



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

## Decisions of the Company General Meeting

On May 20, 2014, Petrokemija, Plc. held its General Annual Meeting at the Company Headquarters, which was attended by 3,491,366 votes or 78.6973 % of the total 4,436,447 votes.

Decisions adopted at the General Meeting are as follows:

- Decision on approval of the Management Board (Agenda Item 5.A.)
- Decision on the approval of the Supervisory Board (Agenda Item 5.B.)
- Decision on election of a Supervisory Board member (Branimir Fleković) (Agenda Item 6)
- Decision on appointment of auditors for 2014 (Agenda Item 7)
- Decision on granting approval for the acquisition of shares without the obligation to publish a takeover bid (Agenda Item 11)

in accordance with the draft decisions attached to the Invitation to the General Meeting published in the Official Gazette No. 46 of 11 April 2014, as well as on the website of the Zagreb Stock Exchange, HINA and Petrokemija, Plc. and the Official Register of Regulated Information (HANFA).

The General Meeting adopted the following decisions in accordance with counterproposals presented at the General Meeting:

### Counterproposal to Agenda Item 4 – DUUDI (Office for State Property Management):

"Ad 4 Decision on the Company loss coverage

In the draft decision attached to the Invitation to General Meeting in Article 2b ), after the word 'Company' there shall be a full stop and the text after 'from the amount of HRK 754,195,990.00 by an amount of HRK 354,915,760.00 to HRK 399,280,230' shall be deleted.

### Counterproposal to Agenda Item 8 - DUUDI:

"Ad 8

Pursuant to Article 349 of the Companies Act (Official Gazette No. 152/11 - consolidated text, 111/12 and 68/13), the General Meeting of Petrokemija, Plc. adopted a

## **DECISION**

### **on simplified reduction of the share capital for loss coverage**

1. The Company share capital amounts to HRK 754,195,990.00 and is divided into 4,436,447 ordinary shares, with a nominal value of HRK 170.00. The share capital has been fully paid.
2. The share capital is reduced solely to cover the Company's outstanding losses recorded in the previous period ended on 31 December 2013 for the purpose of rehabilitating the Company only after all reserves have been spent on the loss coverage. The amount obtained by reducing the share capital will be used to cover the Company uncovered losses from the previous period in the total amount of HRK 319,415,575.30, i.e. the uncovered losses of the Company realized

in the period from 1 January to 31 December 2013. The amount left after covering the Company loss shall be entered in the Company capital reserves. Due to the reduction of the Company share capital, there will be no payments to shareholders.

3. The reduction of the Company share capital is carried out by reducing the nominal value of the company shares.

4. The share capital in the amount of HRK 754,195,990.00 is reduced by the amount of HRK 621,102,580.00 to HRK 133,093,410.00.

5. The nominal amount of the Company's share of HRK 170.00 shall be reduced by the amount of HRK 140.00 to HRK 30.00.

6. After the completed share capital reduction, the Company share capital amounts to HRK 133,093,410.00 and is divided into 4,436,447 registered shares, of HRK 30.00 nominal value each.

7. The difference of HRK 301,687,004.70 obtained after the Company loss coverage from Pt. 2 of this Decision shall be entered in the Company capital reserves.

8. All costs of the Company share capital reduction shall be borne by the Company.

#### **Counterproposal explanation:**

The above decision counterproposal from Agenda Item 8 is different from the published proposal of the Company Management and the Supervisory Boards in the amount by which the Company share capital is reduced and in the nominal amount of the share after the Company share capital reduction. The Proponent considers that the amount by which the share capital is decreased, reduced by the amount required to cover the loss of the Company closing with 31 December 2013, which is incorporated into the capital reserves of the Company, is sufficient for the Company to cover losses after the said date, i.e. believes that it will suffice to the Company to overcome future losses until a complete restructuring of the Company. The proposer considers that the proposed nominal amount of HRK 30 per share will enable the Company to carry out the Company's share capital increase provided for under Agenda Item 10 of the Company General Meeting. In other words, the intention of the proposer is to enable the subscribers of new shares to determine the subscription price, which will be in the range from the nominal share price to the average trading price on the Zagreb Stock Exchange in the past eight months, i.e. in the period that followed the appointment of the new Management Board, the beginning of the restructuring process and the process of finding a strategic partner.

