

**RECONSTRUCTION CAPITAL II LIMITED**  
**INTERIM UNAUDITED FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2022**

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**For the six months ended 30 June 2022**

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**DIRECTORS AND COMPANY INFORMATION**

**Domicile and country of incorporation**

Cayman Islands

**Legal form**

Limited Liability Company

**Company number**

HL-156549

**Non-executive Directors**

Zoran Melovski

Paolo Bassetti

Martin Derbyshire

**Secretary and Registered Office**

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

**Adviser**

New Europe Capital SRL

24 Thomas Masaryk Street, 1st Floor

Sector 2, Bucharest

Romania

**Nominated Adviser**

Grant Thornton UK LLP

30 Finsbury Square

London, EC2A 1AG

**Broker**

finnCap Ltd

1 Bartholomew Close

London, EC1A 7BL

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**DIRECTORS AND COMPANY INFORMATION (continued)**

**Administrator and Custodian**

Sanne Fiduciary Services Limited  
IFC 5  
St Helier  
Jersey  
JE1 1ST

**Independent Auditor**

Grant Thornton (Cyprus) Ltd  
41-49, Agiou Nicolaou St.  
Nimeli Court  
Block C  
Egkomi 2408  
PO Box 23907  
1687 Nicosia  
Cyprus

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**ADVISER'S REPORT**  
**For the six months ended 30 June 2022**

On 30 June 2022, Reconstruction Capital II Limited ("RC2") had a total unaudited net asset value ("NAV") of €26.5m or €0.1955 per share, which represents a 0.83% fall since the beginning of the year.

Whilst Romania and Bulgaria continued to achieve strong year-on-year GDP growth of 6.4% and 4.0%, respectively, during the first quarter of 2022, the outbreak of war in neighbouring Ukraine at the end of February generated supply chain disruptions and exacerbated food and energy price increases. Consequently, inflationary pressures intensified in both countries, eroding the purchasing power of consumers, and adding additional pressure on companies' profitability margins as the prices of raw materials and utilities experienced sharp increases. At the end of June, the annual inflation rate reached 15.1% in Romania, and 16.9% in Bulgaria.

The Policolor Group generated operating revenues of € 45.2m over the first semester, slightly above budget and 8.8% above the € 41.5m achieved during the same period last year. Coatings sales of € 25.3m were 4.2% above the same period last year, but 8.0% below budget, mainly due to weak market demand due to cost-of-living pressures on consumers. Sales of anhydrides reached € 6.0m, below the budgeted € 6.7m, whilst resins sales of € 16.9m were 29.2% above last year, and 20.0% above budget, driven by high market prices for resins and strong demand from customers. Driven mainly by the coatings business' gross margin underperforming the budget due to difficulties in passing on raw material price increases to customers, the Group's recurring six-month EBITDA came in at € 1.8m, significantly below both last year's result and the budget target of € 3.1m.

Mamaia Resort Hotels reported excellent results for the first semester of 2022, significantly overperforming both its budget and last year's performance. Operating revenues came in at € 1.7m, 112.7% above budget and 55.3% higher year-on-year, driven by a better occupancy rate due to the Hotel securing some long-term group occupancy contracts which started in the off-season months. The six-month EBITDA of € 0.3m compares to a budgeted EBITDA loss of € -0.3m, mainly due to the higher revenues.

Telecredit continued its strong growth during the second quarter, having deployed € 11.1m in financing products to small and medium-sized enterprises over the first semester, 16.1% above budget and 70.7% higher year-on-year. The company generated an Operating Profit before Depreciation and Interest Expense of € 383,000 over the period, 38.3% above budget and 176.0% above the result achieved during the same period of 2021.

At the end of June, RC2 and RC2 (Cyprus) Ltd had cash and cash equivalents of € 0.22m, receivables of € 0.05m, and short-term liabilities of € 0.09m.

