

RECONSTRUCTION CAPITAL II LIMITED

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period 1 January 2010 to 30 June 2010

RECONSTRUCTION CAPITAL II LIMITED

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

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RECONSTRUCTION CAPITAL II LIMITED

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

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.
Markus Winkler
Dirk Van den Broeck

Secretary and registered office

Appleby Spurling Hunter
Clifton House
75 Fort Street
PO Box 190 GT

Investment Manager

New Europe Capital Ltd
33 Marloes Road
London W8 6LG

Investment Advisers

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21 Tudor Arghezi Str., Floor 6, Sector 2
Bucharest 020 946

New Europe Capital DOO

Francuska 5/12
11000 Beograd

Nominated Adviser

Grant Thornton Corporate Finance
30 Finsbury Square
London, EC2P 2YU

Broker

LCF Edmund de Rothschild Securities Ltd
Orion House,
5 Upper St.Martin's Lane,
London WC2H 9EA

Administrator

Euro-VL (Ireland) Limited
3rd Floor, IFSC House, IFSC
Dublin-1, Ireland

RECONSTRUCTION CAPITAL II LIMITED

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

Custodian

Societe Generale
3rd Floor, IFSC House, IFSC
Dublin-1, Ireland

Company number

HL-156549

Independent Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

RECONSTRUCTION CAPITAL II LIMITED

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

INVESTMENT MANAGER AND INVESTMENT ADVISORS REPORT

Dear Shareholders,

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

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

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

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

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

Yours truly,

New Europe Capital SRL

New Europe Capital DOO

New Europe Capital Limited

RECONSTRUCTION CAPITAL II LIMITED

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INDEPENDENT REVIEW REPORT TO RECONSTRUCTION CAPITAL II LIMITED

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for the preparation of the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP

Chartered Accountants and Registered Auditors

London

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

RECONSTRUCTION CAPITAL II LIMITED

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

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

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

The notes on pages 11 to 18 form an integral part of these unaudited interim financial statements

RECONSTRUCTION CAPITAL II LIMITED

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2010

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

The notes on pages 11 to 18 form an integral part of these unaudited interim financial statements

RECONSTRUCTION CAPITAL II LIMITED

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2010

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

The Share premium is stated net of share issue costs.

RECONSTRUCTION CAPITAL II LIMITED

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

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

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

RECONSTRUCTION CAPITAL II LIMITED

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

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

1. Establishment

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

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

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

2. Basis of Preparation

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

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

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

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

RECONSTRUCTION CAPITAL II LIMITED

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

3. Revenue

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

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

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

5. Operating Expenses

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

RECONSTRUCTION CAPITAL II LIMITED

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

6. Financial assets

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

7. Net Asset Value

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

RECONSTRUCTION CAPITAL II LIMITED

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

8. Operating segments

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

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

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

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

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

RECONSTRUCTION CAPITAL II LIMITED

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

8. Operating segments (Continued)

	Hotel Operations 30-Jun-09 EUR	Listed Private Equity Programme 30-Jun-09 EUR	Unlisted Private Equity Programme 30-Jun-09 EUR	Trading Programme 30-Jun-09 EUR	All Other 30-Jun-09 EUR	Total 30-Jun-09 EUR
Reportable segment total assets	17,144,670	13,038,096	49,932,219	9,193,241	5,429,501	94,737,727
Reportable segmental (loss)/ profit (before tax)	(622,944)	3,910,750	(1,289,562)	405,542	(1,130,833)	1,272,953
Reportable segment liabilities	1,018,023	-	65,101	-	1,166,861	2,249,985

Revenue from external customers	343,798	-	570,529	-	-	914,327
Interest revenue	-	-	-	-	58,106	58,106
Depreciation	(63,000)	-	-	-	(22,648)	(85,468)
Dividends	-	-	-	292,685	-	292,685
Income tax expense	-	-	-	(29,229)	(202,379)	(231,608)
Other income	-	-	-	-	81,232	81,232

	Hotel Operations 31-Dec-09 EUR	Listed Private Equity Programme 31-Dec-09 EUR	Unlisted Private Equity Programme 31-Dec-09 EUR	Trading Programme 31-Dec-09 EUR	All Other 31-Dec-09 EUR	Total 31-Dec-09 EUR
Reportable segment total assets	13,952,000	15,041,311	54,117,850	7,501,741	6,287,441	96,900,343
Reportable segmental (loss)/ gain (before tax)	(600,000)	5,913,966	2,376,284	2,046,461	(4,551,886)	5,184,825
Reportable segment liabilities	1,111,232	-	126,152	-	1,903,946	3,141,330

Revenue from external customers	1,489,000	-	1,594,961	-	-	3,083,961
Gains on investments at fair value through profit or loss	-	5,913,666	2,402,482	2,062,558	-	10,379,006
Interest revenue	-	-	-	-	73,311	73,311
Depreciation and impairment	2,328,000	-	33,777	-	22,332	2,834,109
Dividends	-	-	-	293,312	-	293,312
Income tax expense	1,180,000	-	-	25,301	340,471	1,545,772
Other income	78,000	-	-	-	201,591	279,591

RECONSTRUCTION CAPITAL II LIMITED

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

8. Operating segments (Continued)

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

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

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8. Operating segments (Continued)

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

9. Earnings per share

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

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10. Related-party transactions

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

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

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

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

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