

**RECONSTRUCTION CAPITAL II LIMITED**

**INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**For the period 1 January 2013 to 30 June 2013**

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Consolidated Financial Statements**  
**for the six months ended 30 June 2013**

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**RECONSTRUCTION CAPITAL II LIMITED**  
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**for the six months ended 30 June 2013**

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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

Markus Winkler

Dirk Van den Broeck

Robert Petch

**Secretary and registered office**

Appleby Corporate Services (Cayman) Ltd

Clifton House

PO Box 1350

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

**Investment Manager**

New Europe Capital Ltd

33 Marloes Road

London, W8 6LG

**Investment Advisers**

New Europe Capital SRL

21 Tudor Arghezi Str., Floor 6, Sector 2

Bucharest 020 946

New Europe Capital DOO

Francuska 12

11000 Beograd

**Nominated Adviser**

Grant Thornton UK LLP

30 Finsbury Square

London, EC2P 2YU

**Broker**

LCF Edmond de Rothschild Securities

Orion House

5 Upper St. Martin's Lane,

London, WC2H 9EA

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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  
Julia House  
3 Themistocles Dervis Street  
CY-1066 Nicosia  
Cyprus  
PO Box 21612  
CY-1591 Nicosia  
Cyprus

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**INVESTMENT MANAGER AND INVESTMENT ADVISORS' REPORT**

On 30 June 2013, Reconstruction Capital II Limited ("RC2") had a total unaudited net asset value ("NAV") of EUR 39.3m or EUR 0.3932 per share, virtually flat compared to the audited NAV at the beginning of the year.

The comparative figures as at 30 June 2012 were restated due to the early adoption of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities, which exempt investment companies from the need to consolidate their investments. The Company took advantage of this exemption in order to give a clearer view of the fair value of the various investments held by the Company. Previously, the investments in Top Factoring Srl (and its sister company Glasro Holdings Ltd) and Mamaia Resort Hotels Srl had been consolidated.

RC2 did not make any new investments under its Private Equity Programme, and continued its efforts to exit from its existing private equity investments. Unfortunately, the progress on exits was slow due to the low level of interest in the region from strategic investors. The investments held under the Private Equity Programme had a fair value of EUR 42.4m at the end of June, up 0.8% since the 2012 year-end audit report.

RC2 marginally reduced its position in listed equities under the Trading Programme. Efforts to sell down more shares were unsuccessful, due to the low liquidity of the listed equities owned by RC2. At the end of June 2013, RC2's listed equities held under the Trading Programme had a total market value of EUR 0.4m. All the investments in the Trading Programme were in Romanian equities.

Over the first half of the year, RC2 received EUR 1.4m in dividends from its investee companies, of which EUR 1.1m from the Top Factoring group and the balance of EUR 0.3m from Albalact SA. The proceeds were used to repay EUR 0.8m of loans from related parties, and for RC2's working capital needs. At the end of June 2013, RC2 had EUR 0.2m of cash, dividends receivable of EUR 0.4m, borrowings of EUR 4.2m, and another EUR 4.2m of accrued liabilities to its service providers, including investment management and advisory fees.

