

Kutina, 10.4.2014.



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

Supervisory Board Meeting Held

In accordance with the Capital Market Act and the Rules of the Zagreb Stock Exchange, Petrokemija, Plc. announces as follows:

At its meeting held on 9 April 2014, the Supervisory Board of Petrokemija, Plc. approved the audited financial statements for the year ended 31 December 2013 with the independent auditors' report. The Supervisory Board also adopted the Report on the Company Status and the Supervisory Board Report and approved the proposal for the selection of the auditors for the year 2014. The Management Board and the Supervisory Board agreed on the proposal for the loss coverage for 2013.

The audited financial statements will be published on the website of the company, the ZSE and delivered to Hina and Official Register of Regulated Information of the Croatian Agency for Supervision of Financial Services, later today

The Supervisory Board approved the Program of Restructuring and Financial Consolidation of Petrokemija 2014-2018 and in connection with this the proposal and decision on decrease and increase of the share capital to be submitted to the Company General Meeting.

In accordance with the adopted decisions, Petrokemija, Plc. is convening the General Meeting.

After the expiry of the procedure for selecting strategic partner that did not result in the actual choosing a strategic partner, i.e. the change in ownership structure, Petrokemija is beginning a rapid restructuring process in collaboration with its current owners - the Government and pension funds.

The main prerequisites for the realization of the objectives are a competitive price of natural gas, lower operating costs and available financial resources.

The program of restructuring and financial consolidation is based on a comprehensive set of activities that are to be taken in the coming years in order to provide the Company with resources for a successful business. If the measures are not fully realized or some parts are not implemented, it will potentially lead to the collapse of the whole project and its impacts.

1. The management must implement operational restructuring in order to make cost savings from operations of HRK 626 million;
2. The Management with its financial partners must implement financial consolidation in the amount of HRK 740 million for the purpose of financing working capital, severance for redundancy program, investments and reprogramming of loans;
3. Unions, General Workers' Council and the Association of Croatian Homeland War Veterans of Petrokemija must actively support the implementation of the program;
4. The shareholders should approve the recapitalization in the amount of HRK 400 million in 2014 as step one and another HRK 400 million in 2016 as step two.

The restructuring and financial consolidation are necessary to ensure long-term viability of the Company and will cover the key elements of business - the mid-term solution of gas supply at competitive market terms, modernization of facilities and logistics and organizational changes of processes within the company in order to reduce operating costs.

In this way, Petrokemija would be able to respond to the challenges encountered in the near and wider market environment. The Management Board believes that, despite the current difficult situation, the Company possesses vast potential that can be realized in the medium term through the process of restructuring, investment in modernization and complete financial consolidation, as stable positive business in the interest of the owners, employees and the wider community.

Source:

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