RECONSTRUCTION CAPITAL II LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For year ended 31 December 2013

RECONSTRUCTION CAPITAL II LIMITED
Annual Report and Audited Consolidated Financial Statements
For year ended 31 December 2013

Page	Contents

DIRECTORS AND COMPANY INFORMATION

Domicile and country of incorporation of parent company
Cayman Islands

Legal form
Limited Liability Company

Directors
Howard I. Golden
Ion Alexander Florescu
Markus Winkler
Dirk Van den Broeck
Robert Petch (resigned 26 November 2013)

Secretary and registered office
Appleby Corporate Services (Cayman) Ltd
Clifton House
PO Box 1350
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Investment Manager
New Europe Capital Ltd
33 Marloes Road
London,W8 6LG

Investment Advisers
New Europe Capital SRL
21 Tudor Arghezi Str., Floor 6, Sector 2
Bucharest 020 946

New Europe Capital DOO
Francuska 12
11000 Beograd

Nominated Adviser
Grant Thornton UK LLP
30 Finsbury Square
London, EC2P 2YU

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

DIRECTORS AND COMPANY INFORMATION *(Continued)*

Administrator and Custodian
Sanne Trust Company Limited
13 Castle Street
St Helier
Jersey
JE4 5UT

Company number
HL-156549

Independent Auditors
Grant Thornton
26, Armand Calinescu Street, 2nd Floor
021012, Bucharest,
Romania

INVESTMENT MANAGER AND INVESTMENT ADVISORS' REPORT

On 31 December 2013, Reconstruction Capital II Limited ("RC2") had a total audited net asset value ("NAV") of EUR 32.9m or EUR 0.3287 per share, a 16.4% fall over the year. The fall in the NAV is almost entirely explained by the writing down to zero of RC2's investment in East Point Holdings Limited due to a severe deterioration in its financial condition over the year. Pursuant to the write down of this investment, the current NAV of RC2 is almost entirely composed of four investments in Romania which are generating positive EBITDA and, in the case of Top Factoring Srl (and its sister company Glasro Holdings Ltd) as well as Albalact S.A., generated free cash flow for RC2. The valuations of Policolor S.A., Top Factoring Group and Mamaia Resort Hotels Srl have increased by a combined EUR 1.0m as compared to the valuations included in the 2012 accounts, reflecting their improved performance and prospects.

RC2's audited NAV per share of EUR 0.3287 as at the end of 2013 compares to an unaudited published NAV per share of EUR 0.3282.

At the end of 2013, RC2 had cash and cash equivalents of EUR 0.4m. RC2's borrowings amounted to EUR 4.3m, whilst overdue liabilities to its suppliers amounted to EUR 4.7m.

In 2013, RC2 received EUR 1.4m in dividends from Glasro Holdings Ltd and a further EUR 0.4m from Albalact S.A. which helped cover its working capital needs. A further EUR 1.5m in dividends was received in the first five months of 2014 from Glasro Holdings Ltd.

Private Equity Programme

RC2 did not make any new investments under its Private Equity Programme, and continued to pursue a number of exits, both from its investee companies as well as from certain assets held by them. Discussions are ongoing with a number of potential buyers. The investments held under the Private Equity Programme had a fair value of EUR 38.0m at the end of 2013, down 9.6% year-on-year, reflecting the EUR 5.9m write down of the investments in Serbia, only partly compensated by the EUR 1.8m write up of the Romanian investments.

Trading Programme

RC2 marginally reduced its position in listed equities held under its Trading Programme. Efforts to sell down more shares were unsuccessful, due to the low liquidity of the listed equities owned by RC2. At the end of 2013, RC2's listed equities held under the Trading Programme had a total market value of EUR 0.4m. All the investments held under the Trading Programme were in Romanian equities.

INVESTMENT MANAGER AND INVESTMENT ADVISORS' REPORT
(Continued)

Outlook

Both the Romanian and Bulgarian economies improved in 2013, in particular Romania which, with an annual GDP growth of 3.5%, posted the second highest GDP growth in the EU. The prospects for 2014 remain good for both countries as domestic demand is expected to recover and add to the positive effect of exports, which have been the main driver of growth so far.

New Europe Capital Ltd
New Europe Capital S.R.L.
New Europe Capital DOO

INVESTMENT POLICY

Private Equity Programme

Under the Private Equity Programme, the Company takes significant or controlling stakes in companies operating primarily in Romania, Serbia, Bulgaria and neighbouring countries (the "Target Region"). The Company invests in investee companies where it believes its Investment Advisers can add value by implementing operational and/or financial restructuring over a 3 to 5 year horizon. The Company only makes an investment under the Private Equity Programme if its Investment Advisers believe there is a clear exit strategy available, such as trade sale, break up and subsequent disposal of different divisions or assets, or a flotation on a stock exchange.

Trading Programme

Under the Trading Programme, the Company aims to generate short and medium term returns by investing such portion of its assets as determined by the Directors from time to time in listed equities and fixed income securities, including convertible and other mezzanine instruments, issued by entities in the Target Region. The Investment Manager is responsible for identifying and executing investments and divestments under the Trading Programme. The Trading Programme differs from the Private Equity Programme in the key respect that the Company will typically not take significant or controlling stakes in investee companies and will typically hold investments for shorter periods of time than investments made under the Private Equity Programme.

Value Creation

Under its Private Equity Programme, the Investment Advisers are involved at board level in the investee company to seek to implement operational and financial changes to enhance returns. As part of the Company's pre-acquisition due diligence, the Investment Advisers seek to identify specific actions that they believe will create value in the target investee company post acquisition and, where appropriate, seek to work with third party professionals to develop, in combination with the proposed management team of the target, a value creation plan with clear and identifiable short and medium term targets. These plans are likely to address different parts of the business and are tailored to reflect the specific challenges of the relevant target company. Both the Investment Advisers and the Investment Manager believe that the investment strategies under the Private Equity and Trading Programme can achieve returns which are different than the returns of the relevant market indices.

INVESTMENT POLICY *(Continued)*

Investing Restrictions and Cross-Holdings

The Directors, the Investment Advisers and the Investment Manager will seek to ensure that the portfolio of investments is sufficiently diversified to spread the risks of those investments. The Investment Strategy does not restrict the Company from investing in other closed-ended funds operating in the Target Region. In line with the Company's investment policy, the Board does not normally authorise any investment in a single investee company that is greater than 20 per cent of the Company's net asset value at the time of effecting the investment and in no circumstances will it approve an investment in a single investee company that is greater than 25 per cent of the Company's net asset value at the time of effecting the investment.

Change of investment objective and policy of the Company

Following the annual general meeting of the Company on 14 December 2012, the investment objective and policy of the Company was amended such that no new investments will be made, further investments into existing portfolio companies will be permitted in certain circumstances pending their realisation and, following each realisation, all proceeds will be returned to Shareholders after paying outstanding liabilities and setting aside a sufficient amount for working capital purposes.

Gearing

The Company may borrow up to a maximum level of 30 per cent of its gross assets (as defined in its articles).

Distribution Policy

The Company's investment objective is focused principally on the provision of capital growth. For further details of the Company's distribution policy, please refer to the Admission Document on the Company's website.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2013.

Activities and business review
The Company's principal activity is the holding and managing of investments in Romania and other countries in South-East Europe. A summary of the Company's business review for the year ended 31 December 2013 is contained within the Investment Manager and Investment Advisors' report.

Accounting Policies
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Share Capital and Reserves
Details of the Company's authorised and issued share capital as at 31 December 2013 are contained in Note 25 of the consolidated financial statements.

Results and dividends
The year closed with an investment loss of EUR 1,791,603 (2012: loss of EUR 48,860,788) and a total loss for the year of EUR 6,436,423 (2012: loss of EUR 53,252,797).

The Directors do not recommend the payment of a dividend.

The Directors of New Europe Capital Limited, the Investment Manager of the Company, which is also a subsidiary of Reconstruction Capital II Ltd, did not approve any dividends in respect of the year ended 31 December 2013 (2012: interim dividend of EUR 78,694, paid in 2013, of which EUR 72,792 was payable to the non-controlling interest). No final dividend for 2013 had been declared as at the date of the approval of these accounts (2012: no final dividend).

Post-Statement of Financial Position events

Other than the matters disclosed in Note 27, there have been no significant events after the reporting period that require disclosure in the accounts.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013
(Continued)

Directors and their interests
The Directors of the Company during the year and their interests in the ordinary shares of the Company were as follows:

		31-Dec-13 Number	% of issued share capital
Markus Winkler		500,000	0.50%
Ion Florescu		10,031,075	10.03%
Dirk Van den Broeck		2,036,831	2.04%
Howard I. Golden		1,059,732	1.06%
Robert Petch	(resigned 26 November 2013)	20,000	0.02%

Board
During the year, the Board of Directors comprised a maximum of five Directors, all of whom are Independent Non–Executive Directors, except for Ion Florescu who sits on the Board of the Investment Manager and of New Europe Capital SRL. The Directors have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company.

Since all day to day management responsibilities are subcontracted to the Investment Manager and Administrator, the Company does not have a Chief Executive Officer as the roles are already effectively separated.

The Investment Manager and the Investment Advisors ensure that the Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made. The Board meets on a regular basis at least two times each year and additional meetings are arranged as necessary.

Due to the size of the Board, and the fact that four out of five Directors are independent of the Investment Manager and Advisors and all five Directors are independent of the Administrator, the Board has not set up separate audit and remuneration committees on the grounds that the Board as a whole considers these matters.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013
(Continued)

Audit Responsibilities
All audit committee responsibilities are performed by the Board, with specified terms of reference.

The principal terms of reference are to appoint auditors, to set their fees, to review the scope and results of the audit, to consider the independence of the auditors, to review the internal financial and non-financial controls, to approve the contents of the draft interim and annual reports to shareholders and to review the accounting policies. In addition, the Board reviews the quality of the services of all the service providers to the Company and reviews the Company's compliance with financial reporting and regulatory requirements.