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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2022**

	Notes	30 June 2022 EUR Unaudited	30 June 2021 EUR Unaudited	31 December 2021 EUR Audited
<b>Investment Income</b>				
Fair value (loss)/gain on financial assets at fair value through profit or loss		(102,597)	(2,100,354)	2,774,875
Interest income		257,916	2,112,394	3,197,478
<b>Net investment income</b>		<b>155,319</b>	<b>12,040</b>	<b>5,972,353</b>
<b>Expenses</b>				
Operating expenses	3	(394,892)	(341,741)	(725,459)
Net financial (expense)/income	4	(35)	3	(11,595)
<b>Total expenses</b>		<b>(394,927)</b>	<b>(341,738)</b>	<b>(737,054)</b>
<b>(Loss)/profit for the period/year</b>		<b>(239,608)</b>	<b>(329,698)</b>	<b>5,235,299</b>
Other comprehensive income		-	-	-
<b>Total comprehensive (loss)/profit for the period/year attributable to owners</b>		<b>(239,608)</b>	<b>(329,698)</b>	<b>5,235,299</b>
<b>Earnings Per Share</b>				
Basic and diluted earnings per share	12	(0.0018)	(0.0024)	0.0385

*The notes on pages 9 to 18 form an integral part of these interim unaudited financial statements.*

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**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2022**

	Notes	30 June 2022 EUR Unaudited	30 June 2021 EUR Unaudited	31 December 2021 EUR Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss	7	26,557,140	21,231,506	26,971,821
<b>Total non-current assets</b>		<b>26,557,140</b>	<b>21,231,506</b>	<b>26,971,821</b>
<b>Current assets</b>				
Trade and other receivables	8	19,172	17,123	6,027
Cash and cash equivalents		46,438	37,502	11,301
<b>Total current assets</b>		<b>65,610</b>	<b>54,625</b>	<b>17,328</b>
<b>TOTAL ASSETS</b>		<b>26,622,750</b>	<b>21,286,131</b>	<b>26,989,149</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	9	91,174	67,664	205,685
<b>TOTAL LIABILITIES</b>		<b>91,174</b>	<b>67,664</b>	<b>205,685</b>
<b>NET ASSETS</b>		<b>26,531,576</b>	<b>21,218,467</b>	<b>26,783,464</b>
<b>EQUITY AND RESERVES</b>				
Share capital		1,357,034	1,358,569	1,358,569
Share premium		109,196,034	109,206,779	109,206,779
Accumulated deficit		(84,021,492)	(89,346,881)	(83,781,884)
<b>TOTAL EQUITY</b>		<b>26,531,576</b>	<b>21,218,467</b>	<b>26,783,464</b>

*The notes on pages 9 to 18 form an integral part of these interim unaudited financial statements.*

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**STATEMENT OF FINANCIAL POSITION (continued)**  
**As at 30 June 2022**

	<b>Notes</b>	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
<b>Net Asset Value per share</b>				
Basic and diluted net asset value per share	<b>11</b>	0.1955	0.1562	0.1971

*The notes on pages 9 to 18 form an integral part of these interim unaudited financial statements.*



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**STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2022**

	Share capital EUR	Share premium EUR	Accumulated losses EUR	Total EUR
<b>Balance at 1 January 2021</b>	1,358,569	109,206,779	(89,017,183)	<b>21,548,165</b>
Loss for the period	-	-	(329,698)	<b>(329,698)</b>
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(329,698)	<b>(329,698)</b>
<b>Balance at 30 June 2021</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(89,346,881)</b>	<b>21,218,467</b>
Profit for the period	-	-	5,564,997	<b>5,564,997</b>
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	5,564,997	<b>5,564,997</b>
<b>Balance at 31 December 2021</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(83,781,884)</b>	<b>26,783,464</b>
Loss for the period	-	-	(239,608)	<b>(239,608)</b>
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(239,608)	<b>(239,608)</b>
Repurchase and cancellation of own shares	(1,535)	(10,745)	-	<b>(12,280)</b>
Transactions with owners	(1,535)	(10,745)	-	<b>(12,280)</b>
<b>Balance at 30 June 2022</b>	<b>1,357,034</b>	<b>109,196,034</b>	<b>(84,021,492)</b>	<b>26,531,576</b>

*The notes on pages 9 to 18 form an integral part of these interim unaudited financial statements.*

