

**RECONSTRUCTION CAPITAL II LIMITED**  
**INTERIM UNAUDITED FINANCIAL STATEMENTS**

**For the six months ended 30 June 2020**

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**For the six months ended 30 June 2020**

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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

Mihai Radoi

Paolo Bassetti

**Secretary and Registered Office**

Ocorian Trust (Cayman) Limited

Clifton House

PO Box 1350

75 Fort Street

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, EC2P 2YU

**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 2020**

On 30 June 2020, Reconstruction Capital II Limited ("RC2") had a total unaudited net asset value ("NAV") of €19.5m or €0.1428 per share, which represents a 1.52% fall since the beginning of the year.

The Romanian and Bulgarian governments took timely measures to contain the spread of COVID-19 when the numbers of cases and fatalities were still relatively low compared to Western Europe. Although these measures, which were stricter in Romania, seemed to have suppressed the pandemic, once the restrictions in both countries were gradually lifted in mid-May, the number of cases has been rising to worrying levels with Romania and Bulgaria posting two of the highest rates of new cases in South-East Europe. At the end of July, Romania and Bulgaria were reporting 100 and 70 COVID-19 active cases per 100,000 inhabitants, respectively, compared to 22 and 19 active cases at the end of May.

The Policolor Group's January-June 2020 sales results were up 3.4% year-on-year at € 31.2m, albeit 13.9% below budget. Sales of coatings were badly affected by the COVID-19 pandemic and related lockdown restrictions during April, but sales of both coatings and resins have since recovered, making up some of the lost ground. Over the first half of 2020, the Policolor Group generated a recurring EBITDA (excluding revenues and expenses allocated to the real estate division) of € 2m, in line with the budget, helped by production efficiencies and operating cost savings.

Both Mamaia and Telecredit's operations have been badly affected by the COVID-19 pandemic, and both management teams have prepared revised budgets to reflect the estimated impact of the pandemic on their respective businesses this year.

Following the finalization of the second phase of the renovation works on its public areas, and due to the Romanian authorities re-allowing open air restaurants to operate, the Mamaia hotel re-opened at the beginning of June. However, it is still not allowed to use its indoor restaurants, and is forced to restrict its food and beverage service to its outdoor terrace, where social distancing rules limit the number of customers. Management's revised 2020 budget for the Hotel envisages total revenues of € 2.0m instead of an originally planned € 3.2m, and a net loss of € -0.24m instead of an original estimated net profit of € 0.18m. In April, RC2 provided a € 0.3m loan to the Hotel to help finalize its planned renovation works. The loan was fully drawn by the end of May.

Telecredit deployed € 3.7m in financing products to small and medium sized enterprises in the first semester, generating an Operating Loss before Depreciation of € 0.2m due to increased provisions expenses, reflecting the difficulties small and medium-sized companies are currently facing due to the pandemic. The revised 2020 budget prepared by management anticipates a net loss of € 0.39m compared to an original estimated net profit of € 0.06m, due to lower financing volumes generating lower interest revenues (€ 0.8m as opposed to an initial € 1m) and significantly higher provisions on SME lending (€ 0.2m as opposed to an initial € 0.1m). The company reimbursed €0.3m of the €1.5m loan RC2 provided to Telecredit in the second half of 2019.

As at 30 June 2020, RC2 had cash and cash equivalents of approximately €10,000 while its subsidiary, RC2 (Cyprus) Ltd, had cash and cash equivalents of €68,000. Additionally, RC2 (Cyprus) Ltd had loan receivables from Telecredit and Mamaia Resort Hotels of € 1.5m. As at 30 June 2020, RC2 had sundry liabilities of €137,000.

New Europe Capital SRL

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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2020**

	Notes	30 June 2020 EUR Unaudited	30 June 2019 EUR Unaudited	31 December 2019 EUR Audited
<b>Investment Income</b>				
Fair value loss on financial assets at fair value through profit or loss		(2,113,199)	(2,162,241)	(14,482,512)
Interest income		2,131,097	2,151,033	4,319,475
<b>Net investment income/(loss)</b>		<b>17,898</b>	<b>(11,208)</b>	<b>(10,163,037)</b>
<b>Expenses</b>				
Operating expenses	3	(315,688)	(443,456)	(845,572)
Financial income		-	255	255
<b>Total expenses</b>		<b>(315,688)</b>	<b>(443,201)</b>	<b>(845,317)</b>
<b>Loss for the period/year</b>		<b>(297,790)</b>	<b>(454,409)</b>	<b>(11,008,354)</b>
Other comprehensive income		-	-	-
<b>Total comprehensive loss for the period/year attributable to owners</b>		<b>(297,790)</b>	<b>(454,409)</b>	<b>(11,008,354)</b>
<b>Earnings Per Share attributable to the owners of the Company</b>				
Basic and diluted earnings per share	11	(0.0022)	(0.0033)	(0.0806)