New Europe Capital Ltd  
New Europe Capital S.R.L.  
New Europe Capital DOO

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	Notes	30-Jun-13 EUR Unaudited	30-Jun-12 As Restated EUR Unaudited	31-Dec-12 EUR Audited
<b>Investment gain / (loss)</b>				
Gain / (loss) on investments at fair value through profit or loss		237,252	(2,327,609)	(49,389,415)
Interest income		216,387	152,055	329,387
Dividend income		1,416,918	1,278	1,282
Other income		55,792	101,269	197,958
<b>Total investment gain / (loss)</b>		<b>1,926,349</b>	<b>(2,073,007)</b>	<b>(48,860,788)</b>
<b>Expenses</b>				
Impairment of loans receivable	6	(428,921)	-	(943,143)
Operating expenses	4	(966,770)	(1,467,538)	(2,764,984)
<b>Total operating expenses</b>		<b>(1,395,691)</b>	<b>(1,467,538)</b>	<b>(3,708,127)</b>
<b>Operating gain / (loss)</b>		<b>530,658</b>	<b>(3,540,545)</b>	<b>(52,568,915)</b>
Financial expenses		(506,786)	(198,254)	(612,149)
<b>Profit / (loss) before taxation</b>		<b>23,872</b>	<b>(3,738,799)</b>	<b>(53,181,064)</b>
Income tax expense		(8,715)	(28,105)	(71,733)
<b>Net profit / (loss) for the period</b>		<b>15,157</b>	<b>(3,766,904)</b>	<b>(53,252,797)</b>
<b>Other comprehensive (loss) / income</b>				
Exchange differences on translating foreign operations		(7,253)	14,358	10,458
<b>Total comprehensive income / (loss) for the period</b>		<b>7,904</b>	<b>(3,752,546)</b>	<b>(53,242,339)</b>
<b>Net profit / (loss) for the period attributable to:</b>				
- Equity holders of the parent		(12,074)	(3,840,617)	(53,392,784)
- Non-controlling interest		27,231	73,713	139,987
		<b>15,157</b>	<b>(3,766,904)</b>	<b>(53,252,797)</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
- Equity holders of the parent		(12,618)	(3,839,525)	(53,392,000)
- Non-controlling interest		20,522	86,979	149,661
<b>Total comprehensive income / (loss) for the period</b>		<b>7,904</b>	<b>(3,752,546)</b>	<b>(53,242,339)</b>

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2013 (Continued)**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Earnings Per Share attributable to the equity shareholders of the Company</b>	11		
Basic and diluted earnings per share	(0.0001)	(0.0384)	(0.5339)

*The notes on pages 12 to 18 form an integral part of these unaudited interim financial statements*

**RECONSTRUCTION CAPITAL II LIMITED**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2013**

		<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
		<b>EUR</b>	<b>As Restated EUR</b>	<b>EUR</b>
		<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		11,618	14,206	13,458
Financial assets at fair value through profit or loss	5	42,377,362	89,103,386	42,041,100
Loans receivable	6	576,702	571,192	560,501
<b>Total non-current assets</b>		<b>42,965,682</b>	<b>89,688,784</b>	<b>42,615,059</b>
<b>Current assets</b>				
Financial assets at fair value through profit or loss	5	382,994	500,360	456,773
Trade and other receivables	8	683,887	195,561	277,777
Loans receivable	6	3,893,376	4,387,832	3,366,167
Cash and cash equivalents		150,389	880,950	1,318,380
<b>Total current assets</b>		<b>5,110,646</b>	<b>5,964,703</b>	<b>5,419,097</b>
<b>Total assets</b>		<b>48,076,328</b>	<b>95,653,487</b>	<b>48,034,156</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	9	(4,203,198)	(2,616,564)	(3,754,477)
Loans and borrowings	7	(4,126,344)	(832,715)	(1,541,870)
Corporation tax payable		(4,993)	(76,282)	(44,651)
<b>Total current liabilities</b>		<b>(8,334,535)</b>	<b>(3,525,561)</b>	<b>(5,340,998)</b>
<b>Non-current liabilities</b>				
Loans and borrowings	7	(40,731)	(2,872,979)	(3,000,000)
<b>Total non-current liabilities</b>		<b>(40,731)</b>	<b>(2,872,979)</b>	<b>(3,000,000)</b>
<b>Total liabilities</b>		<b>(8,375,266)</b>	<b>(6,398,540)</b>	<b>(8,340,998)</b>
<b>Total net assets</b>		<b>39,701,062</b>	<b>89,254,947</b>	<b>39,693,158</b>



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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2013** *(Continued)*