The Company's internal financial controls and risk management systems have been reviewed with the Investment Manager and Advisors. The audit programme and timetable are drawn-up and agreed with the Company's Auditors in advance of the financial year end. At this stage, matters for audit focus are discussed and agreed. The audit report is considered by the Board and discussed with the Auditors prior to approving and signing the Financial Statements.

Remuneration Responsibilities
The Board has resolved that a remuneration committee is not appropriate for the Company as the Company contracts the investment management, investment advisory and administration activities with third parties and has no employees.

The contracting parties themselves are responsible for paying their employees. The Board policy is that the Directors' remuneration should be fair and reasonable in relation to the time commitment and responsibilities of the Directors. The Directors are not eligible for bonuses, pension benefits, share options or other benefits. Details of the payments to Directors are given in Note 5 of the Financial Statements.

Each of the Directors has entered into a service agreement with the Company and either party can terminate the Agreement by giving to the other at least three months' notice.

Directors' liability insurance
The Company has in place a Directors' insurance policy to cover the relevant individuals against claims arising from their work on behalf of the Company. The Board intends to keep the level of cover provided under annual or more frequent review, as appropriate.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013
(Continued)

Relationship with shareholders
Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with shareholders is through the Interim and Annual Report and Accounts which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by a monthly calculation of the net asset value of the Company's ordinary shares, which is published via the Stock Exchange, and monthly and quarterly reports issued by the Investment Manager and the Investment Advisors which are distributed by e-mail with copies also available from the Investment Manager's office upon request and on the Company's website where the shareholders are able to access all the news and published information about the Company.

Going concern
Following the annual general meeting of the Company on 14 December 2012, the life of the Company was extended for at least two years, further extension will be discussed at the annual general meeting in 2014.
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 of preparation of the consolidated financial statements.

Directors' responsibilities
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of the annual reports and financial statements.

The consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) and the rules of the London Stock Exchange for companies trading securities on the AIM.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of the financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013
(Continued)

A fair representation also requires the Directors to:

- Consistently select and apply appropriate accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- State that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibilities also extend to the ongoing integrity of the financial statements.

Change of investment objective and policy of the Company
Following the annual general meeting of the Company on 14 December 2012, the investment objective and policy of the Company was amended such that no new investments will be made, further investments into existing portfolio companies will be permitted in certain circumstances pending their realisation and, following each realisation, all proceeds will be returned to Shareholders after paying outstanding liabilities and setting aside a sufficient amount for working capital purposes.

Independent Auditors

The independent auditors, Grant Thornton, have expressed their willingness to continue in office and the Directors intend to propose a resolution at their next meeting to reappoint them.

On behalf of the Board

Ion Florescu
Director

Date: 17 June 2014

Grant Thornton Audit S.R.L

26, Armand Calinescu Str,
Sector 2, Bucharest
Romania

T + 40 21 320 23 28
F + 40 21 320 23 27
E office@ro.gt.com
W www.grant-thornton.ro

INDEPENDENT AUDITOR'S REPORT

To the Members of RECONSTRUCTION CAPITAL II LIMITED

Report on the consolidated financial statements

1 We have audited the accompanying consolidated financial statements of Reconstruction Capital II Limited (the 'Company') and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statements of comprehensive income, changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

2 The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("IASB"), and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

continued

Opinion

6 In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board.

Other matters

7 This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton Audit SRL
Bucharest, Romania
17 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31-Dec-13 EUR	31-Dec-12 EUR
Investment loss			
Loss on investments at fair value through profit or loss		(4,139,530)	(49,389,415)
Interest income		449,689	329,387
Dividend income	4	1,786,545	1,282
Other income		111,693	197,958
Total investment loss		**(1,791,603)**	**(48,860,788)**
Expenses			
Impairment on loan receivables	13(b)	(1,915,317)	(943,143)
Operating expenses	5	(1,724,249)	(2,764,984)
Total operating expenses		**(3,639,566)**	**(3,708,127)**
Operating loss		**(5,431,169)**	**(52,568,915)**
Financial expenses	6	(994,901)	(612,149)
Loss before taxation		**(6,426,070)**	**(53,181,064)**
Income tax expense	7	(10,353)	(71,733)
Loss for the year		**(6,436,423)**	**(53,252,797)**
Other comprehensive income			
Amounts that will be reclassified to profit or loss			
Exchange differences on translating foreign operations		3,835	10,458
Total comprehensive loss for the year		**(6,432,588)**	**(53,242,339)**
Net loss for the year attributable to:			
- Equity holders of the parent		(6,459,070)	(53,392,784)
- Non-controlling interest		22,647	139,987
		(6,436,423)	**(53,252,797)**
Total comprehensive loss / income attributable to:			
- Equity holders of the parent		(6,458,782)	(53,392,000)
- Non-controlling interest		26,194	149,661
Total comprehensive loss for the year		**(6,432,588)**	**(53,242,339)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013 *(Continued)*

		31-Dec-13	31-Dec-12
		EUR	EUR
Earnings Per Share attributable to the equity shareholders of the Company	26		
Basic and diluted earnings per share		(0.0646)	(0.5339)

The notes on pages 22 to 56 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		31-Dec-13	31-Dec-12
Assets	**Notes**	**EUR**	**EUR**
Non-current assets			
Property, plant and equipment	9	10,305	13,458
Financial assets at fair value through profit or loss	12	37,983,957	42,041,100
Loans receivable	13	-	560,501
Total non-current assets		**37,994,262**	**42,615,059**
Current assets			
Financial assets at fair value through profit or loss	12	369,656	456,773
Trade and other receivables	14	365,859	277,777
Loans receivable	13	3,215,156	3,366,167
Cash and cash equivalents		350,142	1,318,380
Total current assets		**4,300,813**	**5,419,097**
Total assets		**42,295,075**	**48,034,156**
Liabilities			
Current liabilities			
Trade and other payables	15	4,726,550	3,754,477
Loans and borrowings	16	4,306,163	1,541,870
Corporation tax payable		1,792	44,651
Total current liabilities		**9,034,505**	**5,340,998**
Non-current liabilities			
Loans and borrowings	16	-	3,000,000
Total non-current liabilities		**-**	**3,000,000**
Total liabilities		**9,034,505**	**8,340,998**
Total net assets		**33,260,570**	**39,693,158**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 *(Continued)*

	Notes	31-Dec-13 EUR	31-Dec-12 EUR
Capital and reserves attributable to equity holders			
Share capital	24	1,000,000	1,000,000
Share premium reserve	24	121,900,310	121,900,310
Retained deficit	24	(90,000,271)	(83,541,201)
Foreign exchange reserve	24	(27,678)	(27,966)
Total equity and reserves		**32,872,361**	**39,331,143**
Non-Controlling Interests		388,209	362,015
Total equity		**33,260,570**	**39,693,158**

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2014.

Ion Florescu (Director) Howard I. Golden (Chairman)

The notes on pages 22 to 56 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2013

	Share Capital	Share Premium	Foreign exchange reserve	Retained (Deficit)/ Earnings	**Sub-total**	Non-controlling Interest	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Balance at 1 January 2012	**1,000,000**	**121,900,310**	**(28,750)**	**(30,148,417)**	**92,723,143**	**360,146**	**93,083,289**
(Loss) / Profit for the year	-	-	-	(53,392,784)	**(53,392,784)**	139,987	**(53,252,797)**
Other comprehensive income	-	-	784	-	**784**	9,674	**10,458**
Total comprehensive (loss) / income for the year	-	-	784	(53,392,784)	**(53,392,000)**	149,661	**(53,242,339)**
Dividends paid to non-controlling interests	-	-	-	-	**-**	(147,792)	**(147,792)**
Balance at 31 December 2012	**1,000,000**	**121,900,310**	**(27,966)**	**(83,541,201)**	**39,331,143**	**362,015**	**39,693,158**
(Loss) / Profit for the year	-	-	-	(6,459,070)	**(6,459,070)**	22,647	**(6,436,423)**
Other comprehensive income	-	-	288		**288**	3,547	**3,835**
Total comprehensive (loss) / income for the year	-	-	288	(6,459,070)	**(6,458,782)**	26,194	**(6,432,588)**
Balance at 31 December 2013	**1,000,000**	**121,900,310**	**(27,678)**	**(90,000,271)**	**32,872,361**	**388,209**	**33,260,570**

Share premium is stated net of share issue costs and is not distributable by way of dividend.

The notes on pages 22 to 56 form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	31-Dec-13 EUR	31-Dec-12 EUR
Cash flows from operating activities			
Net loss before tax		(6,426,070)	(53,181,064)
Adjustments for:			
Depreciation and amortisation	9	3,315	3,243
Loss on financial assets at FVTPL		4,066,936	49,389,415
Impairments on loans receivable	13(b)	1,915,318	943,143
Interest income		(449,689)	(329,387)
Interest expense		994,901	430,520
Dividend income		(1,786,545)	(1,282)
Net cash outflow before changes in working capital		**(1,681,835)**	**(2,745,412)**
(Increase)/Decrease in trade and other receivables	14	(93,984)	(90,265)
Increase in trade and other payables	16	694,304	2,076,105
Sale of financial assets		40,498	1,365,234
Interest income received		-	12,118
Dividends received		1,792,446	1,282
Cash generated by operating activities		**751,429**	**619,062**
Income tax paid	7	(53,212)	(80,049)
Net Cash generated by operating activities		**698,217**	**539,013**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(500)	(8,631)
Receipts of loans granted from subsidiaries		40,000	-
Payments of loans granted to subsidiaries		(756,000)	(2,268,000)
Proceeds from loans granted to subsidiaries		-	550,186
Net Cash flow used in investing activities		**(716,500)**	**(1,726,445)**
Cash flows from financing activities			
Payments of loans granted from related parties		(993,402)	-
Dividends paid to non-controlling interests		-	(147,792)
Proceeds from loans granted by related parties		-	3,000,000
Repayments of loans granted by related parties		-	(400,000)
Interest paid on loans		-	(244,953)
Net Cash generated / (used) in financing activities		**(993,402)**	**2,207,255**
Increase / (decrease) in cash and cash equivalents		**(1,011,685)**	**1,019,823**
Cash and cash equivalents at beginning of the year		1,318,380	296,040
Foreign exchange gain / (loss)		43,447	2,517
Cash and cash equivalents at end of the year		350,142	1,318,380

The notes on pages 22 to 56 form an integral part of these financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Establishment

Reconstruction Capital II Limited was incorporated on 17 October 2005 in the Cayman Islands as a tax 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 listed on AIM on 23 December 2005 and started trading on 27 January 2006. These financial statements show the results of the Company for the year from 1 January 2013 to 31 December 2013.

