

## Reconstruction Capital II Limited ("RC2" or the "Company")

29 September 2010

### Interim Unaudited Consolidated Financial Statements for the six months ended 30 June 2010

Reconstruction Capital II Ltd ("RC2" or the "Company"), a closed-end investment company admitted to trading on the AIM market of the London Stock Exchange, today announces its interim results for the six months ended 30 June 2010.

#### Financial highlights

- Net asset value, excluding the non-controlling interest, as at 30 June 2010 was EUR 94.6m, representing EUR 0.9465 per share, a 9.2% increase since the beginning of the year;
- As at 30 June 2010 the Company's market capitalisation was approximately EUR 64.8m, and 100m shares were in issue with a closing share price of EUR 0.6475 per share;
- Profit before taxation for the period ended 30 June 2010 was EUR 8.2m (EUR 1.3m for the period ended 30 June 2009);
- The Directors do not recommend the payment of a dividend.

#### Operational highlights

- In March, RC2 acquired an 11.1% stake in Klas DOO, a leading industrial bakery business based in Serbia, for a total consideration of EUR 2.7m, and in June it acquired a 3.9% stake in Agri Point Limited for EUR 1.6m. Both companies are majority-owned by EPH.
- Exposure to the listed equity markets in the region was reduced by full or partial exits from certain positions held under the Trading Programme;
- Total consolidated cash balances amounted to EUR 3.7m which could, if needed, be used to fund follow-on investments in investee companies held under RC2's Private Equity Programme.

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union. The financial information set out above does not constitute the Company's statutory accounts for the period ended 30 June 2010.

The interim report of the Group for the six months ended 30 June 2010 has been posted to shareholders. Extracts of the financial statements appear below and the full version is available on the Company's website - [www.reconstructioncapital2.com](http://www.reconstructioncapital2.com)

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## INVESTMENT MANAGER AND INVESTMENT ADVISORS REPORT

Dear Shareholders,

On 30 June 2010, Reconstruction Capital II Limited (“RC2” or the “Group”) had a total unaudited net asset value (“NAV”) of EUR 94.6m after deducting non-controlling interest, or EUR 0.9465 per share, which represents an increase of EUR 0.0799, or 9.2%, since the beginning of the year.

By comparison, as at 30 June 2010, the published NAV per share was EUR 1.0293, with the difference of EUR 0.0829 deriving from the effects of consolidating Mamaia Hotels SRL and Top Factoring SRL. Both these investments are booked at fair value when computing RC2’s published net asset value per share.

In April 2010, in exchange for releasing certain claims against East Point Holdings Limited’s (“EPH”) other shareholders, RC2’s shareholding in EPH was increased from 21.33% to 42% for no extra consideration. In March, RC2 acquired an 11.1% stake in Klas DOO, a leading industrial bakery business based in Serbia, for a total consideration of EUR 2.7m and in June it acquired a 3.9% stake in Agri Point Limited for EUR 1.6m. Both companies are majority-owned by EPH. Under its Trading Programme, RC2 continued to reduce its exposure to listed markets in the region, and continued to refocus the Group towards its Private Equity Programme by exiting certain listed positions, thereby realizing EUR 3.5m in cash proceeds.

The economic environment in RC2’s three main countries of operation remains challenging. In particular, Romania has had to apply drastic fiscal tightening measures, including cutting public sector wages by 25% and increasing the VAT level from 19% to 24% from 1 July, while Serbia has implemented a freeze on public sector pensions and wages. However, a common pattern in Romania, Serbia and Bulgaria is a strong rise in exports, as demand from the EU picks up, and the countries of South East Europe try to find a new growth-driver in the context of falling local consumption and FDI.

At the end of June, the Fund had cash balances of approximately €3.7m, compared to €5.0m on 31 December 2009.