#### Counterproposal to Agenda Item 9 - DUUDI:

"Ad 9

According to Article 301 of the Companies Act (Official Gazette No. 152/11 – revised text, 111/12 and 68/13), the General Meeting adopted a

#### **DECISION**

##### **on amendments to the Articles of Association**

Article 1

The Articles of Association of Petrokemija, Plc. - revised) text of 9 August 2013, is amended including:

Article 7 of the Articles of Association is amended to read as follows:

"The Company share capital amounts to (HRK one hundred and thirty-three million ninety-three thousand four hundred and ten (HRK 133,093,410.00).

The share capital is divided into four million four hundred and thirty-six thousand four hundred and forty-seven (4,436,447) dematerialized ordinary registered shares, of HRK thirty thousand (HRK 30.00) nominal value each.

The Company Management Board is authorized, with the approval of the Supervisory Board, to pass one or more decisions to increase the share capital by issuing new shares with deposit payment, over a period of five years from the date of incorporation of the amendments into the Articles of Association pursuant to the decision of the General Meeting of 20 May 2014,

provided that the aggregate amount of such Company share capital increase does not exceed 10% of the nominal amount of the share capital on the date of adoption of the amendments (authorized capital). In respect of the shares to be issued pursuant to the provisions of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive right to subscribe for new shares. The rights of the new shares to be issued pursuant to the authority of this provision of the Articles of Association are decided on by the Company Management Board with the consent of the Supervisory Board.

Following the share capital increase, pursuant to the provisions of the preceding paragraph of this article, the Supervisory Board is authorized to harmonize the provisions of the Articles of Association with the changes relating to the share capital increase and issuing new shares."

In Article 17 of the Company Articles of Association the number "9" is replaced with "7".

In Article 20 of the Articles of Association the second sentence that reads:

"The Republic of Croatia - Agency for State Property Management appoints two (2) members of the Supervisory Board and is entitled to it as long as it holds 20 % (twenty percent) of the Company share capital" is deleted.

#### Article 2

This decision shall enter into force upon its adoption and is valid from its incorporation.

#### **Counterproposal explanation:**

The above counterproposal to the decision of Agenda Item 9 is different from the published proposal of the Management and the Supervisory Boards only in the reconciliation of the Company share capital and the nominal amount of the Company's share. Furthermore, the provision of authorized share capital is added, the number of Supervisory Board members is reduced and the provision on appointment of members of the Supervisory Board is deleted.

#### 1. Explanation in connection with the share capital and the nominal value of the Company share

Further to the previous Proponent's counterproposal to the decision under Agenda Item 8 of the General Meeting, the Proponent proposes harmonization of Articles of Association so that the Company share capital amounts to HRK 133,093,410.00, and each Company share is HRK 30.00 nominal value.

#### 2. Explanation regarding the proposed provisions on the authorized share capital

The Proponent was here guided by the need of the Company after its share capital increase to allow, pursuant to Agenda Item 10 of the General Meeting, the minority Company shareholders to participate in the Company share capital increase in accordance with the time required and the procedure set forth by the Capital Market Act, which includes the creation of new shares issue prospectus and its approval by HANFA. The said decision will allow the existing shareholders, who are currently not able to participate in the capital increase with the minimum amount, as defined in Agenda Item 10 of the General Meeting, Article 6, the participation in the share capital increase.

The Proponent pointed out that this was just about the possibilities of the Company and not the capital increase itself.

#### 3. Explanation regarding the proposed reduction of Supervisory Board members and deleting the provision on the appointment of two Supervisory Board members

In order to introduce equal rights of all the Company shareholders and to promote the quality and transparency of corporate management of the Company, the Proponent believes that it is necessary to provide that all members of the Supervisory Board, except for those appointed by the Workers' Council, are elected at the General Meeting. For the same reason, it is necessary to reduce the number of Supervisory Board members from nine to seven.