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

The main focus of the Company is investments in Romania, Serbia and Bulgaria. However, the Company reserves the right to make investments in neighbouring countries, notably Ukraine, Montenegro, Moldova, Croatia, Albania and the Former Yugoslav Republic of Macedonia.

Change of investment objective and policy of the Company

Following the annual general meeting of the Company on 14 December 2012, the investment objective and policy of the Company was amended such that no new investments will be made, further investments into existing portfolio companies will be permitted in certain circumstances pending their realization and, following each realization, all proceeds will be returned to Shareholders after paying outstanding liabilities and setting aside a sufficient amount for working capital purposes.

2. Principal accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss and under the going concern assumption.

Following the annual general meeting of the Company on 14 December 2012, the life of the Company was extended for at least two years, further extension will be discussed at the annual general meeting in 2014.

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 of preparation of the consolidated financial statements.

The preparation of financial statements in conformity 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2. Principal accounting policies *(Continued)*

2.1 Basis of preparation

(i) Standards and amendments to existing standards effective 1 January 2013

IFRS 13, "Fair value measurement" – The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard requires that the Company identify the assets and liabilities (and the respective units of accounts thereof) for which fair value must be determined and then to determine the fair value using prices, models and data that maximise the use of observable market activity in accordance with the guidance set out in IFRS 13.

There has been no material impact on the financial statements of the Company following the implementation of IFRS 13.

Amendments to IFRS 7, "Disclosures – Offsetting financial assets and financial liabilities" require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Company's financial position or performance, however, has resulted in additional disclosure in the notes to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2013 that have had a material impact on the Company.

(ii) Standards and amendments effective 1 January 2013 that had been early adopted by the Company

IFRS 10, "Consolidated Financial Statements". IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective for annual periods beginning on or after January 2013 but has been early adopted by the Company for the year ended 31 December 2012.

IFRS 12, "Disclosures of Interests in Other Entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is effective for annual periods beginning on or after 1 January 2013 but has been early adopted by the Company for the year ended 31 December 2012.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Joint Arrangements" and IAS 27 "Separate Financial Statements". These amendments will particularly benefit private equity funds, as those that qualify will fair-value all of their investments, including those that are controlled. The guidance applies to an "investment entity". The amendments to IFRS 10 defines an investment entity and introduces an exception from consolidation. The amendments to IFRS 12 also introduce disclosures that an investment entity needs to make. The amendments apply for annual periods beginning on or after 1 January 2013, but has been early adopted by the Company for the year ended 31 December 2012.

The Company had early also adopted these standards for the year ended 31 December 2012.

2. Principal accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(iii) Standards and amendments effective after 1 January 2013 that have not been early adopted by the Company

Amendments to IAS 32, "Offsetting financial assets and financial liabilities" is effective for annual periods beginning on or after 1 January 2014, and has not been applied in preparing these financial statements of the Company.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company, is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the standards mandatory effective date, which is still to be decided.

2.2 Revenue recognition

Revenue is wholly attributable to the principal activities of the Company and its subsidiaries. The Company's principal activities are the holding and managing of investments.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from debt securities. Dividend income from listed and unlisted securities is recognised when the right to receive payment is established. Other income mainly comprises interest received from bank institutions.

2.3 Basis of consolidation

2.3 a) Subsidiaries

Subsidiaries are entities (including special purpose entities) controlled by the Company. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholders result in the Company being exposed, or having rights, to variable returns from its involvement with the subsidiary and having the ability to affect those returns through its power over the subsidiary.

2. Principal accounting policies *(Continued)*

2.3 Basis of consolidation *(Continued)*

2.3 a) Subsidiaries *(Continued)*

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. All subsidiaries have a reporting date of 31 December.

2.3 b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 c) Non-consolidated subsidiaries
The Company has determined that the definition of an investment entity (as defined in IFRS 10) applies to the Company in relation to some of its subsidiaries and entities (including special purpose entities) which the Company has invested in, as the following conditions exist:

- The Company has obtained funds for the purpose of providing investors with investment management services;
- The Company’s business purposes, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income;
- The performance of investments are measured and evaluated on a fair value basis.

An investment entity need not present consolidated financial statements if it is required, to measure all of its subsidiaries at fair value through profit or loss. An investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”.

An investment entity is exempt from consolidation on the date it meets the classification of an investment entity, although the exemption ceases when the investment entity no longer qualifies. The only exception is for subsidiaries that provide services relating to the same investment activities which are consolidated.

Accordingly, the Company has elected not to consolidate its investments in some of its subsidiaries and entities (including special purpose vehicles).

2. Principal accounting policies *(Continued)*

2.3 Basis of consolidation *(Continued)*

2.3 c) Investments in associates

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates that are held as part of the Company's investment portfolio are carried at fair value even though the Company may have significant influence over those companies. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in the profit or loss in the period in which they arise.

This treatment is permitted by *IAS 28 Investment in Associates* which allows investments held by venture capital organisations and similar institutions to be excluded from the scope of IAS 28 Investment in Associates provided that those investments upon initial recognition are designated at fair value through profit or loss and accounted for in accordance with *IAS 39 Financial Instruments: Recognition and Measurement*, with changes in fair value recognised through profit or loss in the period of change.

2.4 Foreign currency translation

2.4 a) Functional and presentational currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Company's functional currency and the Company's presentation currency.

2.4 b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss within 'operating expenses'. All other foreign exchange gains and losses are presented in the income statement within financial items.

Translation differences on non-monetary financial assets and liabilities such as equity investments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

2. Principal accounting policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

2.4 c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing rate at the reporting date;
(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting framework provided to the Chief Operating Decision Maker which is considered to be the Board of Directors.

2.6 Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

2.6 a) Investments at fair value through profit or loss

Investments consist of principally listed and unlisted securities and are initially recognised at fair value, excluding transaction costs which are expensed in profit or loss.

The investments designated at fair value through profit or loss are designated as such as the portfolio is managed and performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

Securities listed on a stock exchange or traded on any other regulated market are valued at the bid price on such exchange or market or, if no such price is available, the last traded price on such day. If there is no such price or such market price is not representative of the fair market value of any such security, then the security will be valued in a manner determined by the Directors to reflect its fair value.

Realised and unrealised gains and losses arising from changes in the fair value of investments are recognised in profit or loss as they arise.

All purchases and sales of investment securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised on the trade date, which is the date on which the company commits to purchase or sell the asset.

2. Principal accounting policies *(Continued)*

2.6 b) Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers but also incorporate other types of monetary assets. They are initially measured at fair value and subsequently at amortised cost, using the effective interest method. Loans and receivables are reported net of impairment provisions.

A provision for impairment of loan receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'Impairment on loan receivables'. When a loan or receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Impairment of loan receivables' in the profit and loss.

2.7 Cash and cash equivalents
Cash and cash equivalents include cash in bank and short-term highly liquid investments. Highly liquid investments readily convertible to known amounts of cash which are in a currency different from the functional currency are included in the Statement of Financial Position at the functional currency using the exchange rate at the reporting date.

2.8 Financial liabilities
Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The Company's accounting policy for each category is as follows:

2.8 a) Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Principal accounting policies *(Continued)*

2.8 b) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Consolidated Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.9 IFRS 13 fair value measurement hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability;

2.10 Equity

Share capital is determined using the nominal value of shares that have been issued. Additional premiums received on the initial issuing of the shares are included in the share premium.

Any initial expenses of the Company as those necessary for issues of shares, and expenses entirely related to the Placing and Admission such as fees payable under the placing agreement, receiving agent’s fees, registrar’s fees, admission fees, and any other applicable expenses are offset against the share premium.

2.11 Taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Principal accounting policies *(Continued)*

2.12 Dividends
Equity dividends are recognised when they become legally payable. Interim and final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Leased assets
New Europe Capital Ltd, a subsidiary, has entered into an operating lease in respect of its office premises. Operating lease rental expenses are charged to profit or loss on a straight line basis over the term of the lease.

2.14 Property, plant and equipment
Items of property, plant and equipment are recognised at cost.

Provision for depreciation is made so as to write off the cost of non-current assets less residual value over the expected lives of the assets concerned. All companies in the Group have consistent accounting policies.

The depreciation rates used by the Company are:

Computer hardware and software	-	33% per annum straight line
Office equipment	-	33% per annum straight line

Assets in the course of construction are held at cost and reviewed periodically for impairment. The Company assesses annually whether assets have suffered any impairment by assessing the recoverable amount of cash generating units using budgets to perform discounted cash flow analysis.

The non-current assets are reviewed for impairment annually. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the conditions leading to the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. Useful life is the length of time over which a depreciable asset is expected to be useable.

2.15 a) Pensions
New Europe Capital Ltd, a subsidiary, makes payments to a pension scheme for an employee. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit or loss.

2.15 b) Employee benefits
Wages, salaries, paid annual leave and sick leave and bonuses are recognized as staff costs and accrued when the associated services are rendered by the employees of New Europe Capital Ltd.

3. Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The fair value of balances for which estimates and assumptions have been made as at 31 December 2013 were as follows:

	31-Dec-13 EUR	31-Dec-12 EUR
Unlisted equity securities *(Note 12)*	32,216,437	37,086,401
Loans receivable *(Note 13)*	3,215,156	3,926,668

3 a) Critical accounting estimates and assumptions and critical judgements in applying the Company's accounting policies

(i) Functional currency
The Board of Directors considers the Euro as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Euro is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Company is compared to other European investment products.

(ii) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

The assumptions applied in the valuations are noted in Note 12.

(iii) Unlisted equity securities (Note 12)
The fair value of unlisted equity securities has been determined by independent valuers using DCF analysis. The DCF analysis is based on the investee company's management business plans for the period 2014-2018. The valuation methodology applied by the independent valuers is consistent with the International Financial Reporting Standards (IFRSs) and the International Valuation Standards (IVS).

The critical assumptions applied in the valuations are noted in Note 22.

Management has assessed the fair value of unlisted equity investments at 31 December 2013 and consequently the amount of EUR 4.9 million (2012: EUR 47.5 million) was written off in the profit or loss (Note 12).

(v) Provision for impairment of loans receivable
The impairment charge reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments. The charge is based on the ageing of the party accounts, the party's credit worthiness and the historic write-off experience. Changes to the estimated impairment charge may be required if the financial condition of the counter party was to improve or deteriorate.

4. Dividend income

	31-Dec-13	31-Dec-12
	EUR	EUR
Glasro Holdings Limited	1,385,011	-
S.C. Albalact S.A.	396,982	-
S.C. Comelf S.A.	4,552	1,121
AIK Banka	-	161
	1,786,545	1,282

5. Operating expenses

	31-Dec-13	31-Dec-12
	EUR	EUR
Investment Management /Advisory fees (Note 21)	810,378	1,637,143
Other fees	209,854	273,764
General administrative expenses incurred wholly and exclusively by the Company’s subsidiary New Europe Capital Ltd	178,634	191,179
Administration and custodian fees	207,123	180,000
Directors’ fees	157,041	149,479
Loan arrangement fees	-	90,000
Audit fees	68,403	87,712
Consultancy fees	7,907	81,398
Legal and professional fees	49,329	38,178
Insurance premium	10,036	15,500
Rental of assets – operating leases	14,133	14,796
Depreciation (Note 9)	3,315	3,243
Bank charges	5,291	2,279
Foreign exchange expense	2,805	313
	1,724,249	**2,764,984**

Investment Manager and Investment Advisory fees

New Europe Capital Limited, a subsidiary and the Investment Manager, and New Europe Capital SRL and New Europe Capital DOO, the Investment Advisors, received a management and advisory fee equivalent to 2.25% per annum of the average monthly net asset value of the Company, which is accrued and invoiced on a monthly basis.

The Company reimburses the Investment Manager and Investment Advisors in respect of its costs and expenses (including reasonable travel expenses) incurred in connection with the performance of its duties.

The investment management and investment advisory fees are divided between the Investment Manager and Investment Advisors according to the Investment Management and Investment Advisory Agreements. The amount included in the consolidated statement of comprehensive income is EUR 810,378 (2012: EUR 1,637,143). See Note 21 for full details.

The Investment Manager and Investment Advisors are 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) which is payable annually in arrears (pro rata for partial periods).

5. Operating expenditure *(Continued)*

Investment Manager and Investment Advisory fees *(Continued)*
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 performance fee is divided between the Investment Manager and Investment Advisors pro rata to the respective allocation between the Company's respective Trading and Private Equity investment programmes. The total performance fee included in profit or loss is nil (2012: nil).

Administrator and Custodian fees
The current administrator and custodian, Sanne Trust Company Limited, receives a fixed monthly fee, payable quarterly in arrears. The administration and custodian fee included in the profit or loss is EUR 207,123 (2012: EUR 180,000). An amount of EUR 52,460 was outstanding at the year-end (2012: EUR 44,694).

Director's fees
The Directors are considered to be key management personnel of the Company. The remuneration of each Director is detailed in the table below:

	2013 EUR	**2012 EUR**
Howard I. Golden	40,000	40,000
Ion Alexander Florescu	30,000	30,000
Markus Winkler	30,000	30,000
Dirk Van den Broeck	30,000	30,000
Robert Petch (appointed 6 August 2012 and resigned 26 November 2013)	27,041	12,082
Franklin Pitcher Johnson Jr. (resigned 31 March 2012)	-	7,397
	157,041	**149,479**

In addition, the Directors were also entitled to be reimbursed for their reasonable out of pocket expenses incurred in discharging their duties as Directors. During the current and prior years, the Directors did not benefit from long term incentive schemes or post-employment benefits and no directors made gains from exercising share options. Mr Florescu also received remuneration from New Europe Capital Limited of EUR 69,841, which included EUR 24,045 of pension benefits (2012: EUR 71,642, which included EUR 24,665 of pension benefits).

6. Financial expenses

	31-Dec-13 EUR	**31-Dec-12 EUR**
Interest expense	994,901	612,149
	994,901	**612,149**

During the years ended 31 December, the Company incurred interest on the following loans:

	31-Dec-13 EUR	**31-Dec-12 EUR**
Loan from Northview Investment Fund Limited	544,400	213,389
Investment Management / Advisory fee interest (Note 21)	279,654	183,685
Loan from the Directors of the Company	168,957	215,075
Loan from S.C. Policolor S.A.	1,890	-
	994,901	**612,149**

6. Financial expenses *(Continued)*

Investment Management / Advisory fee interest
On 31 October 2011, the Directors of the Company resolved to accrue interest at a rate of 10% per annum on all outstanding investment management and investment advisory fees outstanding for more than one month. The interest charge included in the consolidated statement of comprehensive income relating to overdue investment management and investment advisory fees is EUR 279,654 (2012: 183,685).

7. Income tax expense

	31-Dec-13	31-Dec-12
	EUR	EUR
Current tax on profit for the year	9,903	71,621
Withholding tax	450	112
Tax on profit on ordinary activities	**10,353**	**71,733**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the Cayman Islands applied to the profit for the year are as follows:

	31-Dec-13	31-Dec-12
	EUR	EUR
Loss before taxation	(6,426,070)	(53,181,064)
Expected tax charge based on the standard rate of corporation tax in the Cayman Islands of 0%	-	-
Effect of:		
Foreign tax - UK Corporation tax	9,586	67,451
Foreign tax - Romanian Corporation tax	767	4,282
Tax on profit on ordinary activities	**10,353**	**71,733**

Reconstruction Capital II Ltd is incorporated in the Cayman Islands and is not subject to taxes on income or gains under Section 6 of the Cayman Islands Tax Concessions Law (Revised).

RC2 (Cyprus) Ltd and Georok Holdings Ltd are all incorporated in Cyprus and are subject to Cyprus tax rate of 10% up to 31 December 2012 and at the rate of 12.5% from 1 January 2013. A tax charge of EUR nil has been recognised for the financial year in respect of both RC2 (Cyprus) Ltd and Georok Holdings Ltd (2012: nil and nil respectively).

RC2 (Cyprus) Imobiliara SRL, is incorporated in Romania and is subject to Romanian corporation tax at 16%. A tax charge of EUR 767 has been recognised for the financial year (2012: EUR 4,282).

The UK corporation tax charge relates to New Europe Capital Ltd and is based on the profit for the year and has taken into account taxation deferred. The tax charge is liable and payable in the United Kingdom in accordance with United Kingdom tax laws.

8. Tax on components of other comprehensive income

The components of other comprehensive income are not subject to tax.

9. Property, plant and equipment

	Office Equipment	Computer hardware and software	Total
Year ended 31 December 2012			
Opening net book amount	**6,829**	**1,033**	**7,862**
Additions	8,631	-	8,631
Depreciation charge	(2,804)	(439)	(3,243)
Translation differences	180	28	208
Closing net book amount	**12,836**	**622**	**13,458**
At 31 December 2012			
Cost	17,044	28,670	45,714
Accumulated depreciation	(4,208)	(28,048)	(32,256)
Net book amount	**12,836**	**622**	**13,458**
Year ended 31 December 2013			
Opening net book amount	**12,836**	**622**	**13,458**
Additions	500	-	500
Depreciation charge	(2,887)	(428)	(3,315)
Translation differences	(322)	(16)	(338)
Closing net book amount	**10,127**	**178**	**10,305**
At 31 December 2013			
Cost	17,115	27,949	45,064
Accumulated depreciation	(7,095)	(28,476)	(35,571)
Net book amount	**10,127**	**178**	**10,305**

10. Subsidiaries

The principal subsidiaries of Reconstruction Capital II Ltd which have been included in these consolidated financial statements, are as follows:

	Country of incorporation	**Proportion of ownership interest**
RC2 (Cyprus) Ltd	Cyprus	100%
Georok Holdings Ltd (Dormant Company)	Cyprus	100%
RC2 (Cyprus) Imobiliara SRL (Dormant Company)	Romania	99%
New Europe Capital Ltd	Great Britain	7.5%

New Europe Capital Ltd has issued a class of share capital that does not have voting rights. Consequently, the voting power held by Reconstruction Capital II Limited is 60% but its economic interest is 7.5%. As a result, the non-controlling interests hold 40% of the voting power with an economic interest of 92.5%.

The Company's proportion of voting rights in all other subsidiaries is the same as its ownership interest.

