



Fertilizer Company
Aleja Vukovar 4, 44320 Kutina, Croatia
Ordinary share, PTKM-R-A ISIN HRPTKMRA0005
listed on the Official Market of the Zagreb Stock Exchange
Notice pursuant to the Capital Market Act

PUBLIC INVITATION TO EXISTING SHAREHOLDERS OF PETROKEMIJA, Plc. WHO SUBSCRIBED FOR NEW SHARES IN 1st ROUND, TO SUBSCRIPTION OF NEW ORDINARY SHARES IN 2nd ROUND

At the meeting of 20 May of 2014, the General Meeting of PETROKEMIJA, Plc. Fertilizer Company (Petrokemija, the Company or Issuer) adopted a Decision on share capital increase against deposits in cash, with partial exclusion of pre-emptive rights of existing shareholders in subscription of New Shares and on amendments to the Articles of Association. The Company share capital increase will be carried out by payment in cash by issuing a minimum of 8,333,333 up to a maximum of 16,666,666 new ordinary registered shares, with a nominal value of HRK 30.00 (New Shares). The Company share capital increase is carried out with partial exclusion of pre-emptive rights of the existing Company shareholders upon payment for subscribed shares of no less than EUR 100,000.00 per Company shareholder, in Kuna equivalent at the middle exchange rate of the Croatian National Bank, divided by the lower limit of the New Shares issue price range and rounded up to the next greater multiple of 100. Accordingly, the minimum number of New Shares that each existing shareholder can subscribe and pay for in the 2nd round is 25,500.

The New Shares are offered for sale at prices ranging from HRK 30.00 to HRK 100.00 per share (Price Range).

In the first round, which lasted 14 calendar days, from 12:00 noon on 7 July 2014 to 12:00 noon on 21 July 2014, the existing shareholders who had their shares registered in dematerialized securities account with the Central Depository and Clearing Company Inc. (CDCC) on the date the Invitation to the General Meeting was published in the Official Gazette (11 April 2014), subscribed and paid for a total of 434,733 New Shares in the first round.

By this public invitation for the subscription of New Shares (Public Invitation), the Issuer invites all existing shareholders who subscribed for New Shares in the first round, to subscribe for New Shares, i.e. a total of maximum 16,231,933 New Shares (Shares Offered in the Second Round).

The Issue Agent for the public offering of New Shares without a firm commitment basis is Privredna Banka Zagreb d.d. with headquarters at Radnička cesta 50, Zagreb (Issue Agent or PBZ), while the legal adviser to the company is Bogdanović, Dolički & Partners law firm with headquarters at Miramarska 24, Zagreb.

According to Article 351, paragraph 1, item 3 of the Capital Market Act, the Company is issuing shares with exception to the publication of the prospectus, so the Company will not publish a prospectus for issuing New Shares.

In the second round, the right of subscription for all the remaining shares not subscribed and paid for in the first round, i.e. a maximum of 16,231,933 shares is only with the existing shareholders who subscribed for New Shares in the first round. The subscription for shares in the second round will last five (5) business days from the public invitation to subscribe for shares in the second round. The second round lasts from 8:30 a.m. on 21 August 2014 to 2:00 p.m. on 27 August 2014 (Subscription Period). The existing shareholders who subscribed for New Shares in the first round will be eligible for the subscription and payment of shares up to 100% of the total number of shares offered in the second round, i.e. up to a maximum of 16,231,933 shares. The investors are required to pay for the subscribed shares by 2:00 p.m. on 27 August 2014. The payment period is equal to the Subscription period. The minimum number of shares that each existing shareholder can subscribe and pay for in the second round is 25,500 New Shares (Minimum Subscription). The maximum right to subscribe in the second round is limited to the number of Shares offered in the second round, i.e. a maximum of 16,231,933 shares. No Subscription Forms subscribing for less than the Minimum Subscription will be considered. The Subscription Forms subscribing for more than the number of Shares offered in the second round will be considered only to the extent of the number of shares offered in the second round.

In the third round, the right to subscription for all remaining shares, not subscribed and paid for in the first and second round (Shares Offered in the Third Round), belongs to all investors. If success threshold of 8,333,333 of the New Shares is reached in the first and second rounds and it is assessed not economically viable to conduct

the third round, the Company Management Board may decide, with the consent of the Supervisory Board, to abstain from conducting the third round. In the third round, the shares will be subscribed for 8 days from the public invitation to the third round of subscription for shares. The public invitation to shareholders for the subscription of shares will state the time and venue for subscription of shares by means of Subscription Notes, the total number of Shares Offered in the Third Round, Minimum Subscription and the deadline for payment for the shares subscribed in the third round.

