



Performanță
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Calitate

Performance
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Quality

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2.1. Approval of the consolidation of nominal value of one SIF Moldova share from 0.1 lei /share to 2.5 lei/share – increase of nominal value concomitantly with the reduction of the total number of shares. To meet the requirements of Article 102 index 1 of Law no. 31/1990 on companies, the approval of incorporation of the amount of 2.4 lei from reserves, in the share capital in order to complete a single share, with the consequent change of the share capital from 103,817,917.60 lei to 103,817,920.00 lei.

2.2. Approval of the amendments of article 3 line (1) and (5) of the “Memorandum of Association of SIF Moldova” (ASF approval no. 217/16.07.2015), following the increase of nominal value and concomitant reduction of total number of shares, with the following content:

“Art. 3. Share Capital. Shares

(1) The share capital is of 103,817,920.00 lei and it is divided in 41,527,168 shares.

(5) The nominal value of one share is of 2.5 lei.”

2..3. Approval of the Consolidation Procedure of the nominal value of a share, with the granting of the right of all shareholders to opt for the supplementation of the number of shares up to the completion of a consolidated share, through cash contributions, or restitution of share capital contribution, within the deadline and under the exercise conditions, with the following characteristics:

- a) In order to ascertain the contribution value, or restitution value of the share capital of SIF Moldova, the price of an unconsolidated share is equal to the nominal value (0.1 lei)
- b) The cash contribution representing the value to be deposited by a shareholder of SIF Moldova who exercises his/her option is ascertained as follows: Contribution value (lei) = $2.5 - N * 0.1$ (whereas N = no. of shares that cannot be consolidated: not multiple of 25; 0.1 = former nominal value)
- c) Restitution of contribution representing the amount that is to be paid back to a SIF Moldova shareholder, who exercises his/her option, is ascertained as follows: Contribution Restitution value (lei) = $N * 0.1$ (where N = number of shares that cannot be consolidated: not a multiple of 25; 0.1 = former nominal value)
- d) The restitution commissions for share capital contribution are paid by the company.
- e) Conducting the operation is done under a prospectus approved by the Financial Supervisory Authority in accordance with EC Regulation no. 809/2004. The period of exercising the Cash Contribution / Restitution of Contribution options is 30 days; the beginning of the ongoing period will be set explicitly in the Consolidation of the operation Prospectus approved by the Financial Supervisory Authority.
- f) Approval of the date of February 15, 2016 as the “first registration date” (“ex-date” February 12, 2016) for the identification of the shareholders entitled to exercise the Cash Contribution / Restitution of Contribution options.

2.4. Approval to mandate the Board of Directors to implement the nominal value consolidation procedure.

I. The Board of Directors of SIF Moldova presents the proposal to consolidate the nominal value of the company's shares from the nominal value of 0.1 lei for each share to the nominal value of 2.5 lei for each share issued by SIF Moldova, for the approval of the Extraordinary Shareholders' Meeting of SIF Moldova.

At present, the share capital of SIF Moldova has a total value of 103,817,917.6 lei, divided in 1,038,179,176 nominative shares with a nominal value of 0.1 lei per share, held by a number of 5,777,152 shareholders according to the Consolidated Shareholders' Register on October 31, 2015, with individuals and companies.

Proposed operation: consolidation of nominal value from 0.1 lei/share to 2.5 lei/share.

The consolidation of the nominal value offers a series of certain advantages to the company and its shareholders.

- a) The nominal value consolidation operation complies with the medium and long term strategic development targets, which aim to implement significant investment projects. It is necessary that an investors' base be attracted, investors that will understand, approval and support these projects. The consolidation of the nominal value, through a decrease of the number of shares will lead to the increase of the unitary value of the net assets and the market price, the outlining of an increasing shares trend and a proper business strategy, in the shareholders' interest.
- b) As SIF2 shares are traded with a significant discount from the NAV/share, the operation described complies with the corporative activities for discount reduction, mentioned in the multiannual strategy approved by the shareholders and followed by the Board of Directors and Executive Management of SIF Moldova, included in the published Corporative Governance Code.
- c) By implementing the nominal value consolidation operations, we can estimate beneficial effects on the decrease of operational expenses; SIF Moldova's management of a share capital divided in a very large number of shares, has determined the distribution of a dividend representing a subdivision of the RON, an amount that can normally not be paid to the shareholders with very low holdings. For the shareholders who had to collect amounts of several lei, the management and distribution of these amounts meant an effort that is not economically justified, involving the assignment of significant resources, while to costs of sending the amounts representing dividends are, in many cases, larger than the dividend value.
- d) The consolidation of the nominal value, through its effects creates the premises of achieving a company financing, in a future stage, through the capital market, as the number of shareholders interested in the evolution and development of the company will increase.