The following subsidiaries of Reconstruction Capital II Ltd are exempt from consolidation under the requirements of amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities:

	Registered Office	**Proportion of ownership interest 31-Dec-13**	**Proportion of ownership interest 31-Dec-12**
Top Factoring SRL	Romania	92%	92%
Glasro Holdings Ltd	Cyprus	92%	92%
Mamaia Resort Hotels SRL	Romania	63%	63%
East Point Holdings Limited	Cyprus	63%	63%

11. Associates

The following entities are classified as associates of Reconstruction Capital II Limited as at 31 December:

	Registered Office	**Net equity as at 31-Dec-13 EUR (000's)**	**Results as at year ended 31-Dec-13 EUR (000's)**	**Net equity as at 31-Dec-12 EUR (000's)**	**Results as at year ended 31-Dec-12 EUR (000's)**
S.C. Policolor S.A.	Romania	45,109	(1,279)	49,816	(928)
Klas d.o.o	Serbia	6,100	(4,812)	6,032	(7,656)
S.C. Albalact S.A.	Romania	21,961	1,901	21,913	1,647

S.C. Policolor S.A. operates in the paints and coatings industry in Romania. The Company's portion of ownership as at 31 December 2013 was 40% (2012: 40%)

Klas d.o.o. operates in the bakery industry in Serbia. The Company's portion of ownership as at 31 December 2013 was 11% (2012: 11%). The results of Klas d.o.o. are measured upon local generally accepted accounting principles.

S.C. Albalact S.A. operates in the dairy industry in Romania. The Company's portion of ownership as at 31 December 2013 was 25% (2012: 25%). The results of S.C. Albalact S.A. are measured upon locally generally accepted accounting principles.

12. Financial assets at fair value through profit or loss

	31-Dec-13	31-Dec-12
Non-current investments	**EUR**	**EUR**
Unlisted equity securities	32,216,437	37,086,401
Listed equity securities	5,767,520	4,954,699
	37,983,957	**42,041,100**
Cost	92,775,514	92,775,514
Unrealised (loss) / gain on investments	(54,791,557)	(50,734,414)
Fair value of the non-current investments	**37,983,957**	**42,041,100**
Current investments		
Listed equity securities	369,656	456,773
Total financial assets at fair value through profit or loss	**369,656**	**456,773**
Cost	7,555,228	7,608,658
Unrealised loss on investments	(7,185,572)	(7,151,885)
Fair value of the current investments	**369,656**	**456,773**

The fair value of quoted equity securities has been determined by using the closing bid price on the relevant exchange or market. All financial assets held at fair value through profit or loss were designated as such upon initial recognition.

The fair value of unlisted investments has been determined by commissioning independent valuation reports. The inputs used in valuing these investments are not based on observable market data and require judgement, considering factors specific to the investment.

During the year ended 31 December 2013, the Company had reviewed the carrying value of unlisted equity securities held at fair value in the profit or loss account resulting in a loss on revaluation of EUR 4.9 million (2012: EUR 47.5 million) (see Note 3).

13. Loans receivable

	31-Dec-13	31-Dec-12
	EUR	**EUR**
Loans to subsidiaries and related entities (Note 21)	3,215,156	3,926,668
Total Loans	**3,215,156**	**3,926,668**
Amount due for settlement within 12 months	3,215,156	3,366,167
Amount due for settlement after 12 months	-	560,501

13. Loans receivable *(continued)*

The principle features of the Company's loan receivables are as follows:

The Company has the following related party loans receivable:

a. Loans to Mamaia Resort Hotels S.R.L. were granted during 2009 and 2011 in order to finance its working capital needs, in the total sum of EUR 465,753. The loans bear interest of 6.5% (2012: 6.5% and 9%). All interest is repayable on maturity.

   A total of EUR 593,232 was outstanding at 31 December 2013, all of which has been classified as due to be settled within 12 months (2012: EUR 560,501 and classified as due to be settled after 12 months).

   The fair value of the loans receivable from Mamaia Resort Hotels S.R.L. are estimated to equal their carrying value as at 31 December 2013.

b. Loans to East Point Metals Limited were granted during 2012 in order to finance its working capital needs, in the total sum of EUR 1,764,000. The loans bear interest of 9% (2012: 9%). All interest is repayable on maturity.

   A total of EUR 2,858,460 was outstanding at 31 December 2013, all of which has been classified as due to be settled within 12 months (2012: EUR 1,886,286).

   The fair value of the loans receivable from East Point Metals Limited was judged to be impaired by 100% as at 31 December 2013 (2012: 50%). As a result, the total amount receivable from East Point Metals Limited was impaired by EUR 2,858,460, with the loan being valued at nil with a charge of EUR 1,915,317 being incurred during the year (2012: the total amount receivable from East Point Metals Limited was impaired by EUR 943,143, with the loan being valued at EUR 943,143 with a charge of EUR 943,143 being incurred during the year).

c. Loans to Klas DOO were assigned to the Company during 2011 in order to finance its working capital needs in the total sum of EUR 2,210,000 (2012: EUR 2,210,000). The loans bear interest of 9% (2012: 9%). All interest is repayable on maturity.

   A total of EUR 2,621,924 was outstanding at 31 December 2013, all of which has been classified as due to be settled within 12 months (2012: EUR 2,423,024).

   The fair value of the loans receivable from Klas DOO are estimated to equal their carrying value as at 31 December 2013.

14. Trade and other receivables

	31-Dec-13	31-Dec-12
	EUR	EUR
Trade and other receivables	287,669	241,146
Prepayments	78,190	36,631
	365,859	**277,777**

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

15. Trade and other payables

	31-Dec-13	31-Dec-12
	EUR	EUR
Trade payables	86,455	60,297
Investment management/advisory fees	3,703,758	2,893,764
Directors fees	436,521	279,479
Payables and accruals wholly and exclusively payable by the Company's subsidiary New Europe Capital Ltd	415,891	416,861
Administration fees	52,460	44,694
Other payables and accruals	31,465	59,382
	4,726,550	**3,754,477**

All trade payables are classed as financial liabilities measured at amortised cost under IAS 39. The book value approximates fair value.

16. Borrowings

	31-Dec-13	31-Dec-12
	EUR	EUR
Secured and unsecured borrowing at amortised cost		
Loans from directors	717,818	1,539,814
Loans from shareholders	3,546,455	3,002,056
Loan from other related parties	41,890	-
Total borrowings	**4,306,163**	**4,541,870**
Amount due for settlement within 1 year	4,306,163	1,541,870
Amount due for settlement in 1 – 2 years	-	3,000,000

16. Borrowings *(Continued)*

The Company has the following related party loans:

a. An unsecured bridging loan from certain directors of the Company was granted on 29 September 2011 in the sum of EUR 950,000, of which EUR 400,000 has been repaid. The loan has a 1% arrangement fee and bears interest of 8% if repaid within 6 months, 9% if repaid within 9 months or 10% if repaid after 9 months, or an interest rate of the same effective rate as the loan provided by Northview Investment Fund Ltd (as at 31 December 2013: 18%) (2012: 14.6%) if repaid after 12 months. All interest is repayable on maturity on 30 September 2012, however as at the reporting date an amount of EUR 550,000 remains outstanding.

   A total of EUR 717,818 was outstanding at 31 December 2013, all of which has been classified as due to be settled within 12 months (2012: EUR 628,153).

   The fair value of the loan payable to the directors of the Company was estimated to equal its carrying value as at 31 December 2013.

b. A second unsecured loan from the directors of the Company, or persons connected with a director of the Company, was granted on 5 December 2011 in the sum of USD 1,032,563 (EUR 756,000). The terms of the loan include a 2% arrangement fee and an interest rate of 12% if repaid within 6 months, if it is not repaid within that period then after 6 months the interest rate increases to 16% and if it is still outstanding after 12 months, the interest rate increases to 20% after that period. All interest is repayable on maturity on 5 June 2013.

   A total of nil was outstanding at 31 December 2013 (2012: EUR 911,661 and classified as due to be settled after 12 months).

   The fair value of the loan payable to the directors of the Company was estimated to equal its carrying value as at 31 December 2013.

c. A secured loan of EUR 3,000,000 had been provided by Northview Investment Fund Limited, a shareholder in the Company. The terms of the loan include a 2% arrangement fee and an interest rate accruing on each drawdown amount from the date of drawdown of 14% if repaid within 6 months, 16% if repaid within 12 months, and 18% if repaid within 18 months. All interest is repayable on maturity, in April 2014. Security was held over the following assets, registered in the name of the Company or its subsidiaries:

   - 52.67% of the share capital of East Point Holdings Limited;
   - 92.3077% of the share capital of Top Factoring SRL;
   - 63.0137% of the share capital of Mamaia Resort Hotels SRL; and
   - 40% of the share capital of Policolor SA.

   A total of EUR 3,546,455 was outstanding at 31 December 2013, all of which has been classified as due to be settled within 12 months (2012: EUR 3,002,056, of which EUR 2,056 was classified as due to be settled within 12 months and EUR 3,000,000 was classified as due to be settled after 12 months).

   The fair value of the loan payable to Northview Investment Fund Limited was estimated to equal its carrying value as at 31 December 2013.

17. Exchange Rates

The financial statements are prepared in Euro. The following exchange rates at 31 December have been used to translate assets and liabilities denominated in other currencies to Euro:

Currency	31-Dec-13	31-Dec-12
GBP	1.2020	1.2330
USD	0.6038	0.7585
RON	0.2240	0.2250
BGN	0.5115	0.5114
RSD	0.0087	0.0089

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

	31-Dec-13	31-Dec-12
	EUR	EUR
Net assets (excluding non-controlling interest)	32,872,361	39,331,143
Number of shares	100,000,000	100,000,000
Net Asset Value per share	0.3287	0.3933

19. Commitments under operating leases

As at 31 December 2013, the Company had annual commitments under non-cancellable operating leases as set out below:

	31-Dec-13	31-Dec-12
	EUR	EUR
Operating leases which expire:		
Within one year	14,133	14,796
	14,133	**14,796**

20. Pledges and guarantees

During the year ended 31 December 2013, the Company had provided a pledge to Northview Investment Fund Limited, a shareholder in the Company, in relation to a secured loan provided to the Company in the amount of EUR 3,000,000. Security for this loan was held over the following assets, registered in the name of the Company or its subsidiaries:

- 52.67% of the share capital of East Point Holdings Limited;
- 92.3077% of the share capital of Top Factoring SRL;
- 63.0137% of the share capital of Mamaia Resort Hotels SRL; and
- 40% of the share capital of Policolor SA.