#### Counterproposal to Agenda Item 10 - DUUDI:

"Ad 10

Pursuant to Article 304 and Article 308 of the Companies Act (Official Gazette No. 152/11 - consolidated text, 111/12 and 68/13), the General Meeting of Petrokemija, Plc. adopts the

## **DECISION**

### **on increase of share capital against contributions in cash with partial exclusion of existing shareholders' pre-emptive rights and amendments to the Articles of Association**

1. The Company share capital amounts to HRK 133,093,410.00 and is divided into 4,436,447 registered ordinary shares with a nominal value of HRK 30.00. The Company share capital was fully paid.
2. Company's share capital is increased by issuing new shares with a contribution in cash for raising funds for necessary investments to ensure the production, restructuring and financing of current operations.
3. By this decision, the share capital is increased from the amount of HRK 133,093,410.00 by an amount of HRK 499,999,980 to the amount of up to HRK 633,093,390.00.
4. The share capital increase from Pt. 3 of this decision will be implemented 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.
5. The shares will be subscribed for by a written statement (Subscription Form). The payment for shares will be made to the Company account specially opened for this purpose at Privredna Banka Zagreb d.d. The number will be included in the Subscription Form.
6. Subscription and payment for the new shares shall be carried out in a maximum of three rounds.

**In the first round**, the right of subscription for shares will be with the existing shareholders who have their shares registered in their dematerialized securities account with the Central Depository and Clearing Company d.d. (CDCC) on the date of publishing the Invitation to the General Meeting in the Official Gazette. In the first round the shares are subscribed for 14 (fourteen) days from the date of the Public Invitation to Subscribe for Shares in the first round. The time and place provided for the registration of shares through Subscription Forms will be specified in detail in the Public Invitation to Shareholders to Subscribe for Shares. The existing shareholders of the Company will be allowed to subscribe and pay for up to 100 % of the offered shares, i.e. up to 16,666,666 shares. The existing Company shareholders are required to pay for the subscribed shares within a period to be specified by the Company Management in the Invitation to Shareholders to Subscribe for Shares in the first round. The minimum number of shares that each existing shareholder can subscribe and pay for is obtained by dividing EUR 100,000.00 in Kuna equivalent by the lower limit of the newly issued share price range and rounding up the number to the next multiplier of 100.

The final minimum number of shares that each existing shareholder can subscribe and pay for (Minimum Subscription) will be specified in the public call to shareholders to subscribe in the first round. The maximum number of shares that each existing shareholder can subscribe for in the first round (Maximum Subscription Right) is obtained by dividing 16,666,666 by 4,436,447 and multiplying by the number of shares that the existing shareholder has on the date of publishing the Invitation to the General Meeting in the Official Gazette, rounded down to the closest integer. In the event that such Maximum Subscription Right is less than the Minimum Subscription, the Maximum Subscription Right will be equal to the Minimum Subscription. Subscription Forms for less than the Minimum Subscription will not be considered. All Subscription Forms for more than the Maximum Subscription Right, will be considered only to the extent of Maximum Subscription Rights. In the event that, due to the provision on Minimum Subscription, the total number of shares subscribed and paid for in the first round is greater than the maximum number of shares offered in the first round, i.e. 16,666,666 shares the Management Board shall, with the consent of the Supervisory Board, adopt rules of allocation of shares in the first round and release them publicly in the Invitation to Shareholders to Subscribe for Shares in the first round.

**In the second round**, the right to subscribe for all remaining shares not subscribed and paid for in the first round (shares Offered in the Second Round) is only with the existing shareholders who have subscribed for shares in the first round. The Subscription of shares in the second

round shall last five (5) working days from the date of the Invitation to Subscribe for Shares in the second round. The Invitation will include the exact time and place provided for the subscription of shares via Subscription Forms and the total number of shares offered in the second round. The investors are due to pay for the subscribed shares within the time set by the Company Management in the Invitation to Subscribe for Shares in the second round. The minimum number of shares that an individual shareholder can subscribe and pay for is obtained by dividing EUR 100,000.00 in Kuna equivalent by the lower limit of the newly issued shares price range and rounding up the number to the next multiplier of 100.