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<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	(83,553,275)	(33,989,034)	(83,541,201)
Foreign exchange reserve	(28,510)	(27,658)	(27,966)
<b>Total equity and reserves</b>	<b>39,318,525</b>	<b>88,883,618</b>	<b>39,331,143</b>
Non-Controlling Interests	382,537	371,329	362,015
<b>Total equity</b>	<b>39,701,062</b>	<b>89,254,947</b>	<b>39,693,158</b>

*The notes on pages 12 to 18 form an integral part of these unaudited interim financial statements*

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2013**

	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 2012 – as previously reported</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>
Prior year adjustment - (Note 2)	-	-	1,614,229	10,025,765	<b>11,639,994</b>	(2,625,218)	<b>9,014,776</b>
<b>Balance at 1 January 2012 – as restated</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(28,750)</b>	<b>(30,148,417)</b>	<b>92,723,143</b>	<b>360,146</b>	<b>93,083,289</b>
(Loss) / Profit for the period	-	-	-	(3,840,617)	<b>(3,840,617)</b>	73,713	<b>(3,766,904)</b>
Other comprehensive income / (loss)	-	-	1,092	-	<b>1,092</b>	13,266	<b>14,358</b>
Total comprehensive income / (loss) for the period	-	-	1,092	(3,840,617)	<b>(3,839,525)</b>	86,979	<b>(3,752,546)</b>
Dividends paid to non-controlling interests	-	-	-	-	-	(75,796)	<b>(75,796)</b>
<b>Balance at 30 June 2012 – as restated</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(27,658)</b>	<b>(33,989,034)</b>	<b>88,883,618</b>	<b>371,329</b>	<b>89,254,947</b>
(Loss) / Profit for the period	-	-	-	(49,552,167)	<b>(49,552,167)</b>	66,274	<b>(49,485,893)</b>
Other comprehensive (loss) / income	-	-	(308)	-	<b>(308)</b>	(3,592)	<b>(3,900)</b>
Total comprehensive (loss) / income for the year	-	-	(308)	(49,552,167)	<b>(49,552,475)</b>	62,682	<b>(49,489,793)</b>
Dividends paid to non-controlling interests	-	-	-	-	-	(71,996)	<b>(71,996)</b>
<b>Balance at 31 December 2012</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(27,966)</b>	<b>(83,541,201)</b>	<b>39,331,143</b>	<b>362,015</b>	<b>39,693,158</b>
(Loss) / Profit for the period	-	-	-	(12,074)	<b>(12,074)</b>	27,231	<b>15,157</b>
Other comprehensive (loss) / income	-	-	(544)	-	<b>(544)</b>	(6,709)	<b>(7,253)</b>
Total comprehensive (loss) / income for the period	-	-	(544)	(12,074)	<b>(12,618)</b>	20,522	<b>7,904</b>
Dividends paid to non-controlling interests	-	-	-	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(28,510)</b>	<b>(83,553,275)</b>	<b>39,318,525</b>	<b>382,537</b>	<b>39,701,062</b>

*Share premium is stated net of share issue costs and is not distributable by way of dividend.*