Yours truly,

New Europe Capital SRL

New Europe Capital DOO

New Europe Capital Limited

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	Notes	Six months ended 30-Jun-10 EUR	Six months ended 30-Jun-09 EUR	Year ended 31-Dec-09 EUR
<b>Revenue</b>	3	2,056,398	914,327	3,083,961
<b>Total Revenue</b>		<b>2,056,398</b>	<b>914,327</b>	<b>3,083,961</b>
<b>Investment income</b>				
Gain on investments at fair value through profit or loss	4	9,719,750	3,097,967	10,379,006
Interest income		22,422	58,106	73,311
Dividend income		4,041	292,685	293,312
Other income		118,856	81,232	279,591
<b>Total investment income</b>		<b>9,865,069</b>	<b>3,529,990</b>	<b>11,025,220</b>
<b>Expenses</b>				
Operating expenses	5	3,704,199	3,171,364	8,924,356
<b>Total operating expenses</b>		<b>3,704,199</b>	<b>3,171,364</b>	<b>8,924,356</b>
<b>Profit before taxation</b>		<b>8,217,268</b>	<b>1,272,953</b>	<b>5,184,825</b>
Income tax expense		(199,146)	231,608	1,545,772
<b>Net profit for the period</b>		<b>8,416,414</b>	<b>1,041,345</b>	<b>3,639,053</b>
<b>Other comprehensive income</b>				
Exchange differences on translating foreign operations		(493,300)	520,227	(806,210)
<b>Total comprehensive income for the period</b>		<b>7,923,114</b>	<b>1,561,572</b>	<b>2,832,843</b>
<b>Net profit for the period attributable to:</b>				
- Equity holders of the parent		8,483,235	1,230,228	3,731,544
- Non-controlling interest		(66,821)	(188,883)	(92,491)
		<b>8,416,414</b>	<b>1,041,345</b>	<b>3,639,053</b>
<b>Total comprehensive income attributable to:</b>				
- Equity holders of the parent		7,989,935	1,750,455	2,925,334
- Non-controlling interest		(66,821)	(188,883)	(92,491)
		<b>7,923,114</b>	<b>1,561,572</b>	<b>2,832,843</b>
Basic and diluted earnings per share	9	0.0848	0.0123	0.0373

*The notes form an integral part of these unaudited interim financial statements*

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements for the six months ended 30 June 2010

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2010

		30-Jun-10	30-Jun-09	31-Dec-09
		EUR	EUR	EUR
		Unaudited	Unaudited	Audited
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		13,923,286	16,831,227	13,795,880
Financial assets at fair value through profit or loss	6	77,227,760	61,974,732	61,977,165
Goodwill		1,257,153	1,257,153	1,257,153
<b>Total non-current assets</b>		<b>92,408,199</b>	<b>80,063,112</b>	<b>77,030,198</b>
<b>Current assets</b>				
Financial assets at fair value through profit or loss	6	8,850,105	9,607,621	13,551,893
Inventories		244,619	59,017	27,000
Trade and other receivables		1,403,573	958,605	1,273,793
Cash and cash equivalents		3,680,088	4,049,372	5,017,459
<b>Total current assets</b>		<b>14,178,385</b>	<b>14,674,615</b>	<b>19,870,145</b>
<b>Total assets</b>		<b>106,586,584</b>	<b>94,737,727</b>	<b>96,900,343</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		1,913,945	1,974,451	1,273,241
Loans and borrowings		943,165	-	-
Corporation tax payable		50,293	262,974	49,943
<b>Total current liabilities</b>		<b>2,907,403</b>	<b>2,237,425</b>	<b>1,323,184</b>
<b>Non-current liabilities</b>				
Deferred tax		967,102	-	1,180,000
Loans and borrowings		1,076,709	12,560	638,146
<b>Total non-current liabilities</b>		<b>2,043,811</b>	<b>12,560</b>	<b>1,818,146</b>
<b>Total liabilities</b>		<b>4,951,214</b>	<b>2,249,985</b>	<b>3,141,330</b>
<b>Total net assets</b>		<b>101,635,370</b>	<b>92,487,742</b>	<b>93,759,013</b>
<b>Capital and reserves attributable to equity holders</b>				
Share capital		1,000,000	1,000,000	1,000,000
Share premium reserve		121,900,310	121,900,310	121,900,310
Retained deficit		(24,796,845)	(35,781,396)	(33,280,080)
Foreign exchange reserve		(3,457,656)	(1,637,919)	(2,964,356)
<b>Total equity and reserves</b>		<b>94,645,809</b>	<b>85,480,995</b>	<b>86,655,874</b>
Non-controlling interest		6,989,561	7,006,747	7,103,139
<b>Total equity</b>		<b>101,635,370</b>	<b>92,487,742</b>	<b>93,759,013</b>

The notes form an integral part of these unaudited interim financial statements

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements for the six months ended 30 June 2010

