

RECONSTRUCTION CAPITAL II LIMITED

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements
For the six months ended 30 June 2016

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RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

DIRECTORS AND COMPANY INFORMATION

Domicile and country of incorporation of parent company

Cayman Islands

Legal form

Limited Liability Company

Company number

HL-156549

Directors

Mihai Rădoi

Dirk Van den Broeck

Markus Winkler

Secretary and Registered Office

Appleby Corporate Services (Cayman) Limited

Clifton House

PO Box 1350

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

Adviser

New Europe Capital SRL

21 Tudor Arghezi Street, Floor 6

020946 Bucharest

Romania

Nominated Adviser

Grant Thornton UK LLP

30 Finsbury Square

London, EC2P 2YU

Broker

Panmure Gordon (UK) Limited *(from 1 April 2016)*

One New Change

London, EC4M 9AF

Edmond de Rothschild Securities (UK) Limited *(until 31 March 2016)*

4 Carlton Gardens

London, SW1Y 5AA

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DIRECTORS AND COMPANY INFORMATION (continued)

Administrator and Custodian

Sanne Fiduciary Services Limited
13 Castle Street
St Helier
Jersey
JE4 5UT

Independent Auditor

Grant Thornton Audit SRL
26, Armand Călinescu Street, 2nd Floor
021012, Bucharest
Romania

RECONSTRUCTION CAPITAL II LIMITED
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ADVISER'S REPORT
For the six months ended 30 June 2016

As at 30 June 2016, Reconstruction Capital II Limited ("RC2" or the "Fund") had a total unaudited net asset value ("NAV") of EUR38.7m, or EUR0.4212 per share on an undiluted basis, which represents a 12.7% increase compared to the audited NAV per share at the end of December 2015. The fully diluted NAV per share increased by 9.5% from EUR0.2847 to EUR0.3118 in the corresponding period.

The increase in NAV is primarily due to the growth in the share price of Albalact, which was driven by the announcement of RC2 and the Ciurtin family's agreement to sell their shares in the company to Lactalis, a world-leading French dairy company, subject to a number of conditions precedent, the last of which were fulfilled in July 2016.

As at 30 June 2016, RC2 had cash and cash equivalents of approximately EUR1.1m, borrowings of EUR9.5m, and EUR0.2m of accrued liabilities to its service providers.

Private Equity Programme

The investments held under the Private Equity Programme had a fair value of EUR46.5m as at 30 June 2016, an increase of 4.5% over the period. This was due to a combination of an increase in the market value of the holding in Albalact SA (EUR4.1m), offset by a write down of the investments in Glasro Holdings Limited (EUR2.0m) and Top Factoring SRL (EUR0.1m) to reflect the payment of dividends during the period.

Trading Programme

As at 30 June 2016, RC2's listed equities held under the Trading Programme had a total market value of EUR0.21m, a 22.4% decrease over the first half of 2016, due to the disposal of one of its holdings and a partial disposal of another. All the investments held under the Trading Programme were in Romanian equities.

New Europe Capital SRL

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Notes	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Investment income				
Gain/(loss) on revaluation of investments at fair value through profit or loss		2,042,263	235,864	(148,934)
Gain on disposal of investments		16,737	-	176,627
Interest income		-	49,348	99,583
Dividend income	3	2,101,970	1,700,000	2,404,456
Other income		12,103	-	29,232
Total investment income		4,173,073	1,985,212	2,560,964
Expenses				
Impairment on loan receivables		-	-	(892,639)
Operating expenses	4	(588,931)	(560,946)	(1,058,837)
Total expenses		(588,931)	(560,946)	(1,951,476)
Operating profit		3,584,142	1,424,266	609,488
Financial expenses		(525,698)	(488,132)	(977,294)
Profit/(loss) before taxation		3,058,444	936,134	(367,806)
Income tax expense		(79)	-	(697)
Profit/(loss) from continuing operations		3,058,365	936,134	(368,503)
Loss from discontinued operations		-	-	(43,104)
Profit/(loss) for the period/year		3,058,365	936,134	(411,607)
Other comprehensive income				
Amounts that may be reclassified to profit or loss				
Exchange differences on translating foreign operations		-	28,283	-
Total comprehensive income/(loss) for the period/year		3,058,365	964,417	(411,607)
Profit/(loss) for the period/year attributable to:				
- Equity holders of the parent		3,058,365	936,134	(371,941)
- Non-controlling interest		-	-	(39,666)
		3,058,365	936,134	(411,607)

The notes on pages 10 to 19 form an integral part of these interim unaudited consolidated financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the six months ended 30 June 2016