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Cash flows from operating activities</b>			
Net profit / (loss) before tax	23,872	(3,738,799)	(53,181,064)
<i>Adjustments for:</i>			
Depreciation and amortisation	1,608	2,545	3,243
(Gain)/ loss on financial assets at fair value through profit or loss	(237,252)	2,327,609	49,389,415
Impairment / revaluation of fixed assets	428,921	-	943,143
Interest income	(216,387)	(152,055)	(329,387)
Interest expense	365,967	128,189	430,520
Dividend income	(1,416,918)	(1,278)	(1,282)
<b>Net cash outflow before changes in working capital</b>	<b>(1,050,189)</b>	<b>(1,433,789)</b>	<b>(2,745,412)</b>
(Increase) / decrease in trade and other receivables	(401,559)	(8,049)	(90,265)
Increase/ (decrease) in trade and other payables	448,721	938,192	2,076,105
Sale of financial assets	5,772	1,354,887	1,365,234
Interest income received	-	-	12,118
Dividends received	1,412,366	1,278	1,282
<b>Cash generated by operating activities</b>	<b>415,111</b>	<b>852,519</b>	<b>619,062</b>
Income tax paid	(48,373)	(4,790)	(80,049)
<b>Net cash generated by operating activities</b>	<b>366,738</b>	<b>847,729</b>	<b>539,013</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(485)	(8,684)	(8,631)
Payments of loans granted to subsidiaries	(756,000)	(2,268,000)	(2,268,000)
Proceeds from loans granted to subsidiaries	-	2,294,706	550,186
<b>Net Cash flow used in investing activities</b>	<b>(756,485)</b>	<b>18,022</b>	<b>(1,726,445)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to non-controlling interests	-	(75,796)	(147,792)
Proceeds from loans granted by related parties	40,000	-	3,000,000
Repayments of loans granted by related parties	(781,341)	(200,000)	(400,000)
Interest paid on loans	-	(11,222)	(244,953)
<b>Net Cash flow used in financing activities</b>	<b>(741,341)</b>	<b>(287,018)</b>	<b>2,207,255</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(1,131,088)</b>	<b>578,733</b>	<b>1,019,823</b>
<b>Cash at beginning of period/ year</b>	<b>1,318,380</b>	<b>296,040</b>	<b>296,040</b>
Foreign exchange gain	(36,903)	6,177	2,517
<b>Cash at end of period/ year</b>	<b>150,389</b>	<b>880,950</b>	<b>1,318,380</b>

*The notes on pages 12 to 18 form an integral part of these unaudited interim financial statements*

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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 2013 to 30 June 2013.

The Company generates 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 by 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.

**Change of investment objective and policy of the Company**

Following the annual general meeting of the Company on 14 December 2012, the investment objective and policy of the Company was amended such that no new investments will be made, further investments into existing portfolio companies will be permitted in certain circumstances pending their realization and, following each realization, all proceeds will be returned to Shareholders after paying outstanding liabilities and setting aside a sufficient amount for working capital purposes.

**2. Prior Year Adjustments**

The prior year adjustment for the period ended 30 June 2012 represents amendments made to the financial statements of the Company following the early adoption by the Company of IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint arrangements”, IFRS 12 “Disclosure of Interest in Other Entities” and amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities. The early adoption of these standards and amendments requires that the Company present consolidated financial statements but exempts investment entities from consolidation. The introduction of this standard affects the consolidated statements of financial position and changes in equity for the periods from 1 January 2012 and consolidated statement of comprehensive income for the period ended 30 June 2012. The change was accounted for retrospectively in accordance with the provisions of the amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities.

**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 issued by the International Accounting Standards Board (“IASB”). For the periods before 30 June 2012, the Company prepared its consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union. 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 and under the going concern assumption.

Following the annual general meeting of the Company on 14 December 2012, the life of the Company was extended for at least two years; further extension will be discussed at an annual general meeting in 2014.

The directors have reasonable expectations and are satisfied that the Company has adequate resources to continue its operations and meet its commitments for the foreseeable future and they continue to adopt the going concern basis of preparation of the consolidated financial statements.

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**Interim Unaudited Consolidated Financial Statements**  
**for the six months ended 30 June 2013**

**3. Basis of Preparation (continued)**

The financial information for the six months ended 30 June 2013 and the six months ended 30 June 2012 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 2012 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 issued by the International Accounting Standard Board ("IASB"), using accounting policies that are expected to be applied for the financial year 31 December 2013.