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2010

	Share Capital EUR	Share Premium EUR	Foreign exchange reserve EUR	Retained Deficit EUR	Sub-total EUR	Non- controlling interest EUR	Total EUR
<b>Balance at 1 January 2009</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(2,158,146)</b>	<b>(37,011,624)</b>	<b>83,730,540</b>	<b>7,695,821</b>	<b>91,426,361</b>
Net profit for the period	-	-	-	1,230,228	<b>1,750,455</b>	(188,883)	<b>1,561,572</b>
Other comprehensive income	-	-	520,227	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>520,227</b>	<b>1,230,228</b>	<b>1,750,455</b>	<b>(188,883)</b>	<b>1,561,572</b>
Dividends paid to minorities	-	-	-	-	-	(500,191)	<b>(500,191)</b>
<b>Balance at 30 June 2009</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(1,637,919)</b>	<b>(35,781,396)</b>	<b>85,480,995</b>	<b>7,006,747</b>	<b>92,487,742</b>
Net profit for the period	-	-	-	2,501,316	<b>1,174,879</b>	96,392	<b>1,271,271</b>
Other comprehensive income	-	-	(1,326,437)	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(1,326,437)</b>	<b>2,501,316</b>	<b>1,174,879</b>	<b>96,392</b>	<b>1,271,271</b>
<b>Balance at 31 December 2009</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(2,964,356)</b>	<b>(33,280,080)</b>	<b>86,655,874</b>	<b>7,103,139</b>	<b>93,759,013</b>
Net profit for the period	-	-	-	8,483,235	<b>7,989,935</b>	(66,821)	<b>7,923,114</b>
Other comprehensive income	-	-	(493,300)	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(493,300)</b>	<b>8,483,235</b>	<b>7,989,935</b>	<b>(66,821)</b>	<b>7,923,114</b>
Dividends paid to minorities	-	-	-	-	-	(46,757)	<b>(46,757)</b>
<b>Balance at 30 June 2010</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(3,457,656)</b>	<b>(24,796,845)</b>	<b>94,645,809</b>	<b>6,989,561</b>	<b>101,635,370</b>

The Share premium is stated net of share issue costs.

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements for the six months ended 30 June 2010

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30-Jun-10 EUR	Six months ended 30-Jun-09 EUR	Year ended 31-Dec-09 EUR
<b>Cash flows from operating activities</b>			
Net profit before tax	8,217,268	1,272,953	5,184,825
<i>Adjustments for:</i>			
Depreciation and amortisation	469,928	85,648	2,384,109
Gain on financial assets at fair value through profit or loss	(9,612,548)	(3,097,967)	(10,379,006)
(Gain)/ loss on foreign exchange	(212,286)	720,906	169,559
Reversal of impairment loss of fixed assets	(795,642)	(168,000)	-
Interest income	(22,422)	(58,106)	(73,311)
Dividend income	(4,041)	(292,685)	(293,312)
<b>Net cash outflow before changes in working capital</b>	<b>(1,959,743)</b>	<b>(1,537,251)</b>	<b>(3,007,136)</b>
Increase in trade and other receivables	(174,633)	152,468	(422,338)
Increase/ (decrease) in trade and other payables	627,302	661,729	(39,481)
(Increase)/ decrease in inventories	(217,619)	20,983	53,000
Interest received	22,763	64,977	79,912
Dividend received	48,553	30,499	291,015
Payments for purchase of financial assets	(2,886,235)	(406,029)	(405,890)
Net proceeds from sale of financial assets	3,509,930	1,427,084	4,761,660
<b>Net cash (used in)/ generated by operating activities</b>	<b>(1,029,682)</b>	<b>414,460</b>	<b>1,310,742</b>
Income tax paid	-	(168,034)	(515,229)
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment assets	-	83,182	-
Sale of property, plant and equipment	-	-	31,192
Purchase of property, plant and equipment	(82,779)	(159,841)	(314,438)
Purchase of financial assets	(1,559,883)	(1,439,701)	(1,439,700)
	<b>(2,672,344)</b>	<b>(1,269,934)</b>	<b>(927,433)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to minorities	(46,757)	(500,191)	(500,190)
Loan drawdown	2,019,874	-	-
Payments of loan	(638,146)	(606,869)	18,717
<b>Decrease in cash and cash equivalents</b>	<b>(1,337,373)</b>	<b>(2,376,994)</b>	<b>(1,408,906)</b>
<b>Cash at beginning of period/ year</b>	<b>5,017,461</b>	<b>6,426,366</b>	<b>6,426,366</b>
<b>Cash at end of period/ year</b>	<b>3,680,088</b>	<b>4,049,372</b>	<b>5,017,461</b>