The Board of Directors supports the consolidation of the nominal value of the shares, from the current nominal value of 0.1 lei/share to the nominal value of 2.5 lei/share for the purpose of facilitating the management of the share capital that is currently divided in 1,038,179,176 shares.

In the historic structure of SIF shareholding, over 5% have very small holdings (5 - 10 shares) received indirectly, the possession of which is ignored even by the owners. Their income, resulted from the dividends corresponding to the holding, has become undesired by them, due to the disproportion between the value of income and the value of tax obligations. The operation comes to support the shareholders with very low holdings, who will no longer have to bear disproportionate tax obligations for a very low income. For example, for income from dividends 5.5% Health Insurance Contributions (58 lei) are paid applied to the minimum income per economy. For shareholders who receive dividends below the Health insurance contribution sum, who have no other income, there are impediments regarding the access to public health services, due to the failure to pay the Health Insurance Contribution and the lack of information on the side of the tax authorities regarding this payment obligations.

“Millions of individuals are in the incredible situation that, although they are unaware that they are shareholders (or believe they are no longer shareholders), they have several lei worth income from dividends in their accounts, which automatically make them health social insurance contribution payers, the finance debt rising to 450-550 lei per year”. (Adevarul, April 15, 2015).

The shareholders will have a deadline set by the EGMS to exercise an option:

- The shareholders, who wish to remain in the shareholding structure of SIF, have the possibility to complete the capital corresponding to the nominal value of a consolidated share through cash contributions – maximum 2.4 lei.
- Shareholders who do not opt for the necessary cash contribution to complete the nominal value within the deadline set by EGMS are returned their initial capital contribution – maximum 2.4 lei.
- In case a shareholder does not opt within the option exercise deadline for any of the variants, or, despite the fact that he/she has exercised an option it has not materialized with full abidance of the decision provision and the published procedure, it is considered that that shareholder has *tacitly* exercised his restitution option, namely to have his contribution rounded down through restitution.
- In case the value of the restitutions exceeds the value of the contribution, a new EGMS will be convened to have the reduction of the share capital and amendment of the Memorandum of Association approved.

The nominal value consolidation action is a corporative operation meant to make the operational activity of SIF Moldova more efficient.

If EGMS approves the consolidation of the current share nominal value of 0.1 lei for each nominal share to 2.5 lei, the Board of Directors will take all necessary measures to go through the stages foreseen by the law and conclude the share nominal value consolidation process, according to EGMS resolutions.

The evaluation of the impact of the consolidation operation on the share capital and number of shares:

No.	Indicator	Formula	Number of shares	Nominal value (lei)	Share capital (lei)
0	(1)	(2)	(3)	(4)	(5)=(3)*(4)
A	Current share capital (lei)	A(1)	1,038,179,176	0.1	103,817,917.60
B	Total result of the consolidation (theoretical)	$B(1)=A(3) / 25$	41,527,168	2.5	103,817,920.00
C	Packages that result from consolidation (multiple of 25)	C(1)	39,165,941	2.5	97,914,852.50
D	Packages that are not multiple of 25 (a contribution from 0,1 lei to 2,4 lei is necessary)	$D(1)=B(3)-C(3)$	2,361,227	2.5	5,903,067.50
E	Maximum decrease in case of exercising the restitution option by all of the shareholders	$E(1)=D(3)$	2,361,227	2.5	5,903,067.50
F	Maximum increase in case of exercising the contribution option by all of the shareholders	F(1)	3,358,932	2.5	8,397,330.00
G	Minimal result (when none of the shareholders are subscribing)	$G(1)=C(3)$	39,165,941	2.5	97,914,852.50
H	Maximal result (when all the shareholders are subscribing)	$H(1)=C(3)+D(3)+F(3)$	44,886,100	2.5	112,215,250.00

Evaluation of the consolidation operation's impact on the shareholders:

1st Scenario

The number of shareholders who go for cash contribution **is larger** than that of the shareholders who do not subscribe for the completion of the nominal value of the share fraction resulted from consolidation. In this case, the result of the operation will be a social capital increase, no larger than 8.4 million lei, (in which case all share fraction holders will participate to the completion of the nominal value through cash contribution). Following the express of the shareholders' will, the nominal value will increase, the total number of shares will decrease in comparison to the current number and the number of shareholders will basically remain large.

2nd Scenario

The number of shareholders who subscribe, within the option right, to cash contribution **is lower** than that of the shareholders who do not subscribe to the completion of the nominal value of the share fraction resulted from consolidation. In this case, the operation result will be a decrease of the share capital, not higher than 5.9 million lei (in which case all the holders of fractions of shares will not participate in completing the nominal value by contribution in cash). The operation will lead to a lower shareholder structure (in numbers), low operational costs and a greater representation power in the GMS for the active shareholders.