	Notes	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Total comprehensive income/(loss) attributable to:				
- Equity holders of the parent		3,058,365	938,256	(371,941)
- from continuing operations		3,058,365	938,256	(368,503)
- from discontinued operations		-	-	(3,438)
- Non-controlling interest		-	26,161	(39,666)
- from continuing operations		-	26,161	-
- from discontinued operations		-	-	(39,666)
		3,058,365	964,417	(411,607)
Total comprehensive income/(loss) from:				
- Continuing operations		3,058,365	964,417	(368,503)
- Discontinued operations		-	-	(43,104)
		3,058,365	964,417	(411,607)
Total Earnings Per Share attributable to the equity shareholders of the Company				
	12			
Basic undiluted earnings per share		0.0314	0.0094	(0.0037)
Fully diluted earnings per share		0.0224	0.0086	0.0036
Continuing operations Earnings Per Share attributable to the equity shareholders of the Company				
Basic undiluted earnings per share		0.0314	0.0094	(0.0037)
Fully diluted earnings per share		0.0224	0.0086	0.0036
Discontinued operations Earnings Per Share attributable to the equity shareholders of the Company				
Basic undiluted earnings per share		-	-	(0.00003)
Fully diluted earnings per share		-	-	(0.00002)

The notes on pages 10 to 19 form an integral part of these interim unaudited consolidated financial statements.

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
ASSETS				
Non-current assets				
Property, plant and equipment		-	11,509	-
Financial assets at fair value through profit or loss	5	46,459,213	44,833,347	44,455,046
Loans receivable	6	616,709	1,459,113	616,709
Total non-current assets		47,075,922	46,303,969	45,071,755
Current assets				
Financial assets at fair value through profit or loss	5	208,502	350,013	268,591
Trade and other receivables	7	30,815	299,418	37,462
Cash and cash equivalents		1,077,611	1,097,293	1,083,954
Total current assets		1,316,928	1,746,724	1,390,007
TOTAL ASSETS		48,392,850	48,050,693	46,461,762
LIABILITIES				
Current liabilities				
Trade and other payables	8	210,467	569,710	123,725
Loans and borrowings	9	-	45,331	46,490
Corporation tax payable		-	2,418	-
Total current liabilities		210,467	617,459	170,215
Non-current liabilities				
Convertible loan notes	9	9,459,742	8,446,199	8,934,201
Total non-current liabilities		9,459,742	8,446,199	8,934,201
TOTAL LIABILITIES		9,670,209	9,063,658	9,104,416
NET ASSETS		38,722,641	38,987,035	37,357,346

The notes on pages 10 to 19 form an integral part of these interim unaudited consolidated financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2016

	Notes	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS				
Share capital	10	919,378	1,000,000	1,000,000
Share premium	10	111,742,914	121,900,310	121,900,310
Retained deficit	10	(74,569,096)	(84,822,361)	(86,172,409)
Equity component of convertible loan notes		629,445	629,445	629,445
Foreign exchange reserve		-	(24,123)	-
		38,722,641	38,683,271	37,357,346
Non-controlling interests		-	303,764	-
TOTAL EQUITY		38,722,641	38,987,035	37,357,346
		30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Net Asset Value per share				
Basic undiluted net asset value per share	11	0.4212	0.3868	0.3736
Fully diluted net asset value per share	11	0.3118	0.2898	0.2847

The notes on pages 10 to 19 form an integral part of these interim unaudited consolidated financial statements.

RECONSTRUCTION CAPITAL II LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2016

	Share capital EUR	Share premium EUR	Foreign exchange reserve EUR	Retained (deficit)/ earnings EUR	Equity component of loan notes EUR	Subtotal EUR	Non- controlling interest EUR	Total EUR
Balance at 1 January 2015	1,000,000	121,900,310	(26,245)	(85,758,495)	629,445	37,745,015	277,603	38,022,618
Profit for the period	-	-	-	936,134	-	936,134	-	936,134
Other comprehensive income	-	-	2,122	-	-	2,122	26,161	28,283
Total comprehensive income for the period	-	-	2,122	936,134	-	938,256	26,161	964,417
Balance at 30 June 2015	1,000,000	121,900,310	(24,123)	(84,822,361)	629,445	38,683,271	303,764	38,987,035
Loss for the period	-	-	-	(1,308,075)	-	(1,308,075)	(39,666)	(1,347,741)
Other comprehensive loss	-	-	(2,122)	-	-	(2,122)	(26,161)	(28,283)
Total comprehensive loss for the period	-	-	(2,122)	(1,308,075)	-	(1,310,197)	(65,827)	(1,376,024)
Discontinued operations - share of non- controlling interest	-	-	26,245	(41,973)	-	(15,728)	(237,937)	(253,665)
Transactions with owners	-	-	26,245	(41,973)	-	(15,728)	(237,937)	(253,665)
Balance at 31 December 2015	1,000,000	121,900,310	-	(86,172,409)	629,445	37,357,346	-	37,357,346
Profit for the period	-	-	-	3,058,365	-	3,058,365	-	3,058,365
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,058,365	-	3,058,365	-	3,058,365
Repurchase and cancellation of own shares	(80,622)	(10,157,396)	-	8,544,948	-	(1,693,070)	-	(1,693,070)
Transactions with owners	(80,622)	(10,157,396)	-	8,544,948	-	(1,693,070)	-	(1,693,070)
Balance at 30 June 2016	919,378	111,742,914	-	(74,569,096)	629,445	38,722,641	-	38,722,641