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements for the six months ended 30 June 2010

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### NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

#### 1. Establishment

Reconstruction Capital II Limited was incorporated on 17 October 2005 in the Cayman Islands as an exempted company created to invest in private and listed equity and fixed income securities, including convertible and other mezzanine instruments, primarily in Romania, Bulgaria and Serbia. The Company was admitted to trading on AIM on 23 December 2005 and started trading on 27 January 2006. These financial statements show the results of the Group for the period from 1 January 2010 to 30 June 2010.

The Company intends to generate returns for its Shareholders through two primary routes: to achieve medium and long term capital appreciation through the investment in and subsequent disposal of significant or controlling stakes in companies, both listed and private, established and/or operating primarily in Romania, Bulgaria and Serbia (the Private Equity Programme), and to make portfolio investments in listed equities and fixed income securities, including convertible and other mezzanine instruments, issued primarily by Romanian, Bulgarian and Serbian entities (the Trading Programme).

The main focus of the Company is investments in Romania, Bulgaria and Serbia. However, the Company reserves the right to make investments into neighbouring countries, notably Ukraine, Montenegro, Moldova, Croatia, Albania and the Former Yugoslav Republic of Macedonia. It is currently anticipated that in the medium term the Company will invest approximately 70 per cent of its assets in Romania and approximately 30 per cent of its assets in Bulgaria, Serbia and neighbouring countries.

#### 2. Basis of Preparation

The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ended 31 December 2010 and are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 31 December 2009.

The financial information for the six months ended 30 June 2010 and the six months ended 30 June 2009 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2009 has, however, been derived from the audited statutory financial statements for that period.

The half-yearly report has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRSs) as endorsed by the European Union, using accounting policies that are expected to be applied for the financial year ending 31 December 2010.

The Group has chosen not to adopt IAS 34 Interim Financial Statements in preparing the interim consolidated financial statements.

## RECONSTRUCTION CAPITAL II LIMITED

### Interim Unaudited Financial Statements for the six months ended 30 June 2010

#### 3. Revenue

	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>31-Dec-09</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Revenue from hotel operations	372,124	343,798	1,489,000
Revenue from receivables collection operations	1,684,274	570,529	1,594,961
<b>Total Revenue</b>	<b>2,056,398</b>	<b>914,327</b>	<b>3,083,961</b>

#### 4. Gain on investments at fair value through profit or loss

	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>31-Dec-09</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Unrealised gain on investments	14,432,818	7,091,226	17,652,037
Gain on foreign exchange	39,742	1,545	1,517
Other realised investment loss	(4,752,810)	(3,994,804)	(7,274,548)
	<b>9,719,750</b>	<b>3,097,967</b>	<b>10,379,006</b>

#### 5. Operating Expenses

	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>31-Dec-09</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Investment Management /Advisory fees	952,892	790,786	1,593,979
Administration fees	52,150	51,642	99,991
Custodian fees	96,047	87,545	176,752
Audit fees	76,159	29,699	102,894
Directors' fees	79,342	99,178	200,000
Depreciation	469,928	85,648	2,384,109
Rental of assets-operating leases	7,328	6,344	13,102
Foreign exchange loss/ (gain)	42,673	-	134,171
Staff cost	407,389	431,108	1,068,650
Other fees	1,520,291	1,589,414	3,150,708
	<b>3,704,199</b>	<b>3,171,364</b>	<b>8,924,356</b>

