

**RECONSTRUCTION CAPITAL II LIMITED**  
**INTERIM UNAUDITED FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2023**

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**For the six months ended 30 June 2023**

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<b>Page(s)</b>	<b>Contents</b>
1	Directors and Company Information
3	Adviser's Report
4	Statement of Comprehensive Income
5	Statement of Financial Position
7	Statement of Changes in Equity
8	Cash Flow Statement
9-19	Notes to the Interim Unaudited Financial Statements

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

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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

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

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**DIRECTORS AND COMPANY INFORMATION (continued)**

**Administrator and Custodian**

Apex Group 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

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

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**ADVISER'S REPORT**  
**For the six months ended 30 June 2023**

On 30 June 2023, Reconstruction Capital II Limited ("RC2" or the "Fund") had a total unaudited net asset value ("NAV") of € 23.4m or € 0.1729 per share, which represents a 1.59% fall since the beginning of the year.

During the first half of 2023, the macroeconomic challenges which started in 2022 due to the outbreak of war in neighbouring Ukraine continued to erode consumers' purchasing power, affecting all of the Fund's investee companies, although inflationary pressures which had been fuelled by the outbreak of war fell significantly in the second quarter.

The Policolor Group achieved revenues of € 37.6m during the first semester, 22.7% below budget and 15.9% lower year-on-year, as the anhydrides division struggled to source the necessary raw materials due to the less available ortho-xylene, pursuant to the EU banning imports from Russia. The coatings division's sales were slightly higher year-on-year but 9% below budget, as the cost-of-living crisis reduced consumers' discretionary spending, while the construction market weakened. Although the Group's gross margin overperformed the budget in percentage terms, the Group's six-month EBITDA of € 1.5m was € 1.3m below budget, mainly due to the reduced activity at the anhydrides division and the underperformance of the coatings division.

The Mamaia Hotel did not meet its budget over the first half of 2023, as the cost-of-living crisis and the ongoing war in Ukraine across the Black Sea significantly impacted demand for the Hotel in the second quarter, despite an unexpectedly good performance in the first quarter. In addition, unseasonal bad weather, including lots of rainfall on weekends in May and June, led to the cancellation of a number of corporate events and a significant reduction in the number of walk-in clients. As a result, the Hotel generated revenues of € 0.90m, 22% below budget. During the first half of the year, the Hotel posted an EBITDA loss of € 0.52m, € 0.14m higher than the budgeted loss of € 0.38m, mainly due to lower accommodation revenues, higher food and beverage costs, and higher salaries due to a tight labour market.

During the first half of 2023, Telecredit generated interest revenues of € 0.83m, 7.8% higher year-on-year but 10% below budget, and an operating profit before depreciation and interest expenses of € 0.25m, below both the € 0.34m budget target and last year's result of € 0.38m. The underperformance was mainly driven by lower demand in the first quarter since Telecredit outperformed its budgeted financing volumes in the second quarter. In May, Telecredit extended the maturity of its € 2.0m loan from a specialized institutional lender by a year to 2024, and increased the facility amount to € 3.0m.

At the end of June, RC2 had cash and cash equivalents of € 0.017m, receivables of € 0.017m, and short-term liabilities of € 0.243m.

New Europe Capital SRL

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2023**

	Notes	30 June 2023 EUR Unaudited	30 June 2022 EUR Unaudited	31 December 2022 EUR Audited
<b>Investment Income</b>				
Fair value loss on financial assets at fair value through profit or loss		(261,845)	(102,597)	(2,615,823)
Interest income	7.3	255,360	257,916	518,085
<b>Net investment (loss)/income</b>		<b>(6,485)</b>	<b>155,319</b>	<b>(2,097,738)</b>
<b>Expenses</b>				
Operating expenses	3	(363,202)	(394,892)	(844,981)
Net financial expense	4	(11,925)	(35)	(871)
<b>Total expenses</b>		<b>(375,127)</b>	<b>(394,927)</b>	<b>(845,852)</b>
<b>Loss for the period/year</b>		<b>(381,612)</b>	<b>(239,608)</b>	<b>(2,943,590)</b>
Other comprehensive income		-	-	-
<b>Total comprehensive loss for the period/year attributable to owners</b>		<b>(381,612)</b>	<b>(239,608)</b>	<b>(2,943,590)</b>
<b>Loss Per Share</b>				
Basic and diluted loss per share	12	(0.0028)	(0.0018)	(0.0217)