*The notes on pages 9 to 17 form an integral part of these interim unaudited financial statements.*

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**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2020**

	Notes	30 June 2020 EUR Unaudited	30 June 2019 EUR Unaudited	31 December 2019 EUR Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss	6	19,509,494	30,293,424	19,651,596
<b>Total non-current assets</b>		<b>19,509,494</b>	<b>30,293,424</b>	<b>19,651,596</b>
<b>Current assets</b>				
Trade and other receivables	7	13,585	14,299	16,673
Cash and cash equivalents		10,200	100,964	65,887
<b>Total current assets</b>		<b>23,785</b>	<b>115,263</b>	<b>82,560</b>
<b>TOTAL ASSETS</b>		<b>19,533,279</b>	<b>30,408,687</b>	<b>19,734,156</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	8	134,275	109,949	37,362
<b>TOTAL LIABILITIES</b>		<b>134,275</b>	<b>109,949</b>	<b>37,362</b>
<b>NET ASSETS</b>		<b>19,399,004</b>	<b>30,298,738</b>	<b>19,696,794</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS</b>				
Share capital		1,358,569	1,362,569	1,358,569
Share premium		109,206,779	109,250,778	109,206,779
Accumulated deficit		(91,166,344)	(80,314,609)	(90,868,554)
<b>TOTAL EQUITY</b>		<b>19,399,004</b>	<b>30,298,738</b>	<b>19,696,794</b>

*The notes on pages 9 to 17 form an integral part of these interim unaudited financial statements.*

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**STATEMENT OF FINANCIAL POSITION (continued)**  
**As at 30 June 2020**

	<b>Notes</b>	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
<b>Net Asset Value per share</b>				
Basic and diluted net asset value per share	<b>10</b>	0.1428	0.2224	0.1450

*The notes on pages 9 to 17 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 2020**

	Share capital EUR	Share premium EUR	Retained (deficit)/ earnings EUR	Total EUR
<b>Balance at 1 January 2019</b>	1,403,324	109,862,098	(79,860,200)	31,405,222
Loss for the period	-	-	(454,409)	(454,409)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(454,409)</b>	<b>(454,409)</b>
Repurchase and cancellation of own shares	(40,755)	(611,320)	-	(652,075)
Transactions with owners	(40,755)	(611,320)	-	(652,075)
<b>Balance at 30 June 2019</b>	<b>1,362,569</b>	<b>109,250,778</b>	<b>(80,314,609)</b>	<b>30,298,738</b>
Loss for the period	-	-	(10,553,945)	(10,553,945)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(10,553,945)</b>	<b>(10,553,945)</b>
Repurchase and cancellation of own shares	(4,000)	(44,000)	-	(48,000)
Transactions with owners	(4,000)	(44,000)	-	(48,000)
<b>Balance at 31 December 2019</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(90,868,554)</b>	<b>19,696,794</b>
Loss for the period	-	-	(297,790)	(297,790)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(297,790)</b>	<b>(297,790)</b>
Repurchase and cancellation of own shares	-	-	-	-
Transactions with owners	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(91,166,344)</b>	<b>19,399,004</b>

*The notes on pages 9 to 17 form an integral part of these interim unaudited financial statements.*

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**CASH FLOW STATEMENT**  
**For the six months ended 30 June 2020**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
<b>Cash flows from operating activities</b>			
Loss before taxation	(297,790)	(454,409)	(11,008,354)
<i>Adjustments for:</i>			
Fair value loss on financial assets at fair value through profit or loss	2,113,199	2,162,241	14,482,512
Interest income	(2,131,097)	(2,151,033)	(4,319,475)
Net gain on foreign exchange	-	(255)	(255)
<b>Net cash outflow before changes in working capital</b>	<b>(315,688)</b>	<b>(443,456)</b>	<b>(845,572)</b>
Decrease in trade and other receivables	3,088	6,712	4,338
Increase/(decrease) in trade and other payables	96,913	14,348	(58,233)
Purchase of financial assets	-	(133,602)	(133,603)
Disposals and repayments of financial assets	160,000	310,000	800,000
<b>Net cash used in operating activities</b>	<b>(55,687)</b>	<b>(245,998)</b>	<b>(233,070)</b>
<b>Cash flows from financing activities</b>			
Payments to purchase own shares	-	(1,000,657)	(1,048,662)
Redemptions of B shares	-	(132,941)	(132,941)
<b>Net cash flow used in financing activities</b>	<b>-</b>	<b>(1,133,598)</b>	<b>(1,181,603)</b>
<b>Net decrease in cash and cash equivalents before currency adjustment</b>	<b>(55,687)</b>	<b>(1,379,596)</b>	<b>(1,414,673)</b>
Effects of exchange rate differences on cash and cash equivalents	-	255	255
<b>Net decrease in cash and cash equivalents after currency adjustment</b>	<b>(55,687)</b>	<b>(1,379,341)</b>	<b>(1,414,418)</b>
Cash and cash equivalents at the beginning of the period/year	65,887	1,480,305	1,480,305
<b>Cash and cash equivalents at the end of the period/year</b>	<b>10,200</b>	<b>100,964</b>	<b>65,887</b>