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**CASH FLOW STATEMENT**  
**For the six months ended 30 June 2022**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit for the period/year	(239,608)	(329,698)	5,235,299
<i>Adjustments for:</i>			
Fair value loss/(gain) on financial assets at fair value through profit or loss	102,597	2,100,354	(2,774,875)
Interest income	(257,916)	(2,112,394)	(3,197,478)
Financial expenses	-	11,035	11,035
Net loss/(gain) on foreign exchange	35	(3)	(44)
<b>Net cash outflow before changes in working capital</b>	<b>(394,892)</b>	<b>(330,706)</b>	<b>(726,063)</b>
(Increase)/decrease in trade and other receivables	(13,145)	(3,523)	7,573
(Decrease)/increase in trade and other payables	(114,511)	(24,118)	113,902
Repayments of financial assets	570,000	780,085	1,210,085
Purchase of financial assets	-	-	(210,000)
<b>Net cash provided by operating activities</b>	<b>47,452</b>	<b>421,738</b>	<b>395,497</b>
<b>Cash flows from financing activities</b>			
Payments to purchase own shares	(12,280)	-	-
Proceeds from borrowings	-	250,000	250,000
Repayment of loans from related party	-	(650,000)	(650,000)
Interest paid	-	(17,312)	(17,313)
<b>Net cash flow used in financing activities</b>	<b>(12,280)</b>	<b>(417,312)</b>	<b>(417,313)</b>
<b>Net increase/(decrease) in cash and cash equivalents before currency adjustment</b>	<b>35,172</b>	<b>4,426</b>	<b>(21,816)</b>
Effects of exchange rate differences on cash and cash equivalents	(35)	3	44
<b>Net increase/(decrease) in cash and cash equivalents after currency adjustment</b>	<b>35,137</b>	<b>4,429</b>	<b>(21,772)</b>
Cash and cash equivalents at the beginning of the period/year	11,301	33,073	33,073
<b>Cash and cash equivalents at the end of the period/year</b>	<b>46,438</b>	<b>37,502</b>	<b>11,301</b>

*The notes on pages 9 to 18 form an integral part of these interim unaudited financial statements.*

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2022**

**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 admitted to trading on the Alternative Investment Market ("**AIM**") of the London Stock Exchange on 23 December 2005 and started trading on 27 January 2006. These financial statements show the results of the Company for the period from 1 January 2022 to 30 June 2022.

Following a general shareholder meeting on 21 February 2018, the investment objective of the Company was changed so that it now aims to achieve capital appreciation and/or to generate investment income returns through the acquisition of real estate assets in Romania, including the development of such assets, and/or the acquisition of significant or controlling stakes in companies established in, or operating predominantly in Romania, primarily in the real estate sector. Any new private equity investments in companies operating in sectors other than real estate would be limited to 25% of the Company's total assets at the time of effecting the investment. However, the Company may continue to make follow-on investments in existing portfolio companies without any such limitation.

Following the annual general meeting of the Company on 22 December 2016, the life of the Company was extended for two years until the end of 2018. At the general shareholder meeting on 21 February 2018, it was decided that the life of the Company would be further extended until the end of 2023 when the next continuation vote would be held.

**2. Principal accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The 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. These financial statements do not constitute statutory financial statements.

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 for the preparation of the financial statements.

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2022**

**2. Principal accounting policies (continued)**

**2.1 Basis of preparation (continued)**

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 Company's accounting policies.

The financial information for the six months ended 30 June 2022 and the six months ended 30 June 2021 is unaudited and does not constitute the Company's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2021 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 2022.

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

**3. Operating expenses**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Advisory fees (see note 13.1)	298,465	241,192	514,614
Legal and professional fees, including transaction fees	43,272	35,683	105,531
Administration and custodian fees	30,355	29,969	59,299
Directors' fees (see note 13.1)	10,000	12,000	21,125
Audit fees	12,075	11,500	24,150
Bank charges	725	362	740
Loan interest expense	-	11,035	-
	<u>394,892</u>	<u>341,741</u>	<u>725,459</u>

**Advisory fees**

New Europe Capital SRL, the Adviser, received an advisory fee equivalent to 2.25% per annum of the average monthly net asset value of the Company, which was accrued and invoiced on a monthly basis for advisory services provided.

