. The bond matures on October 1, 2012. For the first time, PCC also offers a profit participation certificate. The annual basic distribution was fixed at 8.75%. The basic distribution will be paid out quarterly in line with PCC's corporate bonds. The profit participation certificates can be put for redemption at the end of each quarter by giving notice not later than one year prior to the respective call date. The earliest possible redemption date is December 31, 2017. The issue's international security identification number (ISIN) is DE000A0MZC31. The published version of the securities prospectus is available as a PDF file on our website ([www.pcc.eu](http://www.pcc.eu)). Paper copies of the prospectuses can be ordered without commitment by phone on +49 [0]2066 90 80 90 or e-mail at [wertpapiere@pcc.eu](mailto:wertpapiere@pcc.eu).

### Redemption of bond

PCC SE's 7% bullet bond issued on October 1, 2004 (ISIN DE000A0B09T9) matured on October 1, 2007. The repayment sum amounted to EUR 7.7 million. PCC has currently five corporate bonds in circulation, including the new bond. Since its first emission in 1998, the company has issued 20 bonds.