The notes on pages 10 to 19 form an integral part of these interim unaudited consolidated financial statements.

RECONSTRUCTION CAPITAL II LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Cash flows from operating activities			
Profit/(loss) for the period/year	3,058,365	936,134	(411,607)
<i>Adjustments for:</i>			
(Gain)/loss on revaluation of investments at fair value through profit or loss	(2,042,263)	(235,864)	148,934
(Gain)/loss on disposal of investments	(16,737)	-	(176,627)
Loss for the period/year from discontinued operations	-	-	43,104
Impairment on loans receivable	-	-	892,639
Interest income	-	(49,348)	(99,583)
Financial expenses	525,698	488,132	977,294
Dividend income	(2,101,891)	(1,700,000)	(2,403,759)
Net loss on foreign exchange	60	-	5,200
Net cash outflow before changes in working capital	(576,768)	(560,946)	(1,024,405)
Decrease/(increase) in trade and other receivables	7,365	(833)	2,043
Increase/(decrease) in trade and other payables	86,742	(305,878)	(391,140)
Purchase of financial assets	-	(535,000)	(535,000)
Sale of financial assets	114,922	16,204	267,040
Interest income received	-	44	45
Dividends received	2,101,173	1,700,000	2,403,759
Net cash flows from continuing activities	1,733,434	313,591	722,342
Net cash flows from discontinued activities	-	-	20,296
Net cash generated from operating activities	1,733,434	313,591	742,638
Cash flows from financing activities			
Repayment of loan granted by related party	(40,000)	-	-
Interest paid	(6,647)	-	(237,274)
Payments to purchase own shares	(1,693,070)	-	-
Net cash flow used by financing activities	(1,739,717)	-	(237,274)
Net (decrease)/increase in cash and cash equivalents before currency adjustment	(6,283)	313,591	505,364
Effects of exchange rate differences on cash and cash equivalents	(60)	15,096	(67,877)
Net (decrease)/increase in cash and cash equivalents after currency adjustment	(6,343)	328,687	437,487
Cash and cash equivalents at the beginning of the period/year	1,083,954	768,606	768,606
Cash and cash equivalents included in discontinued operations	-	-	(122,139)
Cash and cash equivalents at the end of the period/year	1,077,611	1,097,293	1,083,954

The notes on pages 10 to 19 form an integral part of these interim unaudited consolidated financial statements.

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS
For the six months ended 30 June 2016

1. Establishment

Reconstruction Capital II Limited (the "Company") was incorporated on 17 October 2005 in the Cayman Islands as a tax exempt 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 listed on AIM on 23 December 2005 and started trading on 27 January 2006. These financial statements show the results of the Company and its subsidiaries for the year from 1 January 2015 to 31 December 2015 and the unaudited results of the Company and its subsidiaries (together, the "Group") for the period from 1 January 2016 to 30 June 2016, as well as comparatives for the period from 1 January 2015 to 30 June 2015.

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, Serbia and Bulgaria (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, Serbian and Bulgarian entities (the Trading Programme).

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 are permitted in certain circumstances pending their realisation and, following each realisation, all proceeds will be returned to the Shareholders after paying outstanding liabilities and setting aside a sufficient amount for working capital purposes.

2. Principal accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), adopted for use in the European Union in accordance with Art. 3 of the IAS Regulation (EC) No. 1606/2002. 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 basis.

Following the annual general meeting of the Company on 29 October 2014, the life of the Company was extended for at least two years. A further extension will be discussed at the annual general meeting in 2016.

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

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Group's accounting policies.

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2016

2. Principal accounting policies (continued)

2.1 Basis of preparation (continued)

The financial information for the six months ended 30 June 2016 and the six months ended 30 June 2015 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 2015 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 IFRS, as issued by the International Accounting Standards Board ("IASB"), using accounting policies that are expected to be applied during the financial year ended 31 December 2016.