The investors shall subscribe for New Shares by means of a written statement (Subscription Note). Payment period is equal to the Subscription Period. The investors are required to pay for the shares subscribed for in the second round in their entirety to the Issuer's special-purpose bank account number: HR8123400091510595776 (opened with Privredna Banka Zagreb d.d.) by 2:00 p.m. on 27 August 2014 at the latest. Only payments received and credited to the above stated bank account not later than 2:00 p.m. on 27 August 2014 shall be considered valid. If an investor effects his/her payment in a financial institution other than Privredna Banka Zagreb d.d., such investor shall inquire with that institution about the time needed for the funds to be received on the above stated bank account by 2:00 p.m. on 27 August 2014.

Participants of the second round shall fill in their Subscription Notes by stating the price, which is within the Price Range (Offered Price), the number of shares they wish to subscribe for and the subscription amount, which is a multiplication product of the first two numbers.

Upon the completion of collecting bids for subscription and payment for shares in the process of offering the shares to the Company shareholders in the first and second round, the Management Board will, with the consent of the Supervisory Board, determine the final share price within the said Price Range (Final Price). The Final Price will be determined on the basis of received offers in the Subscription Notes from the first and second round and it will be posted on the web site of the Zagreb Stock Exchange, not later than on the next business day following the day the Management and the Supervisory Board have adopted Decision on the Final Price of the New Shares.

In determining the Final Price of the New Shares issue, among other, the following will be considered:

- The aim of maximizing the Company cash inflow;
- The aim of achieving the minimum success threshold (the shares Issue shall be considered successful if 50% of the total amount of shares Issue is subscribed and paid for within the set deadlines for subscription and payment, i.e. at least 8,333,333 New Shares); and
- Demand for subscription of New Shares during the subscription,

while simultaneously trying to enable the stable development of the price of the Company share on the secondary market as well.

In other words, the Final Price will be determined based on the received Subscription Notes, by accepting all the investors' offers which are equal or higher than the Final Price and which enable the optimization of the above stated criteria. If the Offered Price is higher than the Final Price, the overpaid difference (product of the number of subscribed and paid for shares with the difference of the Offered and Final Price) will be paid back to the investor within 7 business days upon the expiration of the last deadline for subscription and payment of New Shares, to the investor's bank account indicated in the investor's Subscription Note. In such case, the Company will not bear the costs of transactions or any other costs the investor may have incurred for effecting of transaction, nor will it pay any interest to the investors for the period from the payment of funds to the Company bank account to the time the funds are returned to the investor. Multiple subscriptions of New Shares are allowed. However, only subscriptions with the Offered Price that is higher than the Final Price will be accepted. If the Offered Price is lower than the Final Price, the investor's Subscription Note shall be cancelled and the total amount paid will be returned to the investor.

In case the Company's shares are held by a custodian bank for the account of the shareholder, the subscription of New Shares can be executed as follows:

- if the Company shares are held on an account where the Company cannot determine the ultimate owner of the Company shares (custodian omnibus account or custodian account under password), the Subscription Note is filled out and sent only by the custodian bank;
- if the Company shares are held in the account where the Company can determine the ultimate owner of the Company shares (custody account in the name), the Subscription Note can be filled in and sent either by the custodian bank or the ultimate holder of the Company shares.

In both cases, the Subscription Note must include the name and surname (company name) and residence address (head office) of the ultimate holder of the Company shares. Otherwise, such persons will not be entitled to participate in the subscription of New Shares.

Issue of New Shares will be considered successful if at least 50% of the total amount of issued shares is subscribed and paid for within the set deadlines for subscription and payment, i.e. at least 8,333,333 New Shares. The total amount of successful issue determined in that manner will represent the exact amount of the Company share capital increase by the issue of New Shares. The Company Management Board will, with the consent of the Supervisory Board, determine the success of the New Shares Issue, the exact amount of the share capital increase and the exact number of new ordinary shares. If the subscription of new shares is not successful, the Company shall, within seven days after the expiry of the deadline for subscription and payment of new shares, return the deposited funds to the investors.

New shares will bear the same rights and rank as all existing Company shares. They will be issued in dematerialized form, as an electronic record in the computer system of the CDCC, with a ticker given to them by the CDCC. Every share carries the right to one vote in the Company General Meeting. The shares are registered and they entitle the shareholders to all the rights provided for by the law and the Company's Articles of Association, as of the day of incorporation of the share capital increase into the Court Register. The newly issued shares will be included in the regulated market of the Zagreb Stock Exchange in accordance with the relevant regulations. New Company shares can be traded with in the regulated market after their inclusion in the regulated market, that being the official market of the Zagreb Stock Exchange.

International securities identification number (ISIN code) of the Issuer's existing shares is HRPTKMRA0005, and their Stock Exchange designation is PTKM-R-A.