*The notes on pages 9 to 19 form an integral part of these interim unaudited financial statements.*

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2023**

	Notes	30 June 2023 EUR Unaudited	30 June 2022 EUR Unaudited	31 December 2022 EUR Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss	7	24,027,598	26,557,140	24,104,083
<b>Total non-current assets</b>		<b>24,027,598</b>	<b>26,557,140</b>	<b>24,104,083</b>
<b>Current assets</b>				
Trade and other receivables	8	17,126	19,172	15,492
Cash and cash equivalents		17,221	46,438	73,337
<b>Total current assets</b>		<b>34,347</b>	<b>65,610</b>	<b>88,829</b>
<b>TOTAL ASSETS</b>		<b>24,061,945</b>	<b>26,622,750</b>	<b>24,192,912</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	9	243,207	91,174	124,485
<b>Total current liabilities</b>		<b>243,207</b>	<b>91,174</b>	<b>124,485</b>
<b>Non-current liabilities</b>				
Borrowings	10	382,756	-	250,833
<b>Total non-current liabilities</b>		<b>382,756</b>	<b>-</b>	<b>250,833</b>
<b>TOTAL LIABILITIES</b>		<b>625,963</b>	<b>91,174</b>	<b>375,318</b>
<b>NET ASSETS</b>		<b>23,435,982</b>	<b>26,531,576</b>	<b>23,817,594</b>
<b>EQUITY AND RESERVES</b>				
Share capital		1,355,784	1,357,034	1,355,784
Share premium		109,187,284	109,196,034	109,187,284
Accumulated deficit		(87,107,086)	(84,021,492)	(86,725,474)
<b>TOTAL EQUITY</b>		<b>23,435,982</b>	<b>26,531,576</b>	<b>23,817,594</b>

*The notes on pages 9 to 19 form an integral part of these interim unaudited financial statements.*

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

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**STATEMENT OF FINANCIAL POSITION (continued)**  
**As at 30 June 2023**

	<b>Notes</b>	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Net Asset Value per share</b>				
Basic and diluted net asset value per share	<b>11</b>	0.1729	0.1955	0.1757

*The notes on pages 9 to 19 form an integral part of these interim unaudited financial statements.*



**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2023**

	Share capital EUR	Share premium EUR	Accumulated losses EUR	Total EUR
<b>Balance at 1 January 2022</b>	1,358,569	109,206,779	(83,781,884)	26,783,464
Loss for the period	-	-	(239,608)	(239,608)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(239,608)	(239,608)
Repurchase and cancellation of own shares	(1,535)	(10,745)	-	(12,280)
Transactions with owners	(1,535)	(10,745)	-	(12,280)
<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>
Loss for the period	-	-	(2,703,982)	(2,703,982)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(2,703,982)	(2,703,982)
Repurchase and cancellation of own shares	(1,250)	(8,750)	-	(10,000)
Transactions with owners	(1,250)	(8,750)	-	(10,000)
<b>Balance at 31 December 2022</b>	<b>1,355,784</b>	<b>109,187,284</b>	<b>(86,725,474)</b>	<b>23,817,594</b>
Loss for the period	-	-	(381,612)	(381,612)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(381,612)	(381,612)
<b>Balance at 30 June 2023</b>	<b>1,355,784</b>	<b>109,187,284</b>	<b>(87,107,086)</b>	<b>23,435,982</b>