## RECONSTRUCTION CAPITAL II LIMITED

### Interim Unaudited Financial Statements for the six months ended 30 June 2010

#### 6. Financial assets

	<b>30-Jun-10</b> <b>Unaudited</b> <b>EUR</b>	<b>30-Jun-09</b> <b>Unaudited</b> <b>EUR</b>	<b>31-Dec-09</b> <b>Audited</b> <b>EUR</b>
<b>Non-current investments</b>			
Unlisted equity securities	68,855,670	49,351,017	47,458,951
Listed equity securities	8,372,090	12,623,715	14,518,214
	<b>77,227,760</b>	<b>61,974,732</b>	<b>61,977,165</b>
Cost	81,834,610	80,274,730	80,274,730
Unrealised loss on investments	(4,606,850)	(18,299,998)	(18,297,565)
<b>Fair value of the investments</b>	<b>77,227,760</b>	<b>61,974,732</b>	<b>61,977,165</b>
	<b>30-Jun-10</b> <b>EUR</b>	<b>30-Jun-09</b> <b>EUR</b>	<b>31-Dec-09</b> <b>EUR</b>
<b>Current investments</b>			
Listed equity securities	8,850,105	9,607,621	8,024,839
Unlisted equity options	-	-	5,527,054
Total financial assets at fair value through profit or loss	<b>8,850,105</b>	<b>9,607,621</b>	<b>13,551,893</b>
Cost	17,862,436	29,917,876	23,306,074
Unrealised loss on investments	(9,012,331)	(20,310,255)	(9,754,180)
<b>Fair value of the investments</b>	<b>8,850,105</b>	<b>9,607,621</b>	<b>13,551,893</b>

#### 7. Net Asset Value

	<b>30-Jun-10</b> <b>Unaudited</b> <b>EUR</b>	<b>30-Jun-09</b> <b>Unaudited</b> <b>EUR</b>	<b>31-Dec-09</b> <b>Audited</b> <b>EUR</b>
Net assets (excluding non-controlling interest)	94,645,809	85,480,995	86,655,874
Number of shares	100,000,000	100,000,000	100,000,000
Net Asset Value per share	0.9465	0.8548	0.8666

## RECONSTRUCTION CAPITAL II LIMITED

### Interim Unaudited Financial Statements for the six months ended 30 June 2010

#### 8. Operating segments

The Group manages its business primarily by reference to operating segments. Whilst the Group operates five operating segments there are only four reportable segments. According to its Admission Document, the Company's main objective is to generate returns for its shareholders through two primary routes: to achieve medium and long term capital appreciation through the investment in and subsequent disposal of significant or controlling stakes in companies, both listed and private (the Private Equity Programme), and to make portfolio investments in listed equities and fixed income securities (the Trading Programme). On this basis management has identified its operating segments.

The hotel operations incorporate all summer season activities, together with providing all-year services for business travellers.

The "All other" column includes New Europe Capital Limited and other items which the management does not consider to be operating segments.

The data presented for the period ended 30 June 2009 and 30 June 2010 is for a 6 month period. For the period ended 31 December 2009 the data is presented for 12 month period.

	Hotel Operations 30-Jun-10 EUR	Listed Private Equity Programme 30-Jun-10 EUR	Unlisted Private Equity Programme 30-Jun-10 EUR	Trading Programme 30-Jun-10 EUR	All Other 30-Jun-10 EUR	Total 30-Jun-10 EUR
Reportable segment total assets	14,741,449	8,893,830	70,614,080	7,848,754	4,488,471	<b>106,586,584</b>
Reportable segment (loss)/ profit (before tax)	(429,840)	(6,147,562)	20,392,527	(4,009,596)	(1,588,261)	<b>8,217,268</b>
Reportable segment liabilities	3,962,907	-	168,325	-	819,982	<b>4,951,214</b>
Revenue from external customers	372,124	-	1,684,274	-	-	<b>2,056,398</b>
Gain/ (loss) on investments at fair value	-	(6,147,563)	19,836,840	(3,969,527)	-	<b>9,719,750</b>
Interest revenue	-	-	3,185	19,105	132	<b>22,422</b>
Depreciation and impairment	442,556	-	25,537	-	1,835	<b>469,928</b>
Dividends	-	-	-	4,041	-	<b>4,041</b>
Income tax expense	(208,112)	-	1,181	245	7,540	<b>(199,146)</b>
Other Income	2,671	-	-	-	116,185	<b>118,856</b>

