

**RECONSTRUCTION CAPITAL II LIMITED**

**INTERIM UNAUDITED FINANCIAL STATEMENTS**

**For the period 1 January 2012 to 30 June 2012**

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

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**Contents**

**Page:**

3	Directors and Company Information
5	Investment Manager and Investment Advisors' Report
6	Consolidated Statement of Comprehensive Income
8	Consolidated Statement of Financial Position
10	Consolidated Statement of Changes in Equity
11	Consolidated Statement of Cash Flows
12	Notes to the Interim Unaudited Financial Statements

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

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**DIRECTORS AND COMPANY INFORMATION**

**Domicile and country of incorporation of parent company**

Cayman Islands

**Legal form**

Limited Liability Company

**Directors**

Howard I. Golden

Ion Alexander Florescu

Franklin Pitcher Johnson Jr. (resigned 31 March 2012)

Markus Winkler

Dirk Van den Broeck

Robert Petch (appointed 6 August 2012)

**Secretary and registered office**

Appleby Trust (Cayman) Ltd

Clifton House

75 Fort Street

PO Box 190 GT

George Town

Grand Cayman

Cayman Islands

**Investment Manager**

New Europe Capital Ltd

33 Marloes Road

London, W8 6LG

**Investment Advisors**

New Europe Capital SRL

21 Tudor Arghezi Str., Floor 6, Sector 2

Bucharest 020 946

New Europe Capital DOO

Francuska 12

11000 Beograd

**Nominated Advisor**

Grant Thornton Corporate Finance

30 Finsbury Square

London, EC2P 2YU

**Broker**

LCF Edmond de Rothschild Securities

Orion House

5 Upper St. Martin's Lane,

London, WC2H 9EA

**RECONSTRUCTION CAPITAL II LIMITED**

**Interim Unaudited Financial Statements**

**for the six months ended 30 June 2012**

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**DIRECTORS AND COMPANY INFORMATION** *(Continued)*

**Administrator and Custodian**

Sanne Trust Company Limited

13 Castle Street

St Helier

Jersey

JE4 5UT

**Company number**

HL-156549

**Independent Auditors**

PricewaterhouseCoopers Ltd

Aias Building

1<sup>st</sup> Floor, 19 Diagoras Street

CY-1097

Nicosia, Cyprus

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

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**INVESTMENT MANAGER AND INVESTMENT ADVISORS' REPORT**

Dear Shareholders,

On 30 June 2012, Reconstruction Capital II Limited ("RC2" or the "Group") had a total unaudited net asset value ("NAV") of EUR 77.64m after deducting non-controlling interests, or EUR 0.7764 per share, which represents a decrease of EUR 3.4m, or 4.24%, since the beginning of the year.

By comparison, as at 30 June 2012, the published NAV per share was EUR 0.8873, with the difference of EUR 0.1109 deriving from the effects of consolidating Mamaia Hotels SRL and Top Factoring SRL ("Top Factoring"). Both investments are booked at fair value when computing RC2's published net asset value per share.

In February 2012, RC2 completed the final step of the asset swap with the founding shareholders of East Point Holdings Ltd ("EPH"), thereby increasing its shareholding in EPH from 59.0% to 63.0%. Because the asset swap was substantially accomplished in 2011, the transaction had already been accounted for in RC2's 2011 audited accounts.

In April 2012, RC2 sold 7.7% of its shareholding in Glasro Holdings Limited ("Glasro") to the CEO of Top Factoring SRL for a total consideration of EUR 5,000. The sale took place in order to replicate the shareholding structure of Top Factoring where RC2 also owns 92.3%. Glasro and Top Factoring operate together as a group.

In the first half of 2012, RC2 continued to sell down its listed equities held under the Trading Programme, thereby generating EUR €1.3m of cash proceeds. At the end of June 2012, RC2's listed equities held under the Trading Programme had a total market value of EUR 0.5m.