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

**4. Operating expenses**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
		<b>As Restated</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Investment Management /Advisory fees	467,520	845,337	1,637,143
General expenses incurred wholly and exclusively by the Company's subsidiary New Europe Capital Ltd	165,568	225,744	211,810
Administration and custodian fees	106,003	90,000	180,000
Directors' fees	89,864	79,781	149,479
Audit fees	40,663	40,888	87,712
Insurance premium	4,562	5,350	15,500
Other fees	92,590	180,438	483,340
	<b>966,770</b>	<b>1,467,538</b>	<b>2,764,984</b>

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**5. Financial assets**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Non-current investments</b>			
Unlisted equity securities	37,086,401	84,428,822	37,086,401
Listed equity securities	5,290,961	4,674,564	4,954,699
	<b>42,377,362</b>	<b>89,103,386</b>	<b>42,041,100</b>
Cost	92,775,514	92,775,514	92,775,514
Unrealised loss on investments	(50,398,152)	(3,672,128)	(50,734,414)
<b>Fair value of the investments</b>	<b>42,377,362</b>	<b>89,103,386</b>	<b>42,041,100</b>

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Current investments</b>			
Listed equity securities	382,994	500,360	456,773
Total financial assets at fair value through profit or loss	<b>382,994</b>	<b>500,360</b>	<b>456,773</b>
Cost	7,581,396	7,712,612	7,608,658
Unrealised loss on investments	(7,198,402)	(7,212,252)	(7,151,885)
<b>Fair value of the investments</b>	<b>382,994</b>	<b>500,360</b>	<b>456,773</b>

**6. Loans receivable**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Loans to subsidiaries and related entities (Note 12)	4,470,078	4,703,544	3,926,668
Loans to other related parties (Note 12)	-	255,480	-
<b>Total Loans</b>	<b>4,470,078</b>	<b>4,959,024</b>	<b>3,926,668</b>
Amount due for settlement within 12 months	3,893,376	4,387,832	3,366,167
Amount due for settlement after 12 months	576,702	571,192	560,501

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**6. Loans receivable (continued)**

The fair value of the loans receivable from East Point Metals Limited was judged to be impaired by 50% as at 30 June 2013. As a result, the total amount receivable from East Point Metals Limited was impaired by EUR 1,372,066, with the loans being valued at EUR 1,372,066. The charge for 30 June 2013 was EUR 428,921 (30 June 2012: nil).

The fair value of all other loans receivable is estimated to equal their carrying value as at 30 June 2013.

**7. Borrowings**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
		<b>As restated</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Secured and unsecured borrowing at amortised cost</b>			
Loans from directors	879,581	1,673,416	1,539,814
Loans from shareholders	3,246,763	2,032,278	3,002,056
Loans from other related parties	40,731	-	-
<b>Total borrowings</b>	<b>4,167,075</b>	<b>3,705,694</b>	<b>4,541,870</b>
Amount due for settlement within 1 year	4,126,344	832,715	1,541,870
Amount due for settlement in 1 – 2 years	40,731	2,872,979	3,000,000

The fair value of the loans payable is estimated to equal their carrying value as at 30 June 2013.

**8. Trade and other receivables**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
		<b>As restated</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Trade and other receivables	237,615	186,844	241,146
Dividends receivable	394,374	-	-
Prepayments	51,898	8,717	36,631
	<b>683,887</b>	<b>195,561</b>	<b>277,777</b>

**9. Trade and other payables**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
		<b>As restated</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Trade payables	71,773	38,571	60,297
Other payables and accruals	4,131,425	2,577,993	3,694,180
	<b>4,203,198</b>	<b>2,616,564</b>	<b>3,754,477</b>

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**10. Net Asset Value**

	<b>30-Jun-13</b>	<b>30-Jun-12</b> <b>As Restated</b>	<b>31-Dec-12</b>
	<b>EUR</b> <b>Unaudited</b>	<b>EUR</b> <b>Unaudited</b>	<b>EUR</b> <b>Audited</b>
Net assets (excluding non-controlling interest)	39,318,525	88,883,618	39,331,143
Number of shares	100,000,000	100,000,000	100,000,000
Net Asset Value per share	<u><u>0.3932</u></u>	<u><u>0.8888</u></u>	<u><u>0.3933</u></u>