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

3. Dividend income

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Glasro Holdings Limited	2,000,000	1,700,000	1,700,000
Top Factoring SRL	101,171	-	-
S.C. Comelf SA	799	-	6,978
S.C. Albalact SA	-	-	697,478
	<u>2,101,970</u>	<u>1,700,000</u>	<u>2,404,456</u>

4. Operating expenses

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Advisory fees	388,039	392,026	753,965
Legal and professional fees	80,259	64,314	118,153
Administration and custodian fees	39,705	40,720	81,342
Directors' fees	32,411	35,384	25,844
Audit fees	11,938	11,901	23,712
Insurance premium	4,112	4,563	9,125
Bank charges	2,798	2,059	4,283
Other expenses	29,669	9,979	42,413
	<u>588,931</u>	<u>560,946</u>	<u>1,058,837</u>

RECONSTRUCTION CAPITAL II LIMITED
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NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2016

5. Financial assets at fair value through profit or loss

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Non-current investments			
Unlisted equity securities	30,040,279	34,151,310	32,141,451
Listed equity securities	16,418,934	10,682,037	12,313,595
	<u>46,459,213</u>	<u>44,833,347</u>	<u>44,455,046</u>
Cost	61,506,297	92,775,514	61,506,297
Unrealised loss on investments	(15,047,084)	(47,942,167)	(17,051,251)
Fair value of non-current investments	<u>46,459,213</u>	<u>44,833,347</u>	<u>44,455,046</u>
Current investments			
Listed equity securities	208,502	350,013	268,591
Cost	4,839,137	7,228,194	5,846,167
Unrealised loss on investments	(4,630,635)	(6,878,181)	(5,577,576)
Fair value of current investments	<u>208,502</u>	<u>350,013</u>	<u>268,591</u>

6. Loans receivable

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Loans to unconsolidated subsidiaries and related entities	616,709	1,459,113	616,709
Amounts due for settlement after 12 months	<u>616,709</u>	<u>1,459,113</u>	<u>616,709</u>

The fair value of loans receivable is estimated to equal their carrying value as at 30 June 2016.

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2016

7. Trade and other receivables

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Trade and other receivables	20,374	259,080	29,232
Prepayments	10,441	40,338	8,230
	<u>30,815</u>	<u>299,418</u>	<u>37,462</u>

All trade and other receivables are classed as loans and receivables and their carrying value approximates fair value.

8. Trade and other payables

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Trade payables	11,750	14,230	19,358
Other payables and accruals	198,717	555,480	104,367
	<u>210,467</u>	<u>569,710</u>	<u>123,725</u>

All trade and other payables are classed as financial liabilities measured at amortised cost under IAS 39. Their carrying values approximate their fair values.

RECONSTRUCTION CAPITAL II LIMITED
Interim Unaudited Consolidated Financial Statements

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2016

9. Loans and borrowings

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Secured and unsecured borrowing at amortised cost			
Convertible loan notes	9,459,742	8,446,199	8,934,201
Loans from other related parties	-	45,331	46,490
	<u>9,459,742</u>	<u>8,491,530</u>	<u>8,980,691</u>
Amounts due for settlement within 12 months	-	45,331	46,490
Amounts due for settlement after 12 months	9,459,742	8,446,199	8,937,201
	<u>9,459,742</u>	<u>8,491,530</u>	<u>8,983,691</u>

The fair value of loans and borrowings was estimated to equal their carrying value as at 30 June 2016.

10. Transactions with owners

On 3 May 2016, the Company purchased 8,062,233 of its own shares for a consideration of EUR1,693,070. The shares were subsequently cancelled.

11. Net Asset Value (excluding non-controlling interest)

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Net assets (excluding non-controlling interest)	38,722,641	38,683,271	37,357,346
Number of shares (undiluted)	91,937,767	100,000,000	100,000,000
Net asset value per share (undiluted)	<u>0.4212</u>	<u>0.3868</u>	<u>0.3736</u>

RECONSTRUCTION CAPITAL II LIMITED
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NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2016

11. Net Asset Value (excluding non-controlling interest) (continued)

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Net assets (excluding non-controlling interest)	38,722,641	38,683,271	37,357,346
Adjustments for:			
Convertible loan notes	7,820,554	7,820,554	7,820,554
Convertible loan notes accrued interest	1,639,188	625,645	1,113,647
Net assets (adjusted)	<u>48,182,383</u>	<u>47,129,470</u>	<u>46,291,547</u>
Number of shares (fully diluted)	<u>154,552,267</u>	<u>162,614,500</u>	<u>162,614,500</u>
Net asset value per share (fully diluted)	<u>0.3118</u>	<u>0.2898</u>	<u>0.2847</u>