Yours truly,

New Europe Capital SRL

New Europe Capital DOO

New Europe Capital Limited

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Notes	30-Jun-12 EUR Unaudited	30-Jun-11 As Restated EUR Unaudited	31-Dec-11 EUR Audited
<b>Continuing Operations</b>				
Revenue		3,530,592	1,886,594	5,735,892
<b>Gross Profit</b>		<b>3,530,592</b>	<b>1,886,594</b>	<b>5,735,892</b>
<b>Investment (loss) / income</b>				
(Loss) / Gain on investments at fair value through profit or loss	4	(2,164,847)	467,038	(10,373,504)
Interest income		1,515	18,793	34,290
Dividend income		1,278	30,123	35,354
Other investment income		108,099	135,533	320,320
<b>Total investment (loss) / income</b>		<b>(2,053,955)</b>	<b>651,487</b>	<b>(9,983,540)</b>
<b>Expenses</b>				
Operating expenses	5	4,276,225	3,121,592	9,617,491
<b>Total expenses</b>		<b>4,276,225</b>	<b>3,121,592</b>	<b>9,617,491</b>
<b>Operating (loss)</b>		<b>(2,799,588)</b>	<b>(583,511)</b>	<b>(13,865,139)</b>
Interest expense		(377,430)	(477,204)	(217,892)
<b>(Loss) before taxation</b>		<b>(3,177,018)</b>	<b>(1,060,715)</b>	<b>(14,083,031)</b>
Income tax expense		(42,550)	(590,826)	326,079
<b>Net (loss) for the period from continuing operations</b>		<b>(3,219,568)</b>	<b>(1,651,541)</b>	<b>(13,756,952)</b>
<b>Discontinued operations</b>				
(Loss) for the period on operations acquired with a view to sell		-	-	(2,364,295)
<b>Net (loss) for the period</b>		<b>(3,219,568)</b>	<b>(1,651,541)</b>	<b>(16,121,247)</b>
<b>Other comprehensive (loss) / income</b>				
Exchange differences on translating foreign operations		(132,543)	878,698	53,420
<b>Total comprehensive (loss) for the period</b>		<b>(3,352,111)</b>	<b>(772,843)</b>	<b>(16,067,827)</b>
<b>Net (loss) / profit for the period attributable to:</b>				
- Equity holders of the parent		(3,102,823)	(2,084,625)	(15,734,573)
- Non-controlling interest		(116,745)	433,084	(386,674)
		<b>(3,219,568)</b>	<b>(1,651,541)</b>	<b>(16,121,247)</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JULY 2012 (Continued)**

		30-Jun-12	30-Jun-11 As Restated	31-Dec-11
	Notes	EUR Unaudited	EUR Unaudited	EUR Audited
<b>Total comprehensive (loss)/ income attributable to:</b>				
- Equity holders of the parent		(3,227,383)	(1,036,602)	(15,737,942)
- Non-controlling interest		(124,728)	263,759	(329,885)
		<b>(3,352,111)</b>	<b>(772,843)</b>	<b>(16,067,827)</b>
<b>Earnings / (Loss) Per Share attributable to the equity shareholders of the Company</b>	9			
<b>From continuing operations</b>		(0.0310)	(0.0208)	(0.1337)
Basic and diluted earnings / (loss) per share				
<b>From continuing and discontinued operations</b>		(0.0310)	(0.0208)	(0.1573)
Basic and diluted earnings / (loss) per share				

*The notes on pages 12 to 17 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 2012**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2012**

