



Ordinary share, PTKM-R-A ISIN HRPTKMRA0005
listed on the Official Market of the Zagreb Stock Exchange
Notice pursuant to the Capital Market Act

Information on activities in the process of capital increase of Petrokemija, Plc.

Financial and legal due-diligence of Petrokemija - Since November 2012, the business model, financial statements and legal status of the Company were the subject of three in-depth analyses of established consultants and law firms:

- An in-depth analysis of the market position of the Company, organizational status and projections of possible savings in the coming years was made. The Supervisory Board defined that report as a framework and starting point of the process of capital increase and restructuring of the Company.
- Financial due diligence was performed for the preparation of an Information Memorandum for the Company capital increase. The financial statements of previous periods were analyzed and it was confirmed that there were no substantial departures regarding information, ratings and views expressed in the publicly available auditors' reports for Petrokemija, Plc. and Petrokemija Group.
- Legal due diligence was performed for the preparation of the Information Memorandum for the Company capital increase. All contracts and other key legal documents that define the structure of the Company were comprehensively analyzed, as well as the interdependence of legal regulations of both local and wider environment of the Company. The legal due diligence found no essential facts that go beyond the information presented in the Information Memorandum.

All major risks and material facts, found during these analyses are included in the Information Memorandum of the Company.

Refinancing short-term liabilities - Petrokemija is having intensive negotiations with all banks on a bilateral prolongation of all loans. A framework agreement has been reached with creditors about refinancing short-term debt for a year (until June 30, 2014), which has partially achieved the desired effect of extending the maturity of debt and met the minimum objectives that the funds from the capital increase are not used to refinance short-term bank loans in the next year.

Allocation of funds from the capital increase - the allocation is defined and publicly disclosed in the Company Information Memorandum (page 359). The Company intends to spend the funds raised by issuing New Shares on:

- investment in the next one year in the amount of HRK 75 million;
- provisions for severance payments in the amount of HRK 34 million in 2013 and 2014;
- initial financing of the restructuring costs of HRK 7 million;
- financing of working capital in the amount of HRK 120 million.

Acceptance of the Restructuring Program by workers' unions – Workers' unions' consent to the changes initiated by the Company Management was formally confirmed by a unanimous decision of the Supervisory Board, by which representatives of the EKN, and DEMOS-HUS unions, Association of Homeland War Veterans and the Workers' Council accepted without reservation the report of the consulting firm on conducted in-depth analysis and proposals of restructuring measures in the forthcoming period. The restructuring plan of Petrokemija, proposed and presented by the Management Board to the Supervisory Board in April 2013, was also unanimously adopted.

Invitation to tender for a strategic partner - At the meeting of 30 July 2013, the Croatian Government adopted the Decision on granting approval to the Agency for State Property Management for the acquisition of shares of the Petrokemija, Plc. Company, Kutina. The Government also entrusted the competent authorities with a task to begin the process of choosing a strategic partner of the Petrokemija, Plc. Company, so that Republic of Croatia retains at least 25% + one share.

Source:

Petrokemija, Plc. Kutina
Fertilizer Company
Aleja Vukovar 4, 44320 Kutina
Phone: +385 44 647 270
Fax: + 385 44 680 882
e-mail: uprava@petrokemija.hr
web: www.petrokemija.hr