**11. Earnings per share**

	<b>30-Jun-13</b>	<b>30-Jun-12</b> <b>As Restated</b>	<b>31-Dec-12</b>
	<b>EUR</b> <b>Unaudited</b>	<b>EUR</b> <b>Unaudited</b>	<b>EUR</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	(12,074)	(3,840,617)	(53,392,784)
Earnings for the purposes of basic & diluted EPS	<u><u>(12,074)</u></u>	<u><u>(3,840,617)</u></u>	<u><u>(53,392,784)</u></u>
<b>Number of Shares</b>			
Weighted average number of shares for the purposes of basic & diluted EPS	<u><u>100,000,000</u></u>	<u><u>100,000,000</u></u>	<u><u>100,000,000</u></u>
Net loss attributable to equity holders of the parent	(12,074)	(3,840,617)	(53,392,784)
Basic & diluted EPS	<u><u>(0.0001)</u></u>	<u><u>(0.0384)</u></u>	<u><u>(0.5339)</u></u>



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**12. 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 and New Europe Capital SRL, which were the Investment Manager and one of the Investment Advisers to the Company, respectively. Mr Florescu also has a beneficial interest in New Europe Capital DOO, another Investment Adviser. Total management and advisory fees for the period amounted to EUR 591,715 (30 June 2012: EUR 1,070,566). Total fees outstanding as at 30 June 2013 were EUR 3,757,426 (30 June 2012: EUR 2,208,638).

<b>Investment Management and Advisory fees</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
New Europe Capital Ltd *	124,195	225,229	435,190
New Europe Capital SRL**	314,745	492,460	953,273
New Europe Capital DOO **	152,775	352,877	683,870
	<b>591,715</b>	<b>1,070,566</b>	<b>2,072,333</b>

<b>Outstanding Amounts</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
New Europe Capital Ltd *	560,633	269,511	435,190
New Europe Capital SRL**	1,912,831	1,137,274	1,598,086
New Europe Capital DOO **	1,283,962	801,853	1,132,371
	<b>3,757,426</b>	<b>2,208,638</b>	<b>3,165,647</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 2013 or 2012.

Investment management and advisory fees which are unpaid for over a month attract an interest rate of 10% per annum (30 June 2012: 10%).

<b>Interest charged on outstanding amounts</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
New Europe Capital Ltd *	23,532	12,122	23,955
New Europe Capital SRL**	84,102	41,323	108,352
New Europe Capital DOO**	56,716	24,006	75,333
	<b>164,350</b>	<b>77,451</b>	<b>207,640</b>

\* 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.

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**12. Related-party transactions (continued)**

<b>Loans receivable from related parties</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Loans to subsidiaries and related parties	4,470,078	4,703,544	3,926,668
Loans to other related parties	-	255,480	-
	<b>4,470,078</b>	<b>4,959,024</b>	<b>3,926,668</b>

For details on the loans receivable from related parties, please refer to Note 6.

<b>Trade and other payables to related parties</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Investment management and advisory fees	3,196,793	1,939,127	2,730,457
Interest on investment management and advisory fees	140,818	65,329	183,685
Directors fees	369,342	209,342	279,479
	<b>3,706,953</b>	<b>2,213,798</b>	<b>3,193,621</b>

For details on the trade and other payables to related parties, please refer to Note 9.

<b>Loans payable to related parties</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>31-Dec-12</b>
	<b>EUR</b>	<b>As Restated</b>	<b>EUR</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Loans from directors	879,581	1,673,416	1,539,814
Loans from shareholders	3,246,763	2,032,278	3,002,056
Loans from other related parties	40,731	-	-
	<b>4,167,075</b>	<b>3,705,694</b>	<b>4,541,870</b>

For details on the loans payable to related parties, please refer to Note 7.

**13. Events after the reporting period**

There were no significant events between the end of the reporting period and the date of distribution of these interim accounts.