		<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
		<b>EUR</b>	<b>As Restated EUR</b>	<b>EUR</b>
		<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b><u>Assets</u></b>				
	Notes			
<b>Non-current assets</b>				
Property, plant and equipment		9,178,667	11,738,536	9,494,417
Financial assets at fair value through profit or loss	6	31,431,278	41,737,826	33,480,715
Goodwill		1,257,153	1,257,153	1,257,153
<b>Total non-current assets</b>		<b>41,867,098</b>	<b>54,733,515</b>	<b>44,232,285</b>
<b>Current assets</b>				
Financial assets at fair value through profit or loss	6	500,360	3,063,735	1,970,473
Inventories		47,000	121,254	27,000
Trade and other receivables		7,468,773	2,830,196	5,209,555
Cash and cash equivalents		1,822,642	1,030,187	497,325
		<b>9,838,775</b>	<b>7,045,372</b>	<b>7,704,353</b>
<b>Assets of disposal group classified as held for sale</b>	2.2	<b>123,801,246</b>	<b>128,725,761</b>	<b>123,801,246</b>
<b>Total assets</b>		<b>175,507,119</b>	<b>190,504,648</b>	<b>175,737,884</b>
<b><u>Liabilities</u></b>				
<b>Current liabilities</b>				
Trade and other payables		4,687,809	2,848,724	2,695,704
Loans and borrowings		4,874,284	1,059,452	3,642,240
Corporation tax payable		76,283	44,545	104,625
<b>Total current liabilities</b>		<b>9,638,376</b>	<b>3,952,721</b>	<b>6,442,569</b>
<b>Liabilities of disposal group classified as held for sale</b>	2.2	<b>81,304,970</b>	<b>85,871,323</b>	<b>83,503,970</b>
<b>Non-current liabilities</b>				
Deferred tax		6,000	(123,023)	27,000
Leases		53,367	-	48,432
Loans and borrowings		3,863,256	1,431,132	1,647,400
<b>Total non-current liabilities</b>		<b>3,922,623</b>	<b>1,308,109</b>	<b>1,722,832</b>
<b>Total liabilities</b>		<b>94,865,969</b>	<b>91,132,153</b>	<b>91,669,371</b>
<b>Total net assets</b>		<b>80,641,150</b>	<b>99,372,495</b>	<b>84,068,513</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2012 *(Continued)*

	30-Jun-12	30-Jun-11	31-Dec-11
	EUR	As Restated EUR	EUR
	Unaudited	Unaudited	Audited
<b><u>Capital and reserves attributable to equity holders</u></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	(43,496,149)	(26,524,234)	(40,174,182)
Foreign exchange reserve	(1,767,539)	(591,587)	(1,642,979)
<b>Total equity and reserves</b>	<b>77,636,622</b>	<b>95,784,489</b>	<b>81,083,149</b>
Non-Controlling Interests	3,004,528	3,588,006	2,985,364
<b>Total equity</b>	<b>80,641,150</b>	<b>99,372,495</b>	<b>84,068,513</b>

*The notes on pages 12 to 17 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 2012**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2012**