Please refer to Note 16c for further details.

The Company also provided a pledge to Raiffeisen Bank SA in relation to a secured loan provided to Glasro Holdings Limited, a subsidiary of the Company, in the maximum amount of EUR 6,000,000 (2012: EUR 4,000,000), of which EUR 5,178,385 had been drawn down as at 31 December 2013 (2012: EUR 3,344,100). Security for this loan was held over the following assets, registered in the name of the Company or its subsidiaries:

- 166,100,478 shares in SC Albalact SA
- 17,701,300 shares in SC Turbomecanica SA

21. 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 and New Europe Capital SRL, which were the Investment Manager and one of the Investment Advisers to the Company, respectively. Total management and advisory fees for the period amounted to EUR 1,025,795 (2012: EUR 2,072,333). Total fees outstanding as at 31 December 2013 were EUR 3,717,388 (2012: EUR 3,165,647).

Investment Management and Advisory fees	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
New Europe Capital Ltd *	215,417	435,190
New Europe Capital SRL**	625,278	953,273
New Europe Capital DOO**	185,100	683,870
	1,025,795	**2,072,333**

Outstanding Amounts	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
New Europe Capital Ltd *	460,328	435,190
New Europe Capital SRL**	2,132,609	1,598,086
New Europe Capital DOO**	1,124,451	1,132,371
	3,717,388	**3,165,647**

The investment management and advisory fee is accrued and is payable monthly in arrears. There were no performance fees paid or payable in respect of 2013 or 2012.

Investment management and advisory fees which are unpaid for over a month attract an interest of 10% (2012: 10%) on the entire balance. Refer to Note 5 for further details.

Interest charged on outstanding amounts	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
New Europe Capital Ltd *	40,281	23,955
New Europe Capital SRL**	170,473	108,352
New Europe Capital DOO**	109,181	75,333
	319,935	**207,640**

* New Europe Capital Limited is part of the Company and so these amounts are eliminated on consolidation.
** New Europe Capital SRL and New Europe Capital DOO are related to the Company through the common beneficial interest of a Director.

Dividend income	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
Glasro Holdings Limited	1,385,011	-
S.C. Albalact S.A.	396,982	-
	1,781,993	-

For details on dividend income, please refer to Note 4.

21. Related-party transactions *(Continued)*

Loans receivable from related parties	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
Loans to subsidiaries and related entities	3,215,156	3,926,668
	3,215,156	3,926,668

For details on the loans receivable from related parties, please refer to Note 13.

Trade and other payables to related parties	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
Investment management and advisory fees	3,717,388	3,165,647
Interest on investment management and advisory fees	279,654	183,685
Directors fees	447,041	279,479
	4,444,083	3,478,894

For details on the trade and other payables to related parties, please refer to Note 15.

Loans payable to related parties	**31-Dec-13**	**31-Dec-12**
	EUR	**EUR**
Loans from directors	717,818	1,539,814
Loans from shareholders	3,546,455	3,002,056
Loans from subsidiaries	41,890	-
	4,306,163	4,541,870

For details on the loans payable, please refer to Note 16.

22. Financial Instruments

Risk management objectives and policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by its investment team which manages the assets to achieve the investment objectives. The most significant financial risks to which the Company is exposed are set out below.

Credit risk

The Company is exposed to credit risk as a result of holding cash balances, trade receivables and loans receivable. The maximum exposure to credit risk on 31 December is:

	31-Dec-13	**31-Dec-12**
	EUR	**EUR**
Loan receivables	6,073,616	3,926,668
Trade and other receivables	365,859	277,777
Cash and cash equivalents	350,142	1,318,380
	6,789,617	5,522,825

Trade receivables, loans receivable and cash are classified as loans and receivables so the total credit risk exposure to loans and receivables is EUR 6,789,617 (2012: EUR 5,522,825).

22. Financial Instruments *(Continued)*

Credit risk *(Continued)*

The loan receivable amount of EUR 6,073,616 (2012: EUR 3,926,668) includes loans and accrued interest in the total amount of EUR 2,858,460 to East Point Metals Limited which had been impaired by 100% as at 31 December 2013 (refer to Note 13(b) for further information). Loans receivable from Klas DOO amounting to EUR 2,621,924 had expired during the year ended 31 December 2013, however the directors are of the opinion that all loans will be fully recovered at a later date, therefore no impairment has been provided for on these loans. No other loan receivable balance was past due or impaired, nor were there any reasons to believe that the remaining balance of EUR 593,232 will not be fully recovered.

The credit quality of these loans receivable are based on the financial performance of the individual portfolio companies, for which there are no available credit ratings. Management uses other qualitative data such as discounted cash flow projections, and the investment advisor consults on the default risk of portfolio companies with approval from the board of directors. For those assets that are not past due, it is believed that the risk of default is low, and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions. No terms or conditions have been renegotiated.
There are no trade and other receivable amounts past due or impaired, nor is there any reason to believe that the trade and other receivables balance of EUR 365,859 (2012: EUR 277,777) will not be fully recovered.

The Company's cash is held with regional and foreign banks and is diversified appropriately. The rating of the banks where the Company held cash and cash equivalents, are shown below. Cash held at broker accounts, or at foreign banks where no rating is available, have been classified as 'Other'.

Cash and cash equivalents

Rating	**Rating Agency**	**31-Dec -13**	**31-Dec -12**
		EUR	**EUR**
Aa3	Moody's	270,729	1,136,045
A3	Moody's	-	173,428
Baa1	Moody's	31,613	-
Baa3	Moody's	-	8,286
Ba2	Moody's	47,800	-
		350,142	1,318,380

In accordance with the Company's policy the Investment Manager monitors credit risk on a daily basis, and management reviews it on a quarterly basis.

Market risk

The Company may invest in securities of smaller issuers which are believed by the investment team to have growth potential. Investment in such securities may present greater opportunities for growth but also involves greater risk than is customarily associated with the securities of more established issuers. Such issuers may have limited product lines, markets or financial recourses and therefore being subject to erratic market movements than securities of larger companies and may be dependent for their management on one or two key individuals.

The market for buying and selling private company securities in Romania, Serbia, Bulgaria and neighboring countries is substantially less developed and the formalities for transferring shares are lengthy. Investments in unlisted securities are more speculative and involve a higher degree of risk and lower level of liquidity.

22. Financial Instruments *(Continued)*

Market risk *(Continued)*
The Bucharest Stock Exchange and RASDAQ have considerably less trading volume than most Western European exchanges and the market capitalisations of listed companies are small compared to those listed on more developed exchanges in developed markets. The listed equity securities of many companies in Romania are accordingly materially less liquid, subject to greater dealing spreads and costs and experience materially greater volatility than those of Western European countries.

Government supervision and regulation of the Romanian and Serbian securities markets and of quoted companies is also less developed. Due to the relative illiquidity of the Bucharest Stock Exchange and RASDAQ, anticipation of the investment of the Company's funds may adversely influence the price paid by the Company in purchasing securities for its portfolio and may affect the speed at which the Company can invest those proceeds.

This relative lack of liquidity may also make it difficult for the Company to effect an orderly disposal of an investment listed on the Bucharest Stock Exchange and the RASDAQ.

Management measures these risks by monitoring its exposure to certain markets, industries and countries, with details of these exposures as follows:

Markets	**31-Dec-13**	**31-Dec-12**
RASDAQ	6,137,176	5,411,472
	6,137,176	5,411,472

Sector	**31-Dec-13**	**31-Dec-12**
Paint	19,760,000	19,360,000
Receivables collection	8,959,408	8,364,401
Dairy	5,767,520	4,954,699
Leisure	2,819,929	2,780,000
Food manufacturing	677,100	1,290,000
Manufacturing	-	5,292,000
	37,983,957	42,041,100

Country	**31-Dec-13**	**31-Dec-12**
Romania	37,306,857	40,751,100
Serbia	677,100	1,290,000
	37,983,957	42,041,100

Foreign currency risks
The Company holds assets denominated in GBP, USD and RON. Accordingly, a change in the value of the RON relative to the Euro will result in corresponding change in the Euro value of the Company's assets denominated in RON. There is a greater likelihood of currency devaluation, imposition of more severe foreign currency exchange controls, a lack of availability of or access to foreign currency and pronounced currency exchange rate fluctuations occurring in Romania in relation to the RON than in Western Europe in relation to major Western European currencies.

The Company is unlikely to hedge currency risks or the risk of fluctuations in the value of the assets of the Company due to the present lack of availability of suitable hedging instruments (such as warrants, futures and options). If suitable instruments become available over time, the Company reserves the right to employ a hedging strategy for such purposes. The Investment Manager closely monitors the currency fluctuations to minimize the exposure to currency risks and ensures that, where possible, foreign currency income and expenses are matched to net off exposure. The table below summarises the Company's exposure to currency risks:

22. Financial Instruments *(Continued)*

Foreign currency risks *(Continued)*

All amounts stated in Euro **31-Dec-13**	**Monetary Assets**	**Monetary liabilities**	**Net exposure**
GBP	385,763	(520,586)	(134,823)
USD	808	-	808
RON	260,878	-	260,878
	647,449	**(88,247)**	**126,863**

All amounts stated in Euro **31-Dec-12**	**Monetary Assets**	**Monetary liabilities**	**Net exposure**
GBP	403,074	(538,258)	(135,184)
USD	672	(911,661)	(910,989)
RON	7,111	-	7,111
	410,857	**(1,449,919)**	**(1,039,062)**

At 31 December, had the exchange rates between the Euro and all other currencies increased by 5%, being managements' expectation of foreign currency fluctuations over the year, with all other variables held constant, the effect on post-tax profit/(loss) and equity would be as follows:

31-Dec-13	**EUR**	**31-Dec-12**	**EUR**
GBP	14,876	GBP	(6,759)
USD	40	USD	(45,549)
RON	13,044	RON	356
BGN	-	BGN	-
RSD	-	RSD	-
	27,960		**(51,952)**

A 5% decrease in the exchange rates would have had an equal but opposite effect on the post-tax profit/(loss) and equity.