*The notes on pages 9 to 17 form an integral part of these interim unaudited financial statements.*

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS**  
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**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 2020 to 30 June 2020.

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**"), adopted for use in the European Union. 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.

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 2020**

**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 2020 and the six months ended 30 June 2019 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 2019 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 2020.

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

**3. Operating expenses**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Advisory fees	221,164	345,447	639,085
Legal and professional fees, including transaction fees	38,094	38,221	76,739
Administration and custodian fees	29,315	28,026	59,687
Directors' fees	12,000	15,000	28,500
Audit fees	11,500	11,500	27,000
Insurance premium	3,205	3,205	6,410
Bank charges	410	2,057	2,221
Other expenses	-	-	5,930
	315,688	443,456	845,572

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

The Company has the following subsidiaries:

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2020	30 June 2019	31 December 2019
<b>Holding company: Reconstruction Capital II Limited</b>					
RC2 (Cyprus) Limited	Investment holding	Cyprus	100%	100%	100%
Glasro Holdings Limited	Consumer loans	Cyprus	100%	100%	100%
<b>Holding company: RC2 (Cyprus) Limited</b>					
Mamaia Resort Hotels S.R.L.	Hotel management	Romania	63%	63%	63%
<b>Holding company: Glasro Holdings Limited</b>					
Telecredit IFN S.A.	Consumer loans	Romania	85%	100%	85%

**5. Associates**

The Company has the following associates:

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2020	30 June 2019	31 December 2019
<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 2020 (30 June 2019: 11.3% and 16.11%, respectively).

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

	Principal activity	Country of incorporation	Proportion of ownership interest		
			30 June 2020	30 June 2019	31 December 2019
<b>Holding company:</b>					
<b>RC2 (Cyprus) Limited</b>					
S.C. Policolor S.A.	Paint and varnish manufacture	Romania	40%	40%	40%

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

	30 June 2020 EUR Unaudited	30 June 2019 EUR Unaudited	31 December 2019 EUR Audited
<b>Non-current investments</b>			
Investment in subsidiaries	1,013,164	1,149,797	1,013,164
Investment in associates	1,548,381	4,389,829	1,548,381
Loan receivable	16,947,949	24,753,798	17,090,051
	<u>19,509,494</u>	<u>30,293,424</u>	<u>19,651,596</u>

**6.1 Investment in subsidiaries**

	30 June 2020 EUR Unaudited	30 June 2019 EUR Unaudited	31 December 2019 EUR Audited
Cost	76,653,660	76,653,660	76,653,660
Net unrealised loss on investments	(75,640,496)	(75,503,863)	(75,640,496)
<b>Fair value of non-current investments</b>	<u>1,013,164</u>	<u>1,149,797</u>	<u>1,013,164</u>

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 2019: EUR nil).

Also included is an equity investment in the wholly owned subsidiary Glasro Holdings Ltd which was valued at EUR 1,013,164 at 30 June 2020 (30 June 2019: EUR 1,149,797).

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

**6.2 Investment in associates**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Cost	3,566,648	3,566,648	3,566,648
Net unrealised gain on investments	(2,018,267)	823,181	(2,018,267)
<b>Fair value of non-current investments</b>	<b>1,548,381</b>	<b>4,389,829</b>	<b>1,548,381</b>

Included in the investments in associates are investments in Reconstruction Capital Plc and The Romanian Investment Fund Limited with fair values of EUR 555,738 and EUR 992,643, respectively, at period end (30 June 2019: EUR 2,242,600 and EUR 2,147,229, respectively).