The Company reimburses the Adviser in respect of its out-of-pocket expenses (including reasonable travel expenses) incurred in connection with the performance of its duties.

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**For the six months ended 30 June 2022**

**3. Operating expenses (continued)**

**Performance fees**

The Adviser is also entitled to a performance fee of 20% of any increase in the Net Asset Value in excess of the Base Net Asset Value (adjusted to reflect any dividends or share buy backs, but before the deduction of any accrued management fee and performance fee). The performance fee shall accrue quarterly and be payable annually in arrears (pro rata for partial periods) within three months after the end of each calendar year.

The Base Net Asset Value is the greater of the Net Asset Value at the time of issue of the Shares and the highest Net Asset Value based on which a performance fee is paid in any prior calendar year ("Prior High Net Asset Value") plus an additional annually compounding hurdle rate of 8 per cent. The total performance fee for the period was EURnil (30 June 2021: EURnil).

**Administrator and custodian fees**

The current administrator and custodian, Sanne Fiduciary Services Limited, receives a variable monthly fee based on the Company's Net Asset Value ("NAV"), payable quarterly in arrears. An amount of EUR14,758 was outstanding at period end (30 June 2021: EUR15,933).

**4. Net financial expense**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Net (loss)/gain on foreign exchange	(35)	3	(560)
Finance costs	-	-	(11,035)
	<u>(35)</u>	<u>3</u>	<u>(11,595)</u>

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**5. Subsidiaries**

The Company has the following subsidiaries:

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2022	30 June 2021	31 December 2021
<b>Holding company: Reconstruction Capital II Limited</b>					
RC2 (Cyprus) Limited	Investment holding	Cyprus	100%	100%	100%
Glasro Holdings Limited	Investment holding	Cyprus	100%	100%	100%
<b>Holding company: RC2 (Cyprus) Limited</b>					
Mamaia Resort Hotels S.R.L.	Hotel operation	Romania	63%	63%	63%
<b>Holding company: Glasro Holdings Limited</b>					
Telecredit IFN S.A.	Factoring services	Romania	85%	85%	85%

**6. Associates**

The Company has the following associates:

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2022	30 June 2021	31 December 2021
<b>Holding company: Reconstruction Capital II Limited</b>					
Reconstruction Capital Plc	Investment holding	Isle of Man	23%	23%	23%
The Romanian Investment Fund Limited	Investment holding	Cayman	27%*	27%*	27%*

\* The Company's proportion of ownership interest in The Romanian Investment Fund Limited comprises direct and indirect holdings of 11.3% and 16.11%, respectively, as at 30 June 2022 (30 June 2021: 11.3% and 16.11%, respectively).

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**6. Associates (continued)**

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2022	30 June 2021	31 December 2021
<b>Holding company:</b>					
<b>RC2 (Cyprus) Limited</b>					
Policolor S.A.	Paint and varnish manufacture	Romania	40%	40%	40%

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

	30 June 2022	30 June 2021	31 December 2021
	EUR	EUR	EUR
	Unaudited	Unaudited	Audited
<b>Non-current investments</b>			
Investment in subsidiaries	2,010,572	787,740	2,010,572
Investment in associates	3,263,959	2,229,468	3,263,959
Loan receivable	21,282,609	18,214,298	21,697,290
	26,557,140	21,231,506	26,971,821
	26,557,140	21,231,506	26,971,821

**7.1 Investment in subsidiaries**

	30 June 2022	30 June 2021	31 December 2021
	EUR	EUR	EUR
	Unaudited	Unaudited	Audited
Cost	76,653,660	76,653,660	76,653,660
Net unrealised loss on investments	(74,643,088)	(75,865,920)	(74,643,088)
<b>Fair value of non-current investments</b>	2,010,572	787,740	2,010,572
	2,010,572	787,740	2,010,572

Included in investments in subsidiaries is an equity investment in RC2 (Cyprus) Limited, a wholly-owned subsidiary of the Company, with a fair value of EUR nil at the period end (30 June 2021: EUR nil).

Also included is an equity investment in the wholly owned subsidiary Glasro Holdings Ltd which was valued at EUR 2,010,572 at 30 June 2022 (30 June 2021: EUR 787,740).