	Share Capital EUR	Share Premium EUR	Foreign exchange reserve EUR	Retained (Deficit)/ Earnings EUR	Sub-total EUR	Non- controlling Interest EUR	Total EUR
<b>Balance at 1 January 2011 – as previously reported</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(2,876,569)</b>	<b>(26,548,471)</b>	<b>93,475,270</b>	<b>6,844,191</b>	<b>100,319,461</b>
Prior year adjustment - (Note 2.1)	-	-	1,236,959	2,108,862	<b>3,345,821</b>	(3,345,821)	-
<b>Balance at 1 January 2011 – as restated</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(1,639,610)</b>	<b>(24,439,609)</b>	<b>96,821,091</b>	<b>3,498,370</b>	<b>100,319,461</b>
(Loss) / Profit for the period – as restated (Note 2.2)	-	-	-	(2,084,625)	<b>(2,084,625)</b>	433,084	<b>(1,651,541)</b>
Other comprehensive income / (loss) – as restated (Note 2.2)	-	-	1,048,023	-	<b>1,048,023</b>	(169,325)	<b>878,698</b>
Total comprehensive income / (loss) for the period – as restated (Note 2.2)	-	-	1,048,023	(2,084,625)	<b>(1,036,602)</b>	263,759	<b>(772,843)</b>
Dividends paid to non-controlling interests	-	-	-	-	-	(174,123)	<b>(174,123)</b>
<b>Balance at 30 June 2011 – as restated</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(591,587)</b>	<b>(26,524,234)</b>	<b>95,784,489</b>	<b>3,588,006</b>	<b>99,372,495</b>
(Loss) / Profit for the period	-	-	-	(13,649,948)	<b>(13,649,948)</b>	(819,758)	<b>(14,469,706)</b>
Other comprehensive (loss) / income	-	-	(1,051,392)	-	<b>(1,051,392)</b>	226,114	<b>(825,278)</b>
Total comprehensive (loss) / income for the year	-	-	(1,051,392)	(13,649,948)	<b>(14,701,340)</b>	(593,644)	<b>(15,294,984)</b>
Dividends paid to non-controlling interests	-	-	-	-	-	(8,998)	<b>(8,998)</b>
<b>Balance at 31 December 2011</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(1,642,979)</b>	<b>(40,174,182)</b>	<b>81,083,149</b>	<b>2,985,364</b>	<b>84,068,513</b>
(Loss) / Profit for the period	-	-	-	(3,102,823)	<b>(3,102,823)</b>	(116,745)	<b>(3,219,568)</b>
Other comprehensive (loss) / income	-	-	(124,560)	-	<b>(124,560)</b>	(7,983)	<b>(132,543)</b>
Total comprehensive (loss) / income for the period	-	-	(124,560)	(3,102,823)	<b>(3,227,383)</b>	(124,728)	<b>(3,352,111)</b>
Disposal of interest in subsidiary to non-controlling interests (Note 8)	-	-	-	(219,144)	<b>(219,144)</b>	219,144	-
Dividends paid to non-controlling interests	-	-	-	-	-	(75,252)	<b>(75,252)</b>
<b>Balance at 30 June 2012</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(1,767,539)</b>	<b>(43,496,149)</b>	<b>77,636,622</b>	<b>3,004,528</b>	<b>80,641,150</b>

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**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>As Restated</b>	
	<b>Unaudited</b>	<b>EUR</b>	<b>EUR</b>
		<b>Unaudited</b>	<b>Audited</b>
<b>Cash flows from operating activities</b>			
Net profit before tax	(3,177,018)	(1,060,715)	(14,083,031)
<i>Adjustments for:</i>			
Depreciation and amortisation	179,143	164,865	295,636
Impairment / revaluation of fixed assets	-	(191,059)	2,087,000
(Gain)/ loss on financial assets at fair value through profit or loss	2,164,847	(467,038)	10,373,504
Interest income	(1,515)	(18,793)	(34,290)
Dividend income	(1,278)	(30,123)	(35,354)
<b>Net cash outflow before changes in working capital</b>	<b>(835,821)</b>	<b>(1,602,863)</b>	<b>(1,396,535)</b>
(Increase) / decrease in trade and other receivables	(4,202,739)	3,802,987	1,397,761
Increase/ (decrease) in trade and other payables	1,968,699	468,186	458,299
(Increase)/ decrease in inventories	(20,000)	59,747	154,000
Decrease in provision	-	-	-
Interest received	1,515	18,661	34,290
Dividend received	1,278	4,389	35,354
Net proceeds from sale of financial assets	1,349,264	-	815,336
<b>Cash (used in)/ generated by operating activities</b>	<b>(1,737,804)</b>	<b>2,751,107</b>	<b>1,498,505</b>
Income tax paid	(63,550)	(58,227)	(267,921)
<b>Net cash (used in)/ generated by operating activities</b>	<b>(1,801,354)</b>	<b>2,692,880</b>	<b>1,230,584</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant and equipment	-	-	5,911
Purchase of property, plant and equipment	(130,825)	-	(226,776)
Purchase of financial assets	-	(713,862)	(589,500)
Sale of financial assets	-	500,222	211,933
<b>Net Cash flow used in investing activities</b>	<b>(130,825)</b>	<b>(213,640)</b>	<b>(598,432)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to non-controlling interests	(75,252)	(174,123)	(183,121)
Proceeds from loans	3,889,240	688,534	3,613,609
Payments of loans	(696,820)	(2,412,709)	(4,338,783)
<b>Net Cash flow used in financing activities</b>	<b>3,117,168</b>	<b>(1,898,298)</b>	<b>(908,295)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>1,184,989</b>	<b>580,942</b>	<b>(276,143)</b>
<b>Cash at beginning of period/ year</b>	<b>497,325</b>	<b>812,543</b>	<b>812,543</b>
Effect of foreign exchange rate changes	140,328	(363,298)	(39,075)
<b>Cash at end of period/ year</b>	<b>1,822,642</b>	<b>1,030,187</b>	<b>497,325</b>

*The notes on pages 12 to 17 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 2012**

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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 2012 to 30 June 2012.