*The notes on pages 9 to 19 form an integral part of these interim unaudited financial statements.*

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**CASH FLOW STATEMENT**  
**For the six months ended 30 June 2023**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Cash flows from operating activities</b>			
Loss for the period/year	(381,612)	(239,608)	(2,943,590)
<i>Adjustments for:</i>			
Fair value loss on financial assets at fair value through profit or loss	261,845	102,597	2,615,823
Interest income	(255,360)	(257,916)	(518,085)
Financial expenses	11,923	-	833
Net loss on foreign exchange	2	35	6
<b>Net cash outflow before changes in working capital</b>	<b>(363,202)</b>	<b>(394,892)</b>	<b>(845,013)</b>
Increase in trade and other receivables	(1,634)	(13,145)	(9,465)
Increase/(decrease) in trade and other payables	118,722	(114,511)	(81,200)
Repayments of financial assets	70,000	570,000	770,000
<b>Net cash (used in)/provided by operating</b>	<b>(176,114)</b>	<b>47,452</b>	<b>(165,678)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	120,000	-	250,000
Payments to purchase own shares	-	(12,280)	(22,280)
<b>Net cash flow provided by/(used in) financing activities</b>	<b>120,000</b>	<b>(12,280)</b>	<b>227,720</b>
<b>Net (decrease)/increase in cash and cash equivalents before currency adjustment</b>	<b>(56,114)</b>	<b>35,172</b>	<b>62,042</b>
Effects of exchange rate differences on cash and cash equivalents	(2)	(35)	(6)
<b>Net (decrease)/increase in cash and cash equivalents after currency adjustment</b>	<b>(56,116)</b>	<b>35,137</b>	<b>62,036</b>
Cash and cash equivalents at the beginning of the period/year	73,337	11,301	11,301
<b>Cash and cash equivalents at the end of the period/year</b>	<b>17,221</b>	<b>46,438</b>	<b>73,337</b>

*The notes on pages 9 to 19 form an integral part of these interim unaudited financial statements.*

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2023**

**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 2023 to 30 June 2023.

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. The ultimate beneficial shareholder and interests connected with him have indicated that they are intending to vote for the continuation of the Company when the vote is 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.

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**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 2023 and the six months ended 30 June 2022 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 2022 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 2023.

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

**3. Operating expenses**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Advisory fees (see note 13.1)	264,504	298,465	584,572
Legal and professional fees, including transaction fees	46,727	43,272	152,429
Administration and custodian fees	28,804	30,355	61,576
Directors' fees and expenses (see note 13.1)	10,000	10,000	20,000
Audit fees	12,680	12,075	25,360
Bank charges	487	725	1,044
	<u>363,202</u>	<u>394,892</u>	<u>844,981</u>

**Advisory fee**

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.

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**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%. The total performance fee for the period was EUR nil (30 June 2022: EUR nil).

**Administrator and custodian fees**

The current administrator and custodian, Apex Fiduciary Services Limited, receives a variable monthly fee based on the Company's Net Asset Value ("NAV"), payable quarterly in arrears. An amount of EUR40,430 was outstanding at period end (30 June 2022: EUR14,758).

**4. Net financial expense**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Net loss on foreign exchange	(2)	(35)	(38)
Finance costs	(11,923)	-	(833)
	<u>(11,925)</u>	<u>(35)</u>	<u>(871)</u>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**5. Subsidiaries**

The Company has the following subsidiaries:

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2023	30 June 2022	31 December 2022
<b>Holding company:</b>					
<b>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:</b>					
<b>RC2 (Cyprus) Limited</b>					
Mamaia Resort Hotels S.R.L.	Hotel operation	Romania	63%	63%	63%
<b>Holding company:</b>					
<b>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 2023	30 June 2022	31 December 2022
<b>Holding company:</b>					
<b>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 2023 (30 June 2022: 11.3% and 16.11%, respectively).

