



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 FOR SUBSCRIPTION OF MAXIMUM 16,666,666 NEW ORDINARY SHARES OF THE COMPANY PETROKEMIJA, Plc.

First Round

At its session held on 20 May 2014, the General Meeting of PETROKEMIJA Plc. Fertilizer Company (hereinafter: Petrokemija, Company or Issuer) passed a Decision on increase of the share capital by cash deposits with partial exclusion of the pre-emptive right of the existing shareholders with regard to the subscription of new shares and the amendments to the Articles of Association. The increase of the Company share capital shall be conducted by payments in cash, by issuing a minimum of 8,333,333 up to the maximum of 16,666,666 new ordinary registered shares, with a nominal value of HRK 30,00 each (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 the subscribed shares of an amount that shall not be less per Company shareholder than EUR 100,000.00 in Kuna equivalent, at the middle exchange rate of the Croatian National Bank, divided by the lower limit of the Price Range for issuing of New Shares and rounded up to the next greater multiple of 100. Accordingly, the minimum number of New Shares that each investor can subscribe and pay for is 25,400.

New Shares are offered for sale within the price range of HRK 30.00 to HRK 100.00 per share.

By this Public Invitation for Subscription of New Shares (Public Invitation), the Issuer invites all existing shareholders who had registered shares of the Issuer at their dematerialized securities account with the Central Depository and Clearing Company Inc. (CDCC) on the day of publishing of the Invitation to the General Meeting (11 April 2014), to subscribe for New Shares, i.e. a maximum of 16,666,666 of the Issuer's New Shares.

The Issue Agent for conducting the public offering of New Shares without a firm commitment basis is Privredna Banka Zagreb d.d. with head office in Zagreb, Radnička cesta 50 (Issue Agent or PBZ), and the legal counsel is Bogdanović, Dolički & Partneri, law firm with head office in Zagreb, Miramarska 24.

Pursuant to Article 351, paragraph 1, item 3 of the Capital Market Act, the Company is issuing the shares by making use of the exemption from the obligation to publish a prospectus. Therefore, the Company will not publish the prospectus for the issue of New Shares.

Subscription and payment for New Shares will be implemented in maximum three rounds:

In the **first round**, the right of subscription belongs to the existing Company shareholders who have registered shares on their account of dematerialized securities in the Central Depository and Clearing Company Inc. ("CDCC") on the day of publishing of the Invitation to the General Meeting in the Official Gazette (11 April 2014). In the first round, shares are subscribed for fourteen (14) days, and the round shall last from 12.00 noon on 7 July 2014, to 12.00 noon on 21 July 2014 (Subscription Period). The existing Company shareholders shall subscribe and pay for the shares until 12.00 noon on 21 July 2014. Minimum number of shares that each existing shareholder may subscribe for is 25,400 shares (Minimum Subscription). Maximum number of shares that each existing shareholder is entitled to subscribe for in the first round (Maximum Subscription Right), is calculated by dividing 16,666,666 by 4,436,447 and then multiplying with the number of shares the existing shareholder holds on the day of publishing of the Invitation to the General Meeting in the Official Gazette (11 April 2014), rounded down to the first lower integer. If such calculated Maximum Subscription Right is lower than the Minimum Subscription, the Maximum Subscription Right will be equal to the Minimum Subscription. Any Subscription Notes subscribing for less than the Minimum Subscription will not be considered. Any Subscription Notes subscribing for more than the Maximum Subscription Right will be considered only up to the Maximum Subscription Right.

In the **second round**, the right to subscription of all remaining shares which were not subscribed and paid for in the first round (Shares Offered in the Second Round) belongs only to the existing shareholders who had subscribed and paid for shares in the first round. In the second round shares will be subscribed for five (5) business days from the public invitation to subscription of shares in the second round. The publicly announced invitation to shareholders for

the subscription of shares in the second round will indicate the time and venue for subscription of shares by means of Subscription Notes, the total number of Shares Offered in the Second Round, Minimum Subscription and the deadline for payment for the shares subscribed in the second round.

In the **third round**, the right to subscription for all remaining shares which were not subscribed and paid for in the first and second rounds (Shares Offered in the Third Round) belongs to all investors. If the threshold of success 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, that the Company will not conduct the third round. In the third round, shares will be subscribed for 8 days from the public invitation to the third round of subscription for shares. The public invitation 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. Payment for the shares subscribed in the first round will be effected in their entirety on the Issuer's special-purpose bank account number: HR8123400091510595776 which was opened with Privredna Banka Zagreb d.d. for that purpose, by 12.00 noon on 21 July, 2014 at the latest. Only payments received and credited to the above stated bank account not later than 12.00 noon on 21 July 2014 shall be considered valid. If an investor effects his/her payment in any other institution for payment operations other than Privredna banka Zagreb d.d., such investor shall inquire with the institution through which he/she is effecting the payment about the time needed for the funds to be received on the above stated bank account by 12.00 noon on 21 July 2014.

Participants of the first 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 procedure 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 business day following the day of adopting Decision on the Final Price of the New Shares by Decision of the Management and the Supervisory Board.

If all 16,666,666 New Shares are subscribed and paid for after the first round, the second round will not take place; the Final Price will be determined immediately after the first round.

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 threshold of success (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 stated 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 Issuer's shares. Otherwise, such persons will not be entitled to participate in the subscription of New Shares.

Issuing 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 and the exact number of new ordinary shares. The Company Management Board will, with the consent of the Supervisory Board, determine the success of the issuing of New Shares, 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. 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 ticker 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 entered in the court register within 12 months starting on 20 May 2014, the Subscription Note ceases 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, pursuant to the provision on Minimum Subscription, the total number of shares subscribed and paid for in the first round is greater than the maximum offered number of shares in the first round, i.e. 16,666,666 shares, the Company Management Board with the consent of the Supervisory Board, hereby publishes the rules of allocation of New Shares in the first round.

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

- a) DUUDI (State Office for State Property Management) / 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 in the same way. 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 comparison criteria for individual groups of investors in relation 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 round, with preference of Subscription Notes, which were received earlier.

The Issue Agent shall, not later than two 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 public 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 for 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, TC 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 telephone 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 at the latest by 12.00 noon 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: (<http://www.petrokemija.hr/Investitori/Objave.aspx>).

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.

Sincerely,

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