The Company seeks to generate returns for its Shareholders through two primary routes: by achieving 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 making 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.

**2. Prior Year Adjustments**

**2.1 Prior Year Adjustment in respect of Correction to Non-Controlling Interest**

The adjustment represents a prior year correction to the value of the non-controlling interest, retained earnings and foreign exchange reserve as a result of an error identified in the allocation of the retained earnings and foreign exchange translation reserve of certain investee companies to the controlling and non-controlling interests. This error affects the consolidated statements of financial position and changes in equity for the periods prior to 1 January 2010. The change was accounted for retrospectively in accordance with the provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors".

**2.2 Prior Year Adjustment in respect of Change of Accounting Policy**

At 31 December 2010, Reconstruction Capital II Limited ("RC2") held a 42% interest in East Point Holdings Limited ("EPH") and by 30 June 2011, RC2 had acquired a controlling interest in EPH and was accounted for in accordance with IFRS 10 and fully consolidated.

At 31 December 2011, due to the fact that EPH, a subsidiary, was held with the sole intention of resale, it was reclassified as a disposal group and was thus measured and accounted for under IFRS 5 'Non-current assets held for sale and discontinued operations.'

Therefore, as EPH was a subsidiary and was held with the sole intention of resale at 30 June 2011, the figures for the period to 30 June 2011 have been re-stated solely in respect of reclassifying EPH as a disposal group under IFRS 5.

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**3. Basis of Preparation**

The consolidated financial statements of Reconstruction Capital II Limited have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The financial information for the six months ended 30 June 2012 and the six months ended 30 June 2011 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 2011 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 2012.

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

**4. (Loss) / gain on investments at fair value through profit or loss**

	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>As Restated</b>	
	<b>Unaudited</b>	<b>EUR</b>	<b>EUR</b>
		<b>Unaudited</b>	<b>Audited</b>
(Loss) / gain on investments at fair value through profit or loss	(1,941,010)	467,457	(10,348,793)
(Loss) on foreign exchange	(223,837)	(419)	(24,711)
	<b>(2,164,847)</b>	<b>467,038</b>	<b>(10,373,504)</b>

**5. Expenditure**

	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>As Restated</b>	
	<b>Unaudited</b>	<b>EUR</b>	<b>EUR</b>
		<b>Unaudited</b>	<b>Audited</b>
Investment Management /Advisory fees	845,747	907,373	1,913,970
Administration and custodian fees	90,000	90,000	180,000
Audit fees	40,888	64,452	135,796
Directors' fees	79,781	78,904	160,000
Depreciation and impairment	179,143	164,865	2,382,636
Rental of assets-operating leases	7,296	6,664	13,329
Foreign exchange loss/ (gain)	160,736	(1,758)	68,697
Staff cost	875,673	569,406	1,595,978
Other fees	1,996,961	1,241,686	3,167,085
	<b>4,276,225</b>	<b>3,121,592</b>	<b>9,617,491</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**6. Financial assets at fair value through profit or loss**

	<b>30-Jun-12</b>	<b>30-Jun-11</b> <b>As Restated</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Non-current investments</b>			
Unlisted equity securities	26,756,714	33,042,391	26,756,714
Listed equity securities	4,674,564	8,695,435	6,724,001
	<b>31,431,278</b>	<b>41,737,826</b>	<b>33,480,715</b>
Cost	45,998,582	49,998,582	45,998,582
Unrealised loss on investments	(14,567,304)	(8,260,756)	(12,517,867)
<b>Fair value of the investments</b>	<b>31,431,278</b>	<b>41,737,826</b>	<b>33,480,715</b>

