



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 1,102,569 NEW ORDINARY SHARES OF THE COMPANY PETROKEMIJA PLC

Round 1

On its session held on July 15, 2013, the General Assembly of the company PETROKEMIJA Plc., Fertilizer Company ("Petrokemija", "Company" or "Issuer") passed a decision to increase 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. Increase of the Company's share capital shall be conducted by payments in cash, by issuing a minimum of 551,285 up to the maximum of 1,102,569 new ordinary registered shares, each with nominal value of HRK 170.00 ("New Shares"). New Shares will be offered for sale within the price range from HRK 170.00 to HRK 228.00 per share ("Price Range").

Increase of the Company's share capital shall be carried out with partial exclusion of the pre-emptive right of the existing shareholders of the Company and this by requiring payment for subscribed shares in the amount of no less than EUR 100,000.00 per investor to be paid in HRK equivalent of this amount, based on middle rate of the Croatian National Bank, divided by the lowest value of the Price Range for issuing of New Shares and rounded to the first higher multiple of 100. In accordance with the aforesaid, minimum number of New Shares each investor will be entitled to subscribe and pay for is 4,500.

By means of this public invitation for subscription of New Shares ("Public Invitation") the Issuer invites all existing shareholders to subscribe for New Shares, i.e. maximum 1,102,569 of the Issuer's New Shares.

Issue Agent for implementation of public offering of New Shares without the obligation to buy is the company Privredna banka Zagreb d.d. with head office in Zagreb, Radnička cesta 50 ("Issue Agent" or "PBZ"), and the legal counsel is the company 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 shall issue shares by making use of the exemption from the obligation to publish a prospectus and therefore the Company will not publish a prospectus for issuing of the New Shares.

Subscription and payment for the 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 and Clearing Depository Company ("CCDC") on the day of publishing of the Invitation to the General Assembly in the Official Gazette (June 7, 2013). In the first round shares are subscribed for 14 days, and the round shall last from July 18, 2013, 9:30 a.m., to August 1, 2013, 9:30 a.m. ("Subscription Period"). Existing Company shareholders will be entitled to subscribe and pay for the shares up to 100% of the total number of offered shares, i.e. up to 1,102,569 shares. Existing Company shareholders are obliged to pay for the

subscribed shares by 9:30 a.m. on August 1, 2013. Minimum number of shares that the existing shareholders may subscribe and pay for is 4,500 New Shares ("Minimum Subscription"). Maximum number of shares each existing shareholder is entitled to subscribe in the first round ("Maximum Subscription Right") is calculated by dividing 1,102,569 by 3,341,117 and then multiplying with the number of shares the existing shareholder holds on the day of publishing of the invitation to General Assembly in the Official Gazette, on June 7, 2013, rounded to the first lower whole number. 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 less than the Minimum Subscription will not be considered. Any Subscription Notes subscribing 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 shares in the first round. In the second round shares will be subscribed for 5 (five) business days from the public invitation to the second round of shares subscription. Publicly announced invitation to shareholders for the subscription of shares in the second round will state the time and venue for subscription of shares by means of Subscription Notes, as well as 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 of all remaining shares which were not subscribed and paid in the first and second round ("Shares Offered in the Third Round") belongs to all investors. In the case that the threshold of success of 551,285 of the New Shares is reached in the first and second round and it is assessed that it is not economically viable to conduct the third round, the Company's 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 shares subscription. Publicly announced invitation to shareholders for the subscription of shares will state the time and venue for subscription of shares by means of Subscription Notes, as well as 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.

Investors will subscribe 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 is opened with Privredna banka Zagreb d.d. for that purpose, by 9:30 a.m. on August 1, 2013 at the latest. Only payments received and credited to the above stated bank account until 9:30 a.m. on August 1, 2013 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 9:30 a.m. on August 1, 2013.

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 and the subscription amount, which is a multiple of the first two numbers.

Upon the completion of collecting bids for subscription and payment of shares in the procedure of offering the shares to the Company's 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 published on the web site of the Zagreb Stock Exchange, at the latest on the business day following the day when the Management Board and the Supervisory Board adopt a Decision on the Final Price of the New Shares.

At determining the Final Price for issuing of the New Shares, the following will be considered, among other matters:

- The aim of maximizing cash inflows of the Company;

- The aim of achieving of the minimum threshold of success (issuing of shares shall be considered successful if 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 551,285 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. In case that the Offered Price is higher than the Final Price, the overpaid difference (multiple of the number of subscribed and paid shares and of 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 bank account stated in the Subscription Note of such investor. In such case, the Company will not bear the costs of transactions or any other costs borne by the investor for effecting of transaction, and it will not pay any interest to the investors for the period from the payment of funds to the Company's bank account by the time such funds are returned to the investor. Multiple subscriptions of New Shares are allowed, but the Issuer will treat such multiple subscriptions as one. In case the Offered Price is lower than the Final Price, the investor's Subscription Note shall be cancelled and the total amount paid shall be returned to the investor.

In case that the Company's shares are held by a custodian bank, for the account of the shareholder, then the custodian bank must state in the Subscription Note the name and surname (company name) and residence address (head office) of the final holder of the Issuer's shares and provide a certificate on ownership of 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 551,285 New Shares. Total amount of successful issuance determined in that manner will represent the exact amount of increase of the Company's share capital through issuing of New Shares. The Company's 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.

New shares will bear the same rights and rank as all existing Company's shares. They will be issued in dematerialized form, as an electronic record in the computer system of the CCDC, with a code given to them by the CCDC. Every share carries the right to one vote in the General Assembly of the Company. The shares are registered and they entitle the shareholders to all the rights determined by the law and the Company's Articles of Association, as of the day of entering the increase of the share capital 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. Newly issued shares may 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 increase of the Company's share capital is entered into the court register of the Commercial Court in Zagreb - Permanent Attendance in Sisak.

If the increase of share capital is not entered in the court register within 12 months starting from July 15, 2013, the Subscription Note ceases to be binding for the subscriber, and the effected payment will be returned to investors without delay. In that case it will be deemed that the increase of share capital and issuance of shares was not conducted successfully.

In the event that, pursuant to the regulation on Minimum Subscription, the total number of shares subscribed and paid in the first round is bigger than the maximum offered number of shares in the first

round, i.e. 1,102,569 shares, the Company's Management Board, with the consent of the Supervisory Board, hereby publishes the rules of allocation of New Shares in the first round.

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

- a) RH/Audio
- b) Mandatory pension funds;
- c) Voluntary pension funds;
- d) Pension insurance companies;
- e) Open-end investment funds;
- f) Closed-end investment fund;
- 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 the same way. Upon 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 investment

- 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 first.

The Issue Agent shall, at the latest within 2 days of the publication of the Final Price of New Shares, inform each individual investor regarding the number of allocated New Shares and the potential return of funds.

Persons subscribing New Shares in the name and for the account of the investor by virtue of power of attorney have to provide upon subscription of New Shares 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=17560&dionica=PTKM-R-A>) and on the Issuer's website (<http://en.petrokemija.hr/InvestitorRelations/News.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 upon request and free of charge at the Issuer's premises at the following address: Petrokemija, Finance & Controlling Department, 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 also 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 / 790
Fax: +385 1 6360 743
e-mail: capital.markets@pbz.hr

throughout the Subscription Period, on business days from 8:30 a.m. to 4:30 p.m. A signed Subscription Note can also be sent via registered mail to the Issue Agent's address as indicated above at the latest by 9:30 a.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 on +385 1 6360 743 or (ii) in pdf format on the e-mail address: capital.markets@pbz.hr.

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

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

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