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

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Loan to unconsolidated subsidiary	16,947,949	24,753,798	17,090,051

Included in the balance of loan to unconsolidated subsidiary is a loan to RC2 (Cyprus) Limited, which bears interest of 8% 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 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
<b>Changes in loan receivable</b>			
Opening balance	17,090,051	25,075,006	25,075,006
Loan repayments	(160,000)	(310,000)	(800,000)
Interest income	2,131,097	2,151,033	4,319,475
Fair value loss on loan receivable	(2,113,199)	(2,162,241)	(11,504,430)
	<b>16,947,949</b>	<b>24,753,798</b>	<b>17,090,051</b>

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

**6.3 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 142,102 during the period. The decrease is a result of the accrued interest income of EUR 2,131,097 being offset by the fair value loss on the receivable and loan repayments of EUR 2,113,199 and EUR 160,000, respectively.

**7. Trade and other receivables**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Other receivables and prepayments	13,585	14,299	16,673
	13,585	14,299	16,673
	13,585	14,299	16,673

**8. Trade and other payables**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Advisory fees	109,701	66,876	-
Directors' fees and expenses	-	5,000	-
Auditor's fees	11,500	21,500	23,000
Administration fees	13,074	14,427	14,362
Other payables and accruals	-	2,146	-
	134,275	109,949	37,362
	134,275	109,949	37,362

**9. Transaction with owners**

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

- (i) On 21 January 2019, the Company purchased for cancellation 1,710,611 of its Ordinary Shares of EUR 0.01 each at a price of EUR 0.16 per share.
- (ii) On 23 January 2019, the Company purchased for cancellation 2,364,852 of its Ordinary Shares of EUR 0.01 each at a price of EUR 0.16 per share.



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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**9. Transaction with owners (continued)**

(iii) On 12 December 2019, the Company purchased for cancellation 300,000 of its Ordinary Shares of EUR 0.01 each at a price of EUR 0.12 per share.

(iv) On 16 December 2019, the Company purchased for cancellation 100,000 of its Ordinary Shares of EUR 0.01 each at a price of EUR 0.12 per share.

**10. Net Asset Value**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Net assets	19,399,004	30,298,738	19,696,794
Closing number of shares	135,856,913	136,256,913	135,856,913
Basic and diluted net asset value per share	0.1428	0.2224	0.1450

There are no potentially dilutive instruments.

**11. Earnings per share**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
<b>Earnings</b>			
Earnings for the purposes of basic earnings per share, being net profit attributable to ordinary shareholders of the Company	(297,790)	(454,409)	(11,008,354)
<b>Number of shares</b>			
Weighted average number of shares for the purposes of earnings per share	136,856,913	136,936,157	136,574,313
<b>Basic and diluted earnings per share</b>	<b>(0.0022)</b>	<b>(0.0033)</b>	<b>(0.0806)</b>

There are no potentially dilutive instruments.

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
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**12. Related party transactions**

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

**12.1 Key management compensation**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Advisory fees	221,164	345,447	639,085
Directors' fees	12,000	15,000	28,500
	<u>233,164</u>	<u>360,447</u>	<u>667,585</u>

**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 221,164 (30 June 2019: EUR 345,447). Total fees outstanding as at 30 June 2020 were EUR 109,701 (30 June 2019: EUR 66,876).

Advisory fees which are unpaid for over a month attract an interest of 10% (30 June 2019: 10%) on the entire balance. No interest has been charged during the period to 30 June 2020 (30 June 2019: EUR nil).

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

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Martin Derbyshire (resigned on 2 September 2019)	-	5,000	6,667
Paolo Bassetti (appointed 2 September 2019)	5,000	-	3,333
Mihai Radoi	7,000	10,000	18,500
	<u>12,000</u>	<u>15,000</u>	<u>28,500</u>

**12.2 Trade and other payables to key management (note 8)**

	<b>30 June 2020 EUR Unaudited</b>	<b>30 June 2019 EUR Unaudited</b>	<b>31 December 2019 EUR Audited</b>
Advisory fees	109,701	66,876	-
Directors' fees and expenses	-	5,000	-
	<u>109,701</u>	<u>71,876</u>	<u>-</u>

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**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 June 2020**

**12.3 Loan to unconsolidated subsidiary**

The details of the loan to RC2 (Cyprus) Limited are disclosed in note 6.

**13. Events after the reporting date**

On 6 August 2020 the Company entered into a €1 million unsecured loan facility with Portadrix Investments Limited ("Portadrix") ("the Facility"). Portadrix is beneficially owned by Ion Florescu, a substantial shareholder in the Company.

The Facility will carry an interest rate of 5% on all amounts drawn down by the Company, and a term of sixteen months. The Company will also pay an arrangement fee to Portadrix of 1% of the total value of the Facility. The Company can draw down under the facility at any time.