Liquidity risk

Cash Flows

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs through the ability to borrow in the short term from shareholders and the cash inflows of dividends from marketable securities.

The table below sets out the Company's contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

31-Dec-13	**Less than 1 month EUR**	**Less than 1 year EUR**	**1 – 2 years EUR**	**No stated maturity EUR**
Accrued expenses	4,639,735	-	-	360
Trade and other payables	86,455	-	-	-
Current loans and borrowings	-	4,487,720	-	-
Non-current loans and borrowings	-	-	-	-
	4,726,190	**4,487,720**	**-**	**360**

22. Financial Instruments *(Continued)*

Liquidity risk *(Continued)*

31-Dec-12	Less than 1 month EUR	Less than 1 year EUR	1 – 2 years EUR	No stated maturity EUR
Accrued expenses	3,693,820	-	-	360
Trade and other payables	60,297	-	-	-
Current loans and borrowings	628,153	1,482,089	-	-
Non-current loans and borrowings	-	-	4,487,720	-
	4,382,270	**1,482,089**	**4,487,720**	**360**

Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values.

	Interest Bearing		Non-interest
31-Dec-13	**Fixed**	**Floating**	**bearing**
	EUR	**EUR**	**EUR**
Loans receivable – current	2,675,753	-	539,403
Trade and other receivables	-	-	365,859
Cash and cash equivalents	-	324,512	25,630
Total current assets	2,675,753	324,512	930,892
Trade and other payables	-	-	4,726,550
Loans and borrowings - current	3,980,611	-	325,552
Total liabilities	3,980,611	-	5,052,102
Total interest sensitivity gap	**(1,304,858)**	**324,512**	**(4,121,210)**

	Interest Bearing		Non-interest
31-Dec-12	**Fixed**	**Floating**	**bearing**
	EUR	**EUR**	**EUR**
Loans receivable – non-current	465,753	-	94,748
Loans receivable – current	3,092,000	-	274,167
Trade and other receivables	-	-	277,777
Cash and cash equivalents	-	1,159,391	158,989
Total current assets	3,557,753	1,159,391	805,681
Trade and other payables	-	-	3,754,477
Loans and borrowings - current	1,333,304	-	208,566
Loans and borrowings – non-current	3,000,000	-	-
Total liabilities	4,333,304	-	3,963,043
Total interest sensitivity gap	**(775,551)**	**1,159,391**	**(3,157,362)**

22. Financial Instruments *(Continued)*

Interest rate risk *(Continued)*
Should interest rates have been lower by 25 basis points with all other variables remaining constant, and the cash level remained constant during the year, the decrease in post-tax profit/loss and equity attributable to holders of ordinary shares would amount to approximately EUR 811 (2012: EUR 2,898). These changes are considered to be reasonably possible based on observations of current market conditions. An increase in interest rates would have an equal and opposite effect on the post-tax profit/loss and equity attributable to holders of ordinary shares.

Should fixed interest rate loans have been based on the average 1 month EURIBOR rate during 2013, being 0.129% (2012: 0.326%) plus a margin of 0.25% (2012: 0.25%), with all other variables remaining constant, and the cash level remained constant during the year, the decrease in post-tax loss and equity attributable to holders of ordinary shares would amount to a loss of approximately EUR 550,107 (2012: loss of EUR 287,229).

Price risk
The Company trades in financial instruments, taking positions in traded and over-the-counter instruments. All investments in securities represent a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities. The Company's equity securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. At 31 December, the overall market exposures were as follows:

	31-Dec-13		31-Dec-12 As restated	
Investment assets	**EUR**	**Percentage of Net Assets**	**EUR**	**Percentage of Net Assets**
Listed equity investments	6,137,176	18%	5,411,472	13%

As at 31 December, if BET-EUR (Bucharest Stock Exchange Trading index) rose or fell by 5% and the listed equity and debt investments reacted in the same way, the increase or decrease respectively in post-tax profit/loss would be 4.77% or EUR 306,859 (2012: 0.51% or EUR 270,574).

The Company manages its exposure to price risk by analyzing the listed equity investment portfolio by industrial sector and benchmarking the movements to that of similar competitors. The table below is a summary of the significant sector concentrations within the listed equity investment portfolio (including Level 1 equity securities):

Sector	**31-Dec-13**	**31-Dec-12**
Dairy	5,767,520	4,954,699
Industrial	369,656	456,773
	6,137,176	5,411,472

The exposure to price risk of unlisted equity investments are presented in section "Fair Value Information"

Capital Management and procedures
The current Company policy is to fund investments through equity. No future change in this policy is envisaged. In the medium term the intention is that capital will be managed so as to maximize the return to shareholders while maintaining a capital base to allow the Company to operate effectively in the marketplace and sustain the future development of the business. The policy is for profits from realisations from the investment portfolio to lead to a reduction in liabilities and the return of capital to shareholders.

The Company's capital is summarised by the consolidated changes of statement in equity and consists of share capital, share premium and retained earnings.

The amounts managed as capital by the Company for the reporting periods under review are summarized as follows:

22. Financial Instruments *(Continued)*

Capital Management and procedures *(Continued)*

	31-Dec-13	**31-Dec-12**
Total equity	33,260,570	39,693,158
Cash and cash equivalents	(350,142)	(1,318,380)
Capital	32,910,428	38,374,778
Total equity	33,260,570	39,693,158
Borrowings	4,306,163	4,541,870
Overall financing	37,566,733	44,235,028
Capital to overall financing ratio	88%	87%

The Group has complied with its maximum level of gearing of 30% of gross assets, in accordance with the Company's admission document, with the current gearing level standing at 10% (2012: 9%) of gross assets.

The Company's policy is not to invest in a single investee company that is greater than 25% of the net asset value at the time of effecting the investment.

Fair Value Information
All of the Company's investments are carried at fair value in the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates.
The carrying amounts of all the Company's financial assets and financial liabilities at the year-end date approximated their fair value.

Estimation of fair values
The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 3 of the Significant accounting policies section. As the major methods and assumptions in estimating the fair value are subjective, management have conducted a sensitivity analysis on key areas based on the investment advisors' reasonable expectations. For fair values of investments classified as level 3 (see below), the following assumptions apply:

Policolor S.A.
Policolor S.A. was valued by an independent valuer as at 31 December 2013. The major assumptions used in the valuation are as follows:

- Weighted average cost of capital of 11.8%
- A terminal value rate of 2%
- Revenue growth of between 5.2% - 16.4%
- EBITDA margin between 9.3% and 14.5%

As at 31 December 2013, if the projected revenue growth of Policolor S.A. rose or fell by 5% the effect from the corresponding change in the fair value of the investment would be reflected as follows in the consolidated financial statements of the Company:

- 5% rise: increase in the Company's total assets by 3.12% or EUR 1,320,000 and a decrease in the Company's post-tax loss by 20.52% or EUR 1,320,000;
- 5% decrease: decrease in the Company's total assets by 3.22% or EUR 1,360,000 and an increase in the Company's post-tax loss by 21.14% or EUR 1,360,000;

22. Financial Instruments *(Continued)*

Fair Value Information *(Continued)*

Klas D.o.o

Klas D.o.o was valued by an independent valuer as at 31 December 2013. The major assumptions used in the valuation are as follows:

- Discount rate of 10%
- A terminal value rate of 1%
- Compound annual growth rate of revenues for 2014 – 2018 of 6%
- EBITDA margin between (6.8%) – 7.9%

As at 31 December 2013, if the weighted average cost of capital of Klas D.o.o increased or decreased by 0.5% the effect from the corresponding change on the fair value of the Company would be reflected as follows in the consolidated financial statements of the Company:

- 0.5% increase: decrease in the Company's total assets by 0.13% or EUR 55,500 and an increase in the Company's post-tax loss by 0.86% or EUR 55,500;
- 0.5% decrease: increase in the Company's total assets by 0.08% or EUR 33,300 and a decrease in the Company's post-tax loss by 0.52% or EUR 33,300;

Mamaia Resort Hotels S.R.L.

Mamaia Resort Hotels S.R.L. was valued by an independent valuer as at 31 December 2013. The major assumptions used in the valuation are as follows:

- Weighted average cost of capital of 10.6%
- A perpetual growth rate of 2%
- Revenue growth of between 4% - 11%
- EBITDA margin between 23% and 32%

As at 31 December 2013, if the projected revenue growth of Mamaia Resort Hotels S.R.L. rose or fell by 1% the effect from the corresponding change on the fair value of the investment would be reflected as follows in the consolidated financial statements of the Company:

- 1% rise: increase in the Company's total assets by 0.37% or EUR 156,357 and a decrease in the Company's post-tax loss by 2.43% or EUR 156.357;
- 1% decrease: decrease in the Company's total assets by 0.37% or EUR 156,357 and an increase in the Company's post-tax loss by 0.37% or EUR 156,357;

Top Factoring SRL

Top Factoring SRL was valued by an independent valuer as at 31 December 2013. The major assumptions used in the valuation are as follows:

- Weighted average cost of capital of 8.3%
- A perpetual growth rate of 3.5%
- Revenue (shrinkage) / growth of between (1.2%) – 12.2%
- EBITDA margin between 9.3% and 12.1%

As at 31 December 2013, if the projected revenue growth of Top Factoring SRL rose or fell by 5% the effect from the corresponding change on the fair value of the investment would be reflected as follows in the consolidated financial statements of the Company:

- 5% rise: increase in the Company's total assets by 1.68% or EUR 712,105 and a decrease in the Company's post-tax loss by 11.07% or EUR 712,105;
- 5% decrease: decrease in the Company's total assets by 1.61% or EUR 681,009 and a decrease in the Company's post-tax loss by 10.59% or EUR 681,009.

