



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

Announcement of anticipated financial results

In view of the unfavorable market situation, the pronounced negative difference in the financial results from the previous announcements, and the ongoing in-depth analysis of Petrokemija and Petrokemija Group's business by potential investors - strategic partners - the Management of Petrokemija deemed it necessary to announce the unaudited interim financial results for the fourth quarter of 2013 and the period January - December 2013 earlier than the legal deadline.

Petrokemija d.d. is faced with serious disruptions in operations that are the cause of big anticipated losses. For quite a long period of time now Petrokemija d.d. has been operating at a loss - in the last 10 years, only for three years the Company reported a profit - which results in cumulative negative effects in the structure of its assets and liabilities, primarily in the lack of investment development and restructuring in line with changes in the global market.

After the reported loss for the period January - September 2013 of HRK 189.4 million, due to high stocks of finished goods and the present downward trend in fertilizer prices, the Board of Petrokemija considered the option of stopping production for a certain time. However, the analysis of the key factors of business showed that the losses in that case would be even greater, as next to standard fixed costs, the stoppage would generate additional costs of stopping and restarting the plant, penalties for contracted but unrealized supply and transport of gas, etc.

In the fourth quarter of 2013 the total actual income of Petrokemija was HRK 706.2 million, the total expenses were HRK 846.2 million and the loss before tax was HRK 140.0 million. The reported loss included HRK 44.7 million non-recurring expenses such as severance payments, the final accounting of environmental taxes, of value adjustments, etc. Without these one-time payments, the loss would amount to HRK 95.3 million or 21.4 % less than the HRK 121.3 million losses incurred in the third quarter of 2013. It is important to emphasize that, despite the significantly lower sales prices, the crisis in local agriculture resulted in significantly lower sales of fertilizers in the Croatian market throughout the second half of 2013.

In the fourth quarter of 2013 operating expenses were reduced, but at the same time there was a sharp fall in sales revenue, influenced primarily by the global market.

In the January - December 2013 period, preliminary unaudited financial results showed that the total actual revenue of Petrokemija was HRK 2565.9 million, total expenses HRK 2,895.3 million and a the actual loss before tax was HRK 329.4 million.

Due to the high losses, in addition to implementing a restructuring program, the Management Board has initiated comprehensive austerity measures. Also, the Management Board has obtained the approval of the Supervisory Board for developing Program of Restructuring and Financial Consolidation 2014 -2018, which should be the starting point for defining business relationships with a new strategic partner in the future period, or a framework of measures for business consolidation in the current ownership structure, in case no strategic partner is chosen.

The Management and Supervisory Boards will consider the reports at the meeting to be held on 13 February, and as previously announced, the complete financial statements and the running commentary of the results for Petrokemija and Petrokemija Group will be made public in the prescribed manner on Friday 14 February 2014 and accessible on the Company's website www.petrokemija.hr as well as submitted to the Official Register of Regulated Information of HANFA (CFSSA) and the Zagreb Stock Exchange.

Source:

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