12. Earnings per share

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Earnings			
Earnings for the purposes of basic earnings per share, being net profit attributable to equity owners of the Company	<u>3,058,365</u>	<u>938,256</u>	<u>(371,941)</u>
Number of shares			
Weighted average number of shares for the purposes of basic undiluted earnings per share	<u>97,312,589</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic undiluted earnings per share	<u><u>0.0314</u></u>	<u><u>0.0094</u></u>	<u><u>(0.0037)</u></u>

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NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2016

12. Earnings per share (continued)

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Earnings			
Earnings for the purposes of diluted earnings per share, being net profit attributable to equity owners of the Company after adjusting for effective interest	3,583,906	1,407,489	585,295
	3,583,906	1,407,489	585,295
Number of shares			
Weighted average number of shares based on full conversion of loan notes with a value of EUR8,450,000 at a rate of 7.41 new ordinary shares for EUR1 of convertible loan note principal	62,614,500	62,614,500	62,614,500
Weighted average number of shares for the purposes of fully diluted earnings per share	159,927,089	162,614,500	162,614,500
	159,927,089	162,614,500	162,614,500
Fully diluted earnings per share	0.0224	0.0087	0.0036
	0.0224	0.0087	0.0036

13. 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.

a. Advisory fees

New Europe Capital SRL is the Adviser to the Group. Total advisory fees for the period amounted to EUR388,039 (30 June 2015: EUR392,026). Total fees outstanding as at 30 June 2016 were EUR125,183 (30 June 2015: EUR71,703).

The advisory fees are accrued and are payable monthly in arrears. There were no performance fees paid or payable in respect of the period (2015: nil).

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13. Related party transactions (continued)

a. Advisory fees (continued)

Advisory fees which are unpaid for over a month attract an interest of 10% (2015: 10%) on the entire balance. The table below shows the interest charged on outstanding advisory fees. From 1 January 2015, advisory fees are paid solely to New Europe Capital SRL. The interest charged by New Europe Capital Limited and New Europe Capital DOO is in respect of outstanding invoices up to 31 December 2014.

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Interest charged on outstanding amounts			
New Europe Capital Limited *	-	256	256
New Europe Capital SRL **	-	3,267	3,267
New Europe Capital DOO **	-	14,235	14,235
	<u>-</u>	<u>17,758</u>	<u>17,758</u>

* New Europe Capital Limited is a former subsidiary of the Company, therefore these amounts were eliminated on consolidation in prior periods.

** New Europe Capital SRL and New Europe Capital DOO were related to the Company through the common beneficial interest of a former Director.

b. Directors' fees

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Howard I. Golden <i>(resigned 15 February 2015)</i>	-	3,781	3,781
Markus Winkler	9,973	9,918	20,000
Dirk Van den Broeck	12,465	11,767	24,370
Mihai Rădoi	9,973	9,918	20,000
Waiver of fees	-	-	(42,307)
	<u>32,411</u>	<u>35,384</u>	<u>25,844</u>

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13. Related party transactions (continued)

c. Loans receivable from related parties

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Loans to subsidiaries and related entities	616,709	1,459,113	616,709

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

d. Trade and other payables to related parties

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Advisory fees	125,183	71,703	61,671
Interest on outstanding advisory fees	-	228,531	-
Directors' fees and expenses	32,411	75,549	6,960
	<u>157,594</u>	<u>375,783</u>	<u>68,631</u>

For details on trade and other payables to related parties, please refer to note 8.

e. Loans payable to related parties

	30 June 2016 EUR Unaudited	30 June 2015 EUR Unaudited	31 December 2015 EUR Audited
Loans from subsidiaries	-	45,331	46,490

For details on loans payable to related parties, please refer to note 9.

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14. Events after the reporting period

On 7 July 2016, Lactalis, a world leading dairy manufacturing company, announced that it had fulfilled the conditions precedent for its acquisition of the Group's 25.4% stake in Albalact SA, a Romanian dairy company. Subsequently, on 28 July 2016 the Romanian Financial Supervisory Authority gave its approval to the Preliminary Announcement for Lactalis' voluntary takeover bid. The Preliminary Announcement specified the price of the takeover offer at RON0.5252 per share. This valued the Group's holding at EUR19.52 million, based on the prevailing rate of exchange on 28 July 2016, which represents a premium of 15.9%, or EUR3.10 million, to the 30 June 2016 valuation of this investment.