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**6. Associates (continued)**

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2023	30 June 2022	31 December 2022
<b>Holding company:</b>					
<b>RC2 (Cyprus) Limited</b>					
Picolor S.A.	Paint and varnish manufacture	Romania	40%	40%	40%

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

	30 June 2023 EUR Unaudited	30 June 2022 EUR Unaudited	31 December 2022 EUR Audited
<b>Non-current investments</b>			
Investment in subsidiaries	3,228,478	2,010,572	3,228,478
Investment in associates	1,824,880	3,263,959	1,824,880
Loan receivable	18,974,240	21,282,609	19,050,725
	24,027,598	26,557,140	24,104,083

**7.1 Investment in subsidiaries**

	30 June 2023 EUR Unaudited	30 June 2022 EUR Unaudited	31 December 2022 EUR Audited
Cost	76,653,660	76,653,660	76,653,660
Net unrealised loss on investments	(73,425,182)	(74,643,088)	(73,425,182)
<b>Fair value of non-current investments</b>	3,228,478	2,010,572	3,228,478

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 2022: EUR nil).

Also included is an equity investment in the wholly owned subsidiary Glasro Holdings Ltd which was valued at EUR 3,228,478 at 30 June 2023 (30 June 2022: EUR 2,010,572).

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

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

**7.2 Investment in associates**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Cost	3,566,648	3,566,648	3,566,648
Net unrealised loss on investments	(1,741,768)	(302,689)	(1,741,768)
<b>Fair value of non-current investments</b>	<b>1,824,880</b>	<b>3,263,959</b>	<b>1,824,880</b>

Included in the investments in associates are investments in Reconstruction Capital Plc and The Romanian Investment Fund Limited with fair values of EUR 644,777 and EUR 1,180,103 respectively, at period end (30 June 2022: EUR 1,544,540 and EUR 1,719,419), respectively.

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

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Loan to unconsolidated subsidiary	18,974,240	21,282,609	19,050,725

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.

On 17 May 2023, the Company signed an addendum to the loan agreement with RC2 (Cyprus) Limited with effective date 31 December 2022, whereby the Company will not impose the repayment of the outstanding amount or part of the outstanding amount until 31 December 2025.



**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

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

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

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Changes in loan receivable</b>			
Opening balance	19,050,725	21,697,290	21,697,290
Loan repayments	(70,000)	(570,000)	(770,000)
Interest income	255,360	257,916	518,085
Fair value loss on loan receivable	(261,845)	(102,597)	(2,394,650)
	<u>18,974,240</u>	<u>21,282,609</u>	<u>19,050,725</u>

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 EUR76,485 during the period (30 June 2022: EUR 414,681). The decrease is a result of the accrued interest income of EUR255,360 (30 June 2022: EUR 257,916) being offset by the fair value loss on the receivable and loan repayments of EUR261,845 (30 June 2022: EUR 102,597) and EUR70,000 (30 June 2022: EUR 570,000), respectively.

**8. Trade and other receivables**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Other receivables and prepayments	17,126	19,172	15,492
	<u>17,126</u>	<u>19,172</u>	<u>15,492</u>

**9. Trade and other payables**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Due within one year:</b>			
Advisory fees (see note 13.1)	175,753	49,997	36,069
Directors' fees and expenses (see note 13.1)	10,000	10,000	-
Auditor's fees	12,680	12,075	25,360
Administration fees	40,430	14,758	29,502
Valuation fees	4,344	4,344	8,687
Professional fees	-	-	24,867
	<u>243,207</u>	<u>91,174</u>	<u>124,485</u>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**10. Borrowings**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Due in more than one year:</b>			
Loan from related party (see note 13.4)	382,756	-	250,833
	<u>382,756</u>	<u>-</u>	<u>250,833</u>

On 15 December 2022, the Company entered into an agreement with Ion Florescu for a loan facility of EUR 800,000, bearing interest of 8% per annum and repayable on or before 15 December 2024. The first drawdown was made on the same date for an amount of EUR 250,000. A second drawdown was made on 21 April 2023 for an amount of EUR 120,000.