The Minimum Subscription will be published in the public Invitation to Shareholders to Subscribe in the second round. The Maximum Subscription Right in the second round is limited to the number of shares offered in that round. Subscription Forms, subscribing for less than the Minimum Subscription will not be considered. The Subscription Forms, subscribing for more shares than the number offered in the second round shall be considered only up to the number of shares offered in that round. If the total number of subscribed and paid for shares in the second round is greater than the number of shares offered in that round:

The Management Board shall, with the consent of the Supervisory Board, adopt rules of allocation of shares in the second round and publish them in the Invitation to Shareholders to Subscribe for Shares in the second round.

**In the third round**, the right to subscribe for all remaining shares not subscribed and paid for in the first and the second rounds (shares offered in the third round) is with all investors. If the success threshold is reached in the first and second rounds and it is deemed economically non-viable, the Management Board may, with the consent of the Supervisory Board decide to abandon the third round altogether. The Subscription of shares in the third round shall last eight (8) days from the date of the Invitation to Subscribe for Shares in the third round. The Invitation will include the exact time and place provided for the subscription of shares via Subscription Forms and the total number of shares offered in the third round. The investors are due to pay for the subscribed shares in the third round within the time set by the Company Management in the Invitation to Subscribe for shares in the third round. The Minimum Subscription will be published in the public Invitation to subscribe in the third round. The Maximum Subscription Right in the third round is limited to the number of shares offered in that round. Subscription forms, subscribing for less than the Minimum Subscription will not be considered. The Subscription Forms, subscribing for more shares than the number offered in the third round shall be considered only up to the number of shares offered in that round. If the total number of subscribed and paid for shares in the third round is greater than the number of shares offered in that round:

The Management Board shall, with the consent of the Supervisory Board, adopt rules of allocation of shares in the third round and publish them in the Invitation to Subscribe for shares in the third round.

7. Subscription and payment for the shares will be effected in the manner specified in the public Invitation to the Company Shareholders, and in the third round in the Public Invitation to Investors to Subscribe for Shares. The Management Board is authorized to independently decide when to publish an invitation to subscribe for shares. The Board will publish the Invitation to Subscribe for Shares on the Company website and in at least one daily newspaper published in the Croatian territory.

8. In the event that the Company shares are held by a custodian bank on behalf of a shareholder, the subscription of shares may be made as follows:

- if the Company's shares are held in the account where the Company cannot identify the ultimate owner of the shares (custodian omnibus account or custodian account with password), the Subscription Form is completed and sent only by the custodian bank;
- if the Company's shares are held in the account where the Company can identify the ultimate owner of the shares (custody account in the name), the Subscription Form can be completed and sent by custodian bank or the ultimate holder of the Company shares.

In both cases, the Subscription Form must include the details – name and surname (company name) and address (headquarters) of the ultimate holder of the Company shares. Otherwise, such a person shall not be entitled to participate in the subscription of new shares.

The shares will be offered for sale in the range of HRK 30.00 to 100.00 for a share. After the bids for subscription and payment of shares have been collected in the process of offering shares to the Company shareholders in the first and second round, the Management Board will, with approval of the Company Supervisory Board define within the said price range the final price of shares.

9. Increase of the Company share capital on the basis of this decision is implemented with the partial exclusion of pre-emptive rights of existing Company shareholders provided payment for subscribed shares amounts per shareholder of the Company is not less than EUR 100,000.00 in Kuna equivalent at the middle exchange rate of the Croatian National Bank.

10. In accordance with Article 351, Paragraph 1 of the Capital Market Act, the Company is issuing shares with the use of exception to the prospectus publication, thus it will not publish the prospectus for the public offering of shares.