If the result of the centralization of the conduct of the options leads to changes in the share capital, it will be convened a new EGMS to approve the increase/decrease of the share capital and the amendment of the Memorandum of Association.

II. The Board of Directors submits *The Procedure regarding the Consolidation of the nominal value of a SIF Moldova share* for the approval of the Extraordinary General Meeting of Shareholders

The procedure regarding the consolidation of the SIF Moldova SA share nominal value comprises the stages, steps and deadlines that the SIF Moldova shareholders (whose share packages are multiple of 25) may choose between additional contributions and the restitution of already made contributions.

The consolidation operation will be subject of a Prospectus made in accordance with the Regulation (EC) no. 809/2004 and will be made public after the ASF approval.

III. Amendment of SIF Moldova Memorandum of Association, article 3, paragraph (1) and (5)

Taking into consideration the proposal regarding the approval of the share nominal value consolidation from its current 0.1 lei nominal value per share, to the nominal value of 2.5 lei for each share issued by SIF Moldova, if approved by the shareholders, **it is necessary** that article 3 paragraph (1) and (5) of SIF Moldova Memorandum of Association **be modified** (ASF approval no. 217/16.07.2015), as a result of the increase of the nominal value while reducing the total number of shares, having the following content:

“Article 3 Share capital. Shares

(1) The share capital is 103,817,920.00 lei and it is divided in 41,527,168 shares.

(5) The nominal value of a share is 2.5 lei.”

The current form of the article 3 paragraph (1) and (5) is as follows:

“Article 3 Share capital. Shares

(1) The share capital is 103,817,917.60 lei and is divided into 1,038,179,176 shares.

(5) The nominal value of a share is 0.1 lei”.

Considering art. 102 index 1 of Law No. 31/1990 regarding companies (shares are indivisible) the number of shares resulted will be rounded to the integer value, by adding 2.4 lei of the reserves to the nominal value of a single share.

Draft resolutions:

1. It is approved the consolidation of the nominal value of a share of SIF Moldova from 0.1 lei / share to 2.5 lei/share – the increase of the nominal value while reducing the total number of shares. To meet the requirements of Article 102 index 1 of Law no. 31/1990 on companies, the approval of incorporation of the amount of 2.4 lei from reserves, in the share capital in order to complete a single share, with the consequent change of the share capital from 103,817,917.60 lei to 103,817,920.00 lei.
2. It is approved the amendment of the article 3 paragraph (1) and (5) of SIF Moldova Memorandum of Association (ASF approval no. 217/16.07.2015), as a result of the increase of the nominal value while reducing the total number of shares, having the following content:

“Article 3 Share capital. Shares

(1) The share capital is 103,817,920.00 lei and it is divided in 41,527,168 shares.

(5) The nominal value of a share is 2.5 lei.”

3. It is approved the Consolidation Procedure of the nominal value of a share, with the granting of the right of all shareholders to opt for the supplementation of the number of shares up to the completion of a consolidated share, through cash contributions, or restitution of share capital contribution, within the deadline and under the exercise conditions, with the following characteristics:
 - a) In order to ascertain the contribution value, or restitution value of the share capital of SIF Moldova, the price of an unconsolidated share is equal to the nominal value (0.1 lei)
 - b) The cash contribution representing the value to be deposited by a shareholder of SIF Moldova who exercises his/her option is ascertained as follows: *Contribution value (lei) = 2.5 – N*0.1 (whereas N = no. of shares that cannot be consolidated: not multiple of 25; 0.1 = former nominal value)*
 - c) Restitution of contribution representing the amount that is to be paid back to a SIF Moldova shareholder, who exercises his/her option, is ascertained as follows: *Contribution Restitution value (lei) = N*0.1 (where N = number of shares that cannot be consolidated: not a multiple of 25; 0.1 = former nominal value)*
 - d) The restitution commissions for share capital contribution is made by the company.
 - e) Conducting the operation is done under a prospectus approved by the Financial Supervisory Authority in accordance with EC Regulation no. 809/2004. The period of exercising the Cash Contribution / Restitution of Contribution options is 30 days; the beginning of the ongoing period will be set explicitly in the Consolidation of the operation Prospectus approved by the Financial Supervisory Authority.
 - f) It is approved the date of February 15, 2016 as the “first registration date” (“ex-date” February 12, 2016) for the identification of the shareholders entitled to exercise the Cash Contribution / Restitution of Contribution options.

4. It is approved the mandating of the Board of Directors to implement the nominal value consolidation procedure.

Costel Ceoce, PhD
President and CEO