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Changes in borrowings</b>			
Opening balance	250,833	-	-
Loan received	120,000	-	250,000
Interest expense	11,923	-	833
Loan repayment	-	-	-
Closing balance	<u>382,756</u>	<u>-</u>	<u>250,833</u>

**11. Net Asset Value**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Net assets	23,435,982	26,531,576	23,817,594
Closing number of shares	<u>135,578,413</u>	<u>135,703,413</u>	<u>135,578,413</u>
Basic and diluted net asset value per share	<u>0.1729</u>	<u>0.1955</u>	<u>0.1757</u>

There are no potentially dilutive instruments.

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**12. Loss per share**

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Losses</b>			
Losses for the purposes of basic losses per share, being net loss attributable to ordinary shareholders of the Company	(381,612)	(239,608)	(2,943,590)
<b>Weighted average number of shares</b>	135,578,413	135,831,330	135,725,705
<b>Basic and diluted loss per share</b>	<b>(0.0028)</b>	<b>(0.0018)</b>	<b>(0.0217)</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 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Advisory fees	264,504	298,465	584,572
Directors' fees and expenses	10,000	10,000	20,000
	<b>274,504</b>	<b>308,465</b>	<b>604,572</b>

**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 EUR264,504 (30 June 2022: EUR 298,465). Total fees outstanding as at 30 June 2023 were EUR175,753 (30 June 2022: EUR 49,997).

There were no performance fees paid or payable in respect of 2023 (2022: nil).

Advisory fees which are unpaid for over a month attract an interest of 10% (30 June 2022: 10%) on the entire balance. No interest has been charged during the period to 30 June 2023 (30 June 2022: EUR nil).

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**13. Related party transactions (continued)**

**13.1 Key management compensation (continued)**

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

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Paolo Bassetti	5,000	5,000	10,000
Martin Derbyshire	5,000	5,000	10,000
	10,000	10,000	20,000
	10,000	10,000	20,000

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 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
Advisory fees	175,753	49,997	36,069
Directors' fees and expenses	10,000	10,000	-
	185,753	59,997	36,069
	185,753	59,997	36,069

**13.3 Loan to unconsolidated subsidiary**

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

**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 Loans"). The May 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 matured in October 2022 and carried an annual interest rate of 8%.

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2023**

**13.4 Loan to and from related party (continued)**

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 were due to mature in November 2022 and, prior to the extensions mentioned below, carried 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 EUR 250,000 in unsecured loans to Telecredit IFN S.A. ("Telecredit") (the "December Loan"). The December Loan was due to mature in December 2022 and, prior to the extensions mentioned below, carried 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 860,000 in unsecured loans to Telecredit IFN S.A ("Telecredit"), replacing part of 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%.

On 14 November 2022, the maturity of the November loans were extended to 16 February 2024 and the maturity of the December Loan was extended to 22 March 2024. The interest rate for these loans was also modified to 9.2%.

On 23 June 2023, the following parties entered into agreements to provide a total of EUR 250,000 in unsecured loans to Telecredit IFN SA ("Telecredit"): Ion Florescu (a significant shareholder in the Company) EUR 150,000 and Cornelia Oancea (CEO of New Europe Capital SRL, Adviser to the Company) EUR 100,000 (the "June Loans"). The June Loans carry an annual interest rate of 8% and mature in June 2024.

On 15 December 2022, the Company entered into an agreement with Ion Florescu for a loan facility of EUR 800,000, bearing interest of 8% per annum and repayable on or before 15 December 2024. The first drawdown was made on the same date for an amount of EUR 250,000. A second drawdown was made on 21 April 2023 for an amount of EUR120,000.

**14. Events after the reporting date**

There have been no material events after the reporting date.