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**7. Financial assets at fair value through profit or loss (continued)**

**7.2 Investment in associates**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Cost	3,566,648	3,566,648	3,566,648
Net unrealised loss on investments	(302,689)	(1,337,180)	(302,689)
<b>Fair value of non-current investments</b>	<b>3,263,959</b>	<b>2,229,468</b>	<b>3,263,959</b>

Included in the investments in associates are investments in Reconstruction Capital Plc and The Romanian Investment Fund Limited with fair values of EUR 1,544,540 and EUR 1,719,419 respectively, at period end (30 June 2021: EUR 972,485 and EUR 1,256,983), respectively.

**7.3 Loan receivable at fair value through profit or loss**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Loan to unconsolidated subsidiary	21,282,609	18,214,298	21,697,290

Included in the balance of loan to unconsolidated subsidiary is a loan to RC2 (Cyprus) Limited, which is designated at fair value through profit or loss and which bears interest of 1% per annum on the outstanding principal. The loan was repayable on demand. However on 19 April 2018, and effective from 31 December 2017, the Company signed an addendum to the loan agreement with RC2 (Cyprus) Ltd, whereby the Company will not impose the repayment of the outstanding amount or part of the outstanding amount until 31 December 2023. The Company has also committed to provide financial support to RC2 (Cyprus) Limited.

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
<b>Changes in loan receivable</b>			
Opening balance	21,697,290	18,982,343	18,982,343
Loan addition	-	-	210,000
Loan repayments	(570,000)	(780,085)	(1,210,085)
Interest income	257,916	2,112,394	3,197,478
Fair value (loss)/gain on loan receivable	(102,597)	(2,100,354)	517,554
	<b>21,282,609</b>	<b>18,214,298</b>	<b>21,697,290</b>



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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**7. Financial assets at fair value through profit or loss (continued)**

**7.3 Loan receivable at fair value through profit or loss (continued)**

The valuation of the loan is based on the adjusted net asset value of RC2 (Cyprus) Limited which is available to repay the loan principal and interest payable to the Company. The value of the loan receivable decreased by EUR 414,681 during the period (30 June 2021: EUR 768,045). The decrease is a result of the accrued interest income of EUR 257,916 (30 June 2021: EUR 2,112,394) being offset by the fair value loss on the receivable and loan repayments of EUR 102,597 (30 June 2021: loss of EUR 2,100,354) and EUR 570,000 (30 June 2021: EUR 780,085), respectively.

**8. Trade and other receivables**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Other receivables and prepayments	19,172	17,123	6,027
	19,172	17,123	6,027
	19,172	17,123	6,027

**9. Trade and other payables**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Advisory fees (see note 13.1)	49,997	40,231	153,067
Directors' fees and expenses (see note 13.1)	10,000	-	-
Auditor's fees	12,075	11,500	24,150
Administration fees	14,758	15,933	15,955
Valuation fees	4,344	-	8,687
Professional fees	-	-	3,826
	91,174	67,664	205,685
	91,174	67,664	205,685

**10. Transaction with owners**

The Company entered into the following transaction for the purchase of its Ordinary Shares of EUR 0.01 each:

On 10 May 2022, the Company purchased for cancellation 153,500 of its Ordinary Shares of EUR 0.01 each at a price of EUR 0.08 per share.

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**11. Net Asset Value**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Net assets	26,531,576	21,218,467	26,783,464
Closing number of shares	135,703,413	135,856,913	135,856,913
Basic and diluted net asset value per share	0.1955	0.1562	0.1971

There are no potentially dilutive instruments.

**12. Earnings per share**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
<b>Earnings</b>			
Earnings for the purposes of basic earnings per share, being net (loss)/profit attributable to ordinary shareholders of the Company	(239,608)	(329,698)	5,235,299
<b>Weighted average number of shares</b>	135,831,330	135,856,913	135,856,913
<b>Basic and diluted earnings per share</b>	<b>(0.0018)</b>	<b>(0.0024)</b>	<b>0.0385</b>

There are no potentially dilutive instruments.