11. The final amount of the increase in share capital will depend on the success of the issue or the number of shares subscribed and paid for. The issue of shares shall be deemed successfully completed if in the set deadlines for subscription and payment at least 50 % of the total issue amount, or at least 8,333,333 shares are subscribed and paid for. So determined total amount of the successful issue will also represent the exact amount of the share capital increase and the exact number of new ordinary shares. The Management Board shall, with the consent of the Supervisory Board, evaluate the success of issue of shares, the exact amount of the share capital increase and the exact number of new ordinary shares. With this decision, the General Meeting authorizes the Company Supervisory Board to, upon the share capital increase in accordance with this decision, amend the Articles of Association to harmonize its text in the provisions on the share capital amount and number of shares (Article 7 of the Articles of Association) with the changes as the result of share capital increase by issuing new shares. If the subscription of newly issued shares is not successful, the Company will not later than seven days after the expiry of the deadline for subscription and payment of the shares, and as provided in Pt. 6 and 7 of this decision, return the deposited funds to investors. In that case the Company will not bear the cost of payments or any other costs that the investor incurred in the execution of the transaction, nor will it pay interest to the investors for the period from payment of funds to the moment of their return to the investor.

12. The new shares shall carry the same rights and rank as all existing Company shares. They will be issued in dematerialized form, in form of electronic records in the computer system of the CDCC, with the ticker awarded by the CDCC. Each share carries the right to one vote in the General Meeting. The shares are registered in the name and give the shareholders all rights provided by the law and the Company Articles of Association from the date of the share capital increase incorporation. The newly issued shares shall be listed on the regulated market of the Zagreb Stock Exchange in accordance with the applicable regulations. Newly issued shares of the Company will be traded on the regulated market after their listing.

13. Any overpaid amounts by individual investors shall be returned by the Company not later than seven working days after the deadline for subscription and payment of new shares to the accounts indicated by the investors in the Subscription Form. In this case the Company will not bear costs of payments or any other costs that the investor incurred for the execution of the transaction, nor will it pay interest to the investors for the period from payment of funds to the Company account from Pt. 5 of this decision to the moment of their return to the investor.

14. Multiple subscriptions of new shares at different prices are allowed. However, only subscriptions that contain subscription price of shares which is higher than the final determined share issue price will be accepted.

15. Where an increase in the share capital is not incorporated within 12 months from the date of this decision, the Subscription form will cease to bind the subscriber and payments made will be returned to investors without delay. In this case, the share capital increase and the issue of shares will be deemed not successful.

16. The Company Articles of Association at today's General Meeting shall be amended in Article 7 in such a way that, after the release of new shares of the Company, on the basis of this decision and the realization of the Company share capital increase, in accordance with this decision and the result of subscription of new shares, the amount of the Company share capital in Article 7, paragraph 1 and the number of shares in Article 7, paragraph 2 of the Company

Articles of Association is changed. In doing so, the Supervisory Board is authorized and obliged, with respect to the amount of share capital increase and number of the Company shares in accordance with the result of the subscribed and paid for new shares of the Company: a) to harmonize the provisions of Article 7, paragraph 1 of the Company Articles of Association in the part relating to the amount of the Company share capital and in Article 7, paragraph 2 of the Company Articles of Association relating to the number of shares to which the share capital is divided, in such a way that the current amount of the Company share capital: "HRK one hundred and thirty-three million ninety-three thousand four hundred and ten (HRK 133,093,410.00)" in Article 7, Paragraph 1 the Company Articles of Association is replaced with the figure that corresponds to the increased amount of the Company share capital. Also that in Article 7, Paragraph 2 of the Company Articles of Association the former figure "four million four hundred and thirty-six thousand four hundred and forty-seven (4,436,447)" is replaced by the number of shares corresponding to the sum of the current number of shares and the Company shares issued to increase the share capital, specified in this decision, and b) to determine the final version of the Articles of Association. These amendments to the Articles of Association will enter into force on the date of their incorporation.

17. For what is not regulated by this decision, applicable laws and provisions of the Company Articles of Association will apply as appropriate.

18. This decision shall enter into force on the date of its adoption. The Management Board is authorized to submit an application for incorporation of this decision at the Commercial Court.

**Counterproposal explanation:**

Further to the counterproposals under Agenda Items 8 and 9, the Proponent proposes to adopt under Agenda Item 10 the decision in accordance with his above counterproposal for that agenda item. The proponent was guided by the need to facilitate the implementation of an increase in share capital by market principles so as to allow the market to determine the value of shares in a range of nominal share value of HRK 30.00 up to the amount of HRK 100.00, with respect to the restructuring program of the Company.

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