8. Operating segments (Continued)

## RECONSTRUCTION CAPITAL II LIMITED

### Interim Unaudited Financial Statements for the six months ended 30 June 2010

	Hotel Operations 30-Jun-09 EUR	Listed Private Equity Programme 30-Jun-09 EUR	Unlisted Private Equity Programme 30-Jun-09 EUR	Trading Programme 30-Jun-09 EUR	All Other 30-Jun-09 EUR	Total 30-Jun-09 EUR
Reportable segment total assets	17,144,670	13,038,096	49,932,219	9,193,241	5,429,501	<b>94,737,727</b>
Reportable segmental (loss)/profit (before tax)	(622,944)	3,910,750	(1,289,562)	405,542	(1,130,833)	<b>1,272,953</b>
Reportable segment liabilities	1,018,023	-	65,101	-	1,166,861	<b>2,249,985</b>
Revenue from external customers	343,798	-	570,529	-	-	<b>914,327</b>
Interest revenue	-	-	-	-	58,106	<b>58,106</b>
Depreciation	(63,000)	-	-	-	(22,648)	<b>(85,468)</b>
Dividends	-	-	-	292,685	-	<b>292,685</b>
Income tax expense	-	-	-	(29,229)	(202,379)	<b>(231,608)</b>
Other income	-	-	-	-	81,232	<b>81,232</b>
Reportable segment total assets	13,952,000	15,041,311	54,117,850	7,501,741	6,287,441	<b>96,900,343</b>
Reportable segmental (loss)/gain (before tax)	(600,000)	5,913,966	2,376,284	2,046,461	(4,551,886)	<b>5,184,825</b>
Reportable segment liabilities	1,111,232	-	126,152	-	1,903,946	<b>3,141,330</b>
Revenue from external customers	1,489,000	-	1,594,961	-	-	<b>3,083,961</b>
Gains on investments at fair value through profit or loss	-	5,913,666	2,402,482	2,062,558	-	<b>10,379,006</b>
Interest revenue	-	-	-	-	73,311	<b>73,311</b>
Depreciation and impairment	2,328,000	-	33,777	-	22,332	<b>2,834,109</b>
Dividends	-	-	-	293,312	-	<b>293,312</b>
Income tax expense	1,180,000	-	-	25,301	340,471	<b>1,545,772</b>
Other income	78,000	-	-	-	201,591	<b>279,591</b>

## RECONSTRUCTION CAPITAL II LIMITED

### Interim Unaudited Financial Statements for the six months ended 30 June 2010

#### 8. Operating segments (Continued)

The geographical areas of operation for products and services are as follows:

	<b>Romania</b>	<b>Serbia</b>	<b>Other</b>	<b>Total</b>
	<b>30-Jun-10</b>	<b>30-Jun-10</b>	<b>30-Jun-10</b>	<b>30-Jun-10</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Revenues</b>				
Total investment (loss) / income	(10,116,560)	19,837,674	(1,364)	9,719,750
Revenue from hotel operations	372,124	-	-	372,124
Commissions from receivables collection operations	1,684,274	-	-	1,684,274
Interest income	22,290	-	132	22,422
Dividend income	4,041	-	-	4,041
Other income	2,671	-	116,185	118,856
	<b>(8,031,160)</b>	<b>19,837,674</b>	<b>114,953</b>	<b>11,921,467</b>
<b>Total assets</b>				
Financial assets at FVTPL	48,079,185	36,997,329	1,001,351	86,077,865
Property, Plant and Equipment	13,918,967	-	4,319	13,923,286
Goodwill	1,257,153	-	-	1,257,153
Inventories	244,619	-	-	244,619
Trade and other receivables	1,238,997	-	164,576	1,403,573
Cash and cash equivalents	2,987,660	294,378	398,050	3,680,088
	<b>67,726,581</b>	<b>37,291,707</b>	<b>1,568,296</b>	<b>106,586,584</b>
	<b>Romania</b>	<b>Serbia</b>	<b>Other</b>	<b>Total</b>
	<b>30-Jun-09</b>	<b>30-Jun-09</b>	<b>30-Jun-09</b>	<b>30-Jun-09</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Revenue</b>				
Total investment income/ (loss)	3,235,265	(1,220)	(136,078)	3,097,967
Revenue from hotel operations	343,798	-	-	343,798
Revenue from receivables collection operations	570,529	-	-	570,529
Interest income	57,126	-	979	58,105
Dividend income	292,685	-	-	292,685
Other income	-	-	81,232	81,232
	<b>4,499,403</b>	<b>(1,220)</b>	<b>(53,867)</b>	<b>4,444,316</b>
<b>Total assets</b>				
Financial assets at fair value through profit or loss	70,633,213	16,233	932,907	71,582,353
Property, Plant and Equipment	16,826,702	-	4,525	16,831,227
Investment property	-	-	-	-
Goodwill	1,257,153	-	-	1,257,153
Inventories	59,017	-	-	59,017
Trade and other receivables	878,886	-	79,719	958,605
Cash and cash equivalents	3,223,402	294,461	531,509	4,049,372
	<b>92,878,373</b>	<b>310,694</b>	<b>1,548,660</b>	<b>94,737,727</b>