**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.

**13.1 Key management compensation**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Advisory fees	298,465	241,192	514,614
Directors' fees	10,000	12,000	21,125
	308,465	253,192	535,739

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**13.1 Key management compensation (continued)**

**a. Advisory fees (note 3)**

New Europe Capital SRL is the Adviser to the Company during the period. The advisory fees are accrued and are payable monthly in arrears. Total advisory fees for the period amounted to EUR 298,465 (30 June 2021: EUR 241,192). Total fees outstanding as at 30 June 2022 were EUR 49,997 (30 June 2021: EUR 40,231).

There were no performance fees paid or payable in respect of 2022 (2021: nil).

Advisory fees which are unpaid for over a month attract an interest of 10% (30 June 2021: 10%) on the entire balance. No interest has been charged during the period to 30 June 2022 (30 June 2021: EUR nil).

**b. Directors' fees (note 3)**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Paolo Bassetti	5,000	5,000	10,000
Martin Derbyshire	5,000	-	3,098
Mihai Radoi	-	7,000	8,027
	<u>10,000</u>	<u>12,000</u>	<u>21,125</u>

Zoran Melovski, who is not shown in the table above, has not received a fee in the current or prior period, nor in the prior year, and is thus excluded from the table.

**13.2 Trade and other payables to key management (note 9)**

	<b>30 June 2022 EUR Unaudited</b>	<b>30 June 2021 EUR Unaudited</b>	<b>31 December 2021 EUR Audited</b>
Advisory fees	49,997	40,231	153,067
Directors' fees and expenses	10,000	-	-
	<u>59,997</u>	<u>40,231</u>	<u>153,067</u>

**13.3 Loan to unconsolidated subsidiary**

The details of the loan to RC2 (Cyprus) Limited are disclosed in note 7.

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**13.4 Loan to and from related party**

On 11 May 2021, the following parties entered into agreements to provide a total of EUR1.26m in unsecured loans to Telecredit IFN S.A ("Telecredit"): Portadrix Investments Limited (a company wholly beneficially-owned by Ion Florescu, a significant shareholder in the Company) EUR960,000; Mihai Radoi (a director of the company until 27 July 2021) EUR140,000; and Cornelia Oancea (CEO of New Europe Capital SRL, Adviser to the Company, and a director of Telecredit) EUR200,000 (the "May 2021 Loans"). The May 2021 loans matured in May 2022 and carried an annual interest rate of 9.75% in addition to a 0.25% arrangement fee.

On 18 October 2021, the following parties entered into agreements to provide a total of EUR200,000 in unsecured loans to Telecredit IFN S.A ("Telecredit"): Ion Florescu (a significant shareholder in the Company) EUR120,000, and Mihai Radoi (a former director of the Company) EUR80,000 (the "October Loans"). The October Loans mature in October 2022 and carry an annual interest rate of 8%.

On 16 November 2021, the following parties entered into agreements to provide a total of EUR200,000 in unsecured loans to Telecredit IFN S.A ("Telecredit"): Ion Florescu (a significant shareholder in the Company) EUR100,000, and Cornelia Oancea (CEO of New Europe Capital SRL, Adviser to the Company) EUR100,000 (the "November Loans"). The November Loans mature in November 2022 and carry an annual interest rate of 8%.

On 22 December 2021, Ion Florescu (a significant shareholder in the Company) entered into an agreement to provide a total of EUR250,000 in unsecured loans to Telecredit IFN S.A ("Telecredit") (the "December Loan"). The December Loan matures in December 2022 and carry an annual interest rate of 8%.

On 10 May 2022, Ion Florescu (a significant shareholder in the Company) entered into an agreement to provide a total of EUR 960,000 in unsecured loans to Telecredit IFN S.A ("Telecredit"), replacing the loan previously provided by Portadrix Investments Limited, a company wholly-beneficially owned by him. Additionally, Cornelia Oancea (CEO of New Europe Capital SRL, Adviser to the Company, and a director of Telecredit) agreed to extend the loan of EUR 200,000 originally made in May 2021 for a further 12 months (the "May 2022 Loans"). The May 2022 Loans have a maturity date of 10 May 2023 and carry an annual interest rate of 9%.

**14. Events after the reporting date**

There have been no material events after the reporting date.