New Shares will be issued after the Company share capital increase is incorporated into the court register of the Commercial Court in Zagreb.

If the share capital increase is not incorporated in the court register within 12 months starting on 20 May 2014, the Subscription Note will cease to be binding for the subscriber and the effected payment will be returned to investors immediately. In that case, the share capital increase and issuance of shares will be considered not successfully conducted.

If the total number of shares subscribed and paid for in the first and second round, at the price higher or equal to the Final Price (to be determined by the Management Board with the consent of the Supervisory Board on 27 August 2014) is greater than the maximum offered number of shares, i.e. 16,666,666 shares, rules of allocation of New Shares in the first two rounds shall be as follows:

The allocation of New Shares will be effected among the following groups of investors:

- a) Republic of Croatia;
- b) Mandatory pension funds;
- c) Voluntary pension funds;
- d) Pension insurance companies;
- e) UCITS;
- f) Alternative investment funds;
- g) Insurance companies;
- h) Banks for their own account;
- i) Banks in the name and for the account of portfolio;
- j) Investment companies - for their own account;
- k) Investment companies - in the name and for the account of portfolio;
- l) Other companies;
- m) Natural persons,
- n) Other.

The Issuer shall treat all investors within a single group equally. In allocation, the issuer may apply different mechanisms to different groups, based on one or a combination of several criteria mentioned hereinafter. For the allocation of New Shares among groups of investors, the relevant allocation mechanism will be determined, based on the following criteria by comparison of individual groups of investors to other groups of investors.

1. Quality of investor

- a) Investor's investment horizon; and/or
- b) Investor's size; and/or
- c) Investor's activities in the primary capital market; and/or
- d) Investor's activities in the secondary capital market;
- e) Investor's activities in the primary/secondary market pertaining to previous securities of the Issuer

and/or

2. Investor's business activities

- a) Significance and/or size of the investor in the industry of the Issuer; and/or
- b) Investor's strategy in current and future transactions with the Issuer,

and/or

3. Quality of offer, which primarily pertains to:

- a) The number of New Shares offered; and/or
- b) Time of receipt of investor's offer during the first and second round, with preference of Subscription Notes, which were received earlier.

The Issue Agent shall, not later than two business days after the publication of the Final Price of New Share, inform each individual investor of the number of allocated New Shares and the possible return of funds.

Persons subscribing for New Shares in the name and for the account of the investor by virtue of power of attorney, when subscribing for New Shares shall provide a special Power of Attorney and a personal identification document of the proxy (ID card or passport). A form for the Power of Attorney will be available on the Issuer's website.

Before making a decision on subscription of New Shares, the Issuer invites all investors to study the documents of the Issuer published on the website of the Zagreb Stock Exchange (<http://www.zse.hr/default.aspx?id=10006&dionica=PTKM-R-A>) and on the Issuer's website (<http://www.petrokemija.hr/Investitori/Objave.aspx>), to independently evaluate the financial position, the potential and the risk factors relevant to the Issuer and the New Shares, and only based on such evaluation to make a decision regarding potential subscription of New Shares.

The Company has made an Information Memorandum on the issuing of New Shares, which is available in electronic form on the Issuer's website (<http://www.petrokemija.hr/Investitori/Objave.aspx>). The Information Memorandum in hard copy will be available to investors free of charge upon request at the Issuer's premises at the following address: Petrokemija, Financije i kontroling, K. P. Krešimira IV 31/1, 44320 Kutina.

Any additional information connected with the issuing of New Shares is available from the Issue Agent and investors may request them by telephone at one of the numbers stated below.

New Shares can be subscribed at the following location (Subscription Venue):

Privredna banka Zagreb d.d.
Investment Banking Division / Capital Markets Department
Radnička cesta 50
10 000 Zagreb
Tel: +385 1 6360 762 / 763
Fax: +385 1 6360 743
e-mail: capital.markets@pbz.hr

throughout the Subscription Period, from 8:30 a.m. to 4:30 p.m. on business days. The signed Subscription Note can also be sent via registered mail to the Issue Agent's address as indicated above not later than by 2:00 p.m. on the last day of the Subscription Period, provided that a copy of the Subscription Note has also been sent by that time; (i) by fax to +385 1 6360 743 or (ii) in pdf format to e-mail address: capital.markets@pbz.hr.

The Subscription Note form will be available in electronic form and hard copy at the Subscription Venue and on the Issuer's website.

The notice of this Public Invitation is submitted to "Poslovni dnevnik", the Zagreb Stock Exchange (www.zse.hr), Croatian News Agency and the Official Register of Regulated Information of the Croatian Financial Services Supervisory Agency.

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