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements for the six months ended 30 June 2010

### 8. Operating segments (Continued)

	<b>Romania</b> <b>31-Dec-09</b> <b>EUR</b>	<b>Serbia</b> <b>31-Dec-09</b> <b>EUR</b>	<b>Other</b> <b>31-Dec-09</b> <b>EUR</b>	<b>Total</b> <b>31-Dec-09</b> <b>EUR</b>
<b>Revenues</b>				
Total investment income/ (loss)	14,079,779	(3,677,275)	(23,497)	<b>10,379,007</b>
Revenue from hotel operations	1,489,000	-	-	<b>1,489,000</b>
Commissions from receivables collection operations	1,594,961	-	-	<b>1,594,961</b>
Interest income	41,363	-	31,948	<b>73,311</b>
Dividend income	293,312	-	-	<b>293,312</b>
Other income	77,983	-	201,608	<b>279,591</b>
	<b>17,576,398</b>	<b>(3,677,275)</b>	<b>210,059</b>	<b>14,109,181</b>
<b>Total assets</b>				
Financial assets at FVTPL	60,208,682	14,317,741	1,002,635	<b>75,529,058</b>
Property, plant and equipment	13,793,178	-	2,702	<b>13,795,880</b>
Goodwill	1,257,153	-	-	<b>1,257,153</b>
<b>Non-current assets</b>	<b>75,259,013</b>	<b>14,317,741</b>	<b>1,005,337</b>	<b>90,582,091</b>
Inventories	27,000	-	-	<b>27,000</b>
Trade and other receivables	1,138,265	-	135,528	<b>1,273,793</b>
Cash and cash equivalents	4,311,808	294,378	411,273	<b>5,017,459</b>
<b>Total Assets</b>	<b>80,736,086</b>	<b>14,612,119</b>	<b>1,552,138</b>	<b>96,900,343</b>

### 9. Earnings per share

	<b>30-Jun-10</b> <b>Unaudited</b> <b>EUR</b>	<b>30-Jun-09</b> <b>Unaudited</b> <b>EUR</b>	<b>31-Dec-09</b> <b>Audited</b> <b>EUR</b>
<b>Numerator</b>			
Profit for the period/ year	8,483,235	1,230,228	3,731,544
Earnings used in EPS	<b>8,483,235</b>	<b>1,230,228</b>	<b>3,731,544</b>
<b>Denominator</b>			
Weighted average number of shares used in basic and diluted EPS	100,000,000	100,000,000	100,000,000
<b>EPS</b>	<b>0.0848</b>	<b>0.0123</b>	<b>0.0373</b>

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements for the six months ended 30 June 2010

### 10. Related-party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Mr Florescu is a director of New Europe Capital Limited, the Investment Manager to the Company, and New Europe Capital SRL, an Investment Adviser to the Company, and has a beneficial interest in New Europe Capital DOO, another Investment Adviser. Total management and advisory fees for the period amounted to EUR 1,121,049. Total fees outstanding as at 30 June 2010 were EUR 503,564.

<b>Investment Management and Advisory fees</b>	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>31-Dec-09</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
New Europe Capital Ltd *	168,157	236,208	476,124
New Europe Capital SRL	728,682	482,688	972,948
New Europe Capital DOO	224,210	308,098	621,031
	<b>1,121,049</b>	<b>1,026,994</b>	<b>2,070,103</b>

  

<b>Outstanding Amounts</b>	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>31-Dec-09</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
New Europe Capital Ltd *	58,672	77,233	81,000
New Europe Capital SRL	254,247	399,786	165,523
New Europe Capital DOO	190,645	100,738	156,264
	<b>503,564</b>	<b>577,757</b>	<b>402,787</b>

\* New Europe Capital Limited is part of the Group and so these amounts are eliminated on consolidation.