22. Financial Instruments *(Continued)*

Fair Value Information *(Continued)*

Glasro Holdings Limited

Glasro Holdings Limited was valued by an independent valuer as at 31 December 2013. The major assumptions used in the valuation are as follows:

- Weighted average cost of capital of 15.5%
- A perpetual growth rate of 2%
- Revenue (shrinkage) / growth of between (0.4%) – 33.3%
- EBITDA margin between 33% and 39%

As at 31 December 2013, if the projected revenue growth of Glasro Holdings Limited rose or fell by 5% the effect from the corresponding change on the fair value of the investment would be reflected as follows in the consolidated financial statements of the Company:

- 5% rise: increase in the Company's total assets by 3.36% or EUR 1,419,054 and a decrease in the Company's post-tax loss by 22.06% or EUR 1,419,054;
- 5% decrease: decrease in the Company's total assets by 3.41% or EUR 1,444,349 and a decrease in the Company's post-tax loss by 22.45% or EUR 1,444,349.

Fair value hierarchy

Investment in securities are carried at fair value. IFRS 7 defines fair value as the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 7 establishes a three-tier fair value hierarchy that prioritises the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under IFRS 7 are described below:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable from the market, either directly (as prices) or indirectly (as derived from prices);
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable.

22. Financial Instruments *(Continued)*

Fair Value Information *(Continued)*

The following tables present the financial instruments carried on the Statement of Financial Position by caption and by level within the valuation hierarchy:

As at 31 December 2013

Assets	Total EUR	Level 1 EUR	Level 3 EUR
Equity investments	**38,353,613**	6,137,176	32,216,437
Total	**38,353,613**	6,137,176	32,216,437

As at 31 December 2012

Assets	Total EUR	Level 1 EUR	Level 3 EUR
Equity investments	**42,497,873**	5,411,472	37,086,401
Total	**42,497,873**	5,411,472	37,086,401

Assets Measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows:

	2013 EUR	2012 EUR
Beginning balance 1 January	37,086,401	84,565,360
Total gains or losses (realised/unrealised):		
-In investment income	(4,869,964)	(47,473,959)
Purchase and issuances	-	-
Settlements	-	(5,000)
Ending balance 31 December	**32,216,437**	**37,086,401**
Unrealised loss in earnings from assets still held at year end	(4,139,530)	(49,389,415)

23. Operating 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 the Chief Operating Decision Maker which is considered to be the Board of Directors has identified its operating segments.

23. Operating segments

Reportable segments *(Continued)*
The "All other" column includes New Europe Capital Ltd and other items which the Chief Operating Decision Maker does not consider to be operating segments.

	Listed Private Equity Programme **31-Dec-13** **EUR**	Unlisted Private Equity Programme **31-Dec-13** **EUR**	Trading Programme **31-Dec-13** **EUR**	All Other **31-Dec-13** **EUR**	Total **31-Dec-13** **EUR**
Reportable segment total assets	5,767,520	32,216,437	369,656	3,941,462	**42,295,075**
Reportable segmental profit / (loss) (before tax)	846,307	(4,866,059)	(119,778)	(2,207,459)	**(6,436,423)**
Reportable segment liabilities	-	-	-	(9,034,505)	**(9,034,505)**

	Listed Private Equity Programme **31-Dec-13** **EUR**	Unlisted Private Equity Programme **31-Dec-13** **EUR**	Trading Programme **31-Dec-13** **EUR**	All Other **31-Dec-13** **EUR**	**Total** **31-Dec-13** **EUR**
Gains on investments at FVTPL	846,307	(4,869,964)	(115,873)	-	**(4,139,530)**
Interest revenue	-	-	-	449,689	**449,689**
Depreciation and impairment	-	-	-	(3,315)	**(3,315)**
Dividends	396,982	1,385,011	4,552	-	**1,786,545**
Income tax expense	-	-	-	(10,353)	**(10,353)**
Other income	-	-	-	111,693	**111,693**

	Listed Private Equity Programme **31-Dec-12** **EUR**	Unlisted Private Equity Programme **31-Dec-12** **EUR**	Trading Programme **31-Dec-12** **EUR**	All Other **31-Dec-12** **EUR**	Total **31-Dec-12** **EUR**
Reportable segment total assets	4,954,699	37,086,401	456,773	5,536,283	**48,034,156**
Reportable segmental loss gain (before tax)	(1,769,302)	(47,568,393)	(51,720)	(3,863,382)	**(53,252,797)**
Reportable segment liabilities	-	-	-	(8,340,998)	**(8,340,998)**

23. Operating segments *(Continued)*

Reportable segments *(Continued)*

	Listed Private Equity Programme	Unlisted Private Equity Programme	Trading Programme	All Other	**Total**
	31-Dec-12	**31-Dec-12**	**31-Dec-12**	**31-Dec-12**	**31-Dec-12**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Gains on investments at FVTPL	(1,769,302)	(47,568,393)	(51,720)	-	**(49,389,415)**
Interest revenue	-	-	-	329,387	**329,387**
Depreciation and impairment	-	-	-	(3,243)	**(3,243)**
Dividends	-	-	1,282	-	**1,282**
Income tax expense	-	-	-	(71,733)	**(71,733)**
Other income	-	-	-	197,958	**197,958**

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

	Romania	**Serbia**	**Other**	**Total**
	31-Dec-13	**31-Dec-13**	**31-Dec-13**	**31-Dec-13**
	EUR	**EUR**	**EUR**	**EUR**
Revenues				
Total investment loss	1,765,370	(5,904,900)	-	**(4,139,530)**
Interest income	32,774	415,075	1,840	**449,689**
Dividend income	1,786,545	-	-	**1,786,545**
Other income	-	-	111,693	**111,693**
	3,584,689	**(5,489,825)**	**113,533**	**(1,791,603)**
Total assets				
Financial assets at FVTPL	37,306,857	677,100	-	37,983,957
Property, plant and equipment	-	-	10,305	10,305
Non-current assets	**37,306,857**	**677,100**	**10,305**	**37,994,262**
Financial assets at FVTPL	369,656	-	-	369,656
Trade and other receivables	-	-	365,859	365,859
Loans receivable	593,232	2,621,924	-	3,215,156
Cash and cash equivalents	-	-	350,142	350,142
Total Assets	**38,269,745**	**3,299,024**	**726,306**	**42,295,075**

23. Operating segments *(Continued)*

Reportable segments *(Continued)*

	Romania 31-Dec-12 EUR	Serbia 31-Dec-12 EUR	Other 31-Dec-12 EUR	Total 31-Dec-12 EUR
Revenues				
Total investment loss	(16,737,123)	(32,652,292)	-	**(49,389,415)**
Interest income	11,321	310,250	7,816	**329,387**
Dividend income	1,121	161	-	**1,282**
Other income	-	-	197,958	**197,958**
	(16,724,681)	**(32,341,881)**	**205,774**	**(48,860,788)**
Total assets				
Financial assets at FVTPL	35,459,100	6,582,000	-	42,041,100
Property, plant and equipment	-	-	13,458	13,458
Loans receivable	560,501	-	-	560,501
Non-current assets	**36,019,601**	**6,582,000**	**13,458**	**42,615,059**
Financial assets at FVTPL	456,773	-	-	456,773
Trade and other receivables	-	-	277,777	277,777
Loans receivable	-	3,366,167	-	3,366,167
Cash and cash equivalents	-	-	1,318,380	1,318,380
Total Assets	**36,476,374**	**9,948,167**	**1,609,615**	**48,034,156**

24. Reserves

Reserve	**Description and purpose**
Share capital	Par value of a share multiplied by the number of shares issued
Share premium	Amount subscribed for share capital in excess of nominal value
Retained earnings / deficit	Cumulative net gains and losses recognised in profit or loss within the Consolidated Statement of Comprehensive Income and cumulative transfers from other recognised reserves where permitted or required
Foreign exchange reserve	Reserve where cumulative gains and losses arising on retranslation of foreign operations as reflected in other comprehensive income are held until the operation is disposed of

25. Share Capital

	Authorised		Authorised	
	2013 Number	**2013 EUR**	**2012 Number**	**2012 EUR**
Ordinary shares of EUR 0.01 each	300,000,000	3,000,000	300,000,000	3,000,000

	Issued and fully paid		Issued and fully paid	
	2013 Number	**2013 EUR**	**2012 Number**	**2012 EUR**
Ordinary shares of EUR 0.01 each				
At beginning of the year	100,000,000	1,000,000	100,000,000	1,000,000
	100,000,000	1,000,000	100,000,000	1,000,000

26. Earnings per share

Earnings	**31-Dec-13**	**31-Dec-12**
Earnings for the purposes of basic & diluted earnings per share being net loss attributable to owners of the Company	(6,459,070)	(53,392,784)
Earnings for the purposes of basic & diluted EPS	**(6,459,070)**	**(53,392,784)**
Number of shares		
Weighted average number of shares for the purposes of basic & diluted EPS	100,000,000	100,000,000
Net loss attributable to equity holders of the parent	(6,459,070)	(53,392,784)
Basic & diluted EPS	**(0.0646)**	**(0.5339)**

27. Events after the reporting period

The directors have performed a subsequent events review from 1 January 2014 through to the date that the consolidated financial statements were authorised for issuance, and report the following subsequent events:

- In March 2013, the Company received an amount of EUR 585,594 from Mamaia Resort Hotels SRL in relation to loans receivable.

- On 1 April 2014, the Company secured a bridging loan from Ion Florescu, a director of the Company in the amount of EUR 6.75 m which is being used to repay an existing loan and accrued interest from Northview Investment Fund Ltd, the existing loan from the directors of the Company, for current working capital purposes and to partially repay outstanding investment management/advisory fees. The loan is being drawn in four tranches, carrying an interest rate of 12% per annum.

- On 1 April 2014, the Company announced that it was beginning a period of consultations with shareholders relating to the issuance of a EUR 9.0 m secured convertible bond in order to repay all the existing liabilities of the Company and provide additional working capital for the upcoming twelve months.