	<b>30-Jun-12</b>	<b>30-Jun-11</b> <b>As Restated</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Current investments</b>			
Listed equity securities	500,360	3,063,735	1,970,473
Total financial assets at fair value through profit or loss	<b>500,360</b>	<b>3,063,735</b>	<b>1,970,473</b>
Cost	7,712,612	10,679,539	9,505,523
Unrealised loss on investments	(7,212,252)	(7,615,804)	(7,535,050)
<b>Fair value of the investments</b>	<b>500,360</b>	<b>3,063,735</b>	<b>1,970,473</b>

**7. Net Asset Value**

	<b>30-Jun-12</b>	<b>30-Jun-11</b> <b>As Restated</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Net assets (excluding non-controlling interest)	77,636,622	95,784,489	81,083,149
Number of shares	100,000,000	100,000,000	100,000,000
Net Asset Value per share	<b>0.7764</b>	<b>0.9578</b>	<b>0.8108</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**8. Disposals in the period**

As at 31 December 2011, the Group had a 100% interest in Glasro Holdings Limited. During the period to 30 June 2012, RC2 sold 7.7% of its shares thus reducing its holding to 92.3%.

**9. Earnings per share**

	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>As Restated EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Earnings</b>			
Earnings for the purposes of basic & diluted earnings per share being net gain/loss attributable to owners of the Company	(3,102,823)	(2,084,625)	(15,734,573)
Earnings for the purposes of basic & diluted EPS	<b>(3,102,823)</b>	<b>(2,084,625)</b>	<b>(15,734,573)</b>
<b>Number of Shares</b>			
Weighted average number of shares for the purposes of basic & diluted EPS	100,000,000	100,000,000	100,000,000
<b>From continuing operations</b>			
Net loss attributable to equity holders of the parent	(3,102,823)	(2,084,625)	(15,734,573)
Adjustments to exclude loss for the period from discontinued operations	-	-	2,364,295
Earnings from continuing operations for the purpose of basic & diluted EPS excluding discontinued operations	(3,102,823)	(2,084,625)	(13,370,278)
Basic & diluted EPS	<b>(0.0310)</b>	<b>(0.0208)</b>	<b>(0.1337)</b>
<b>From discontinued operations</b>			
Basic & diluted EPS	-	-	(0.0236)

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2012**

**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 Advisor to the Company, and has a beneficial interest in New Europe Capital DOO, another Investment Advisor. Total management and advisory fees for the period amounted to EUR 1,070,566. Total fees outstanding as at 30 June 2012 were EUR 2,208,638.

<b>Investment Management and Advisory fees</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
New Europe Capital Ltd *	224,819	255,925	520,910
New Europe Capital SRL**	492,460	535,117	1,089,176
New Europe Capital DOO**	353,287	372,256	757,687
	<b>1,070,566</b>	<b>1,163,298</b>	<b>2,367,773</b>

<b>Outstanding Amounts</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Dec-11</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
New Europe Capital Ltd *	269,511	86,699	133,197
New Europe Capital SRL**	1,137,274	363,747	735,340
New Europe Capital DOO**	801,853	249,700	512,860
	<b>2,208,638</b>	<b>700,146</b>	<b>1,381,397</b>

The investment management and advisory fee is accrued and is payable monthly in arrears.

There were no performance fees paid or payable in respect of 2012 or 2011.

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

\*\* New Europe Capital SRL and New Europe Capital DOO are related to the Group through the common beneficial interest of a Director.

The Group also has the following related party loans:

-The Company has borrowed a total of EUR 1.7m from some of its directors. A total of EUR 1.6m was outstanding at 30 June 2012.

-The Company has borrowed EUR 2.0m from Northview Investment Fund Ltd, a substantial shareholder in the Company. A total of EUR 2.0m was outstanding at 30 June 2012.