

**RECONSTRUCTION CAPITAL II LIMITED**

**INTERIM UNAUDITED FINANCIAL STATEMENTS**

**For the period 1 January 2011 to 30 June 2011**

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

---

**Contents**

**Page:**

3	Directors and Company information
5	Investment Manager and Investment Advisers' Report
6	Independent Review Report
7	Consolidated Statement of Comprehensive Income
8	Consolidated Statement of Financial Position
9	Consolidated Statement of Changes in Equity
10	Consolidated Statement of Cash Flows
11	Notes to the Interim Unaudited Financial Statements

# RECONSTRUCTION CAPITAL II LIMITED

## Interim Unaudited Financial Statements

for the six months ended 30 June 2011

---

### **Domicile and country of incorporation of parent company**

Cayman Islands

### **Legal form**

Limited Liability Company

### **Directors**

Howard I. Golden  
Ion Alexander Florescu  
Franklin Pitcher Johnson Jr.  
Markus Winkler  
Dirk Van den Broeck

### **Secretary and registered office**

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

### **Investment Manager**

New Europe Capital Ltd  
33 Marloes Road  
London W8 6LG

### **Investment Advisers**

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

### **Nominated Adviser**

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

New Europe Capital DOO

Francuska 12  
11000 Beograd

### **Administrator and Custodian**

Sanne Trust Company Limited  
13 Castle Street  
St Helier, JE4 5UT  
Jersey

### **Broker**

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

### **Independent Auditors**

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

### **Company number**

HL-156549

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

---

**INVESTMENT MANAGER AND INVESTMENT ADVISORS REPORT**

Dear Shareholders,

On 30 June 2011, Reconstruction Capital II Limited (“RC2” or the “Group”) had a total unaudited net asset value (“NAV”) of EUR 92.3m after deducting non-controlling interest, or EUR 0.9227 per share, which represents a decrease of EUR 0.0121, or 1.29%, since the beginning of the year.

By comparison, as at 30 June 2011, the published NAV per share was EUR 1.0645, with the difference of EUR 0.1418 deriving from the effects of consolidating Mamaia Hotels SRL, Top Factoring SRL and East Point Holdings Limited (“EPH”). All three investments are booked at fair value when computing RC2’s published net asset value per share.

In April 2011, RC2 sold its shareholding in East Point Metals Ltd (“EPM”) back to EPH, and in return it received non-core real estate assets from EPH which it is in the process of swapping with the founding shareholders of EPH for additional shareholding in EPH. By the end of June 2011, RC2 had increased its shareholding in EPH from 42.0% to 51.6%. Consequently EPH is now consolidated in the accounts of RC2 (note 8).

Under its Trading Programme, RC2 continued to reduce its exposure to listed markets in the region, and continued to refocus the Group towards its Private Equity Programme by exiting certain listed positions, thereby realising EUR 0.5m in cash proceeds.

Yours truly,

New Europe Capital SRL

New Europe Capital DOO

New Europe Capital Limited

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

---

**INDEPENDENT REVIEW REPORT TO RECONSTRUCTION CAPITAL II LIMITED**

**Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes.

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

**Directors' responsibilities**

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

**Our responsibility**

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

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

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

*BDO LLP*  
*Chartered Accountants and Registered Auditors*  
*London*  
*Date*

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

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Notes	Six months 30-Jun-11 EUR	Six months 30-Jun-10 EUR	Year ended 31-Dec-10 EUR
Revenue		30,334,857	2,056,398	4,631,539
Cost of Sales		(26,020,344)	-	-
<b>Gross Profit</b>		<b>4,314,513</b>	<b>2,056,398</b>	<b>4,631,539</b>
<b>Investment income</b>				
(Loss) / Gain on investments at fair value through profit or loss	3	(7,184,966)	9,719,750	11,954,421
Interest income		18,793	22,422	18,237
Dividend income		30,123	4,041	4,082
Other investment income		353,339	118,856	503,154
<b>Total investment income</b>		<b>(6,782,711)</b>	<b>9,865,069</b>	<b>12,479,894</b>
<b>Expenses</b>				
Gain arising on acquisition of controlling interest in subsidiary	8	(16,112,647)	-	-
Administrative expenses	4	10,822,622	3,704,199	10,955,345
Selling expenses		1,817,780	-	-
<b>Total expenses</b>		<b>(3,472,245)</b>	<b>3,704,199</b>	<b>10,955,345</b>
<b>Operating profit</b>		<b>1,004,047</b>	<b>8,217,268</b>	<b>6,156,088</b>
Share of profit of associates		17,732	-	-
Interest expense		(1,233,519)	-	-
<b>Profit before taxation</b>		<b>(211,740)</b>	<b>8,217,268</b>	<b>6,156,088</b>
Income tax expense		(608,000)	(199,146)	491,582
<b>Net loss / profit for the period</b>		<b>(819,740)</b>	<b>8,416,414</b>	<b>6,647,670</b>
<b>Other comprehensive income</b>				
Exchange differences on translating foreign operations		1,357,286	(493,300)	87,787
<b>Total comprehensive income for the period</b>		<b>537,546</b>	<b>7,923,114</b>	<b>6,735,457</b>
<b>Net profit for the period attributable to:</b>				
- Equity holders of the parent		3,469,459	8,483,235	6,731,609
- Non-controlling interest		(4,289,199)	(66,821)	(83,939)
		<b>(819,740)</b>	<b>8,416,414</b>	<b>6,647,670</b>
<b>Total comprehensive income attributable to:</b>				
- Equity holders of the parent		4,826,745	7,989,935	6,819,396
- Non-controlling interest		(4,289,199)	(66,821)	(83,939)
		<b>537,546</b>	<b>7,923,114</b>	<b>6,735,457</b>
Basic and diluted earnings per share	7	0.0347	0.0848	0.0673

*The notes on pages 11 to 15 form an integral part of these unaudited interim financial statements*

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2011**

	Notes	30-Jun-11 EUR Unaudited	30-Jun-10 EUR Unaudited	31-Dec-10 EUR Audited
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		142,925,210	13,923,286	11,588,403
Financial assets at fair value through profit or loss	5	43,442,739	77,227,760	83,387,381
Available for sale financial assets		515,873	-	-
Investment properties		6,067,947	-	-
Other receivables		2,030,192	-	-
Investments in associates		721,818	-	-
Goodwill		1,257,153	1,257,153	1,257,153
<b>Total non-current assets</b>		<b>196,960,932</b>	<b>92,408,199</b>	<b>96,232,937</b>
<b>Current assets</b>				
Financial assets at fair value through profit or loss	5	3,063,735	8,850,105	3,711,882
Other financial assets		3,965,211	-	-
Inventories		35,766,855	244,619	181,000
Trade and other receivables		73,946,530	1,403,573	6,607,316
Cash and cash equivalents		16,337,677	3,680,088	812,543
		<b>133,080,008</b>	<b>14,178,385</b>	<b>11,312,741</b>
Non current assets held for sale		4,439,000	-	-
<b>Total current assets</b>		<b>137,519,008</b>	<b>14,178,385</b>	<b>11,312,741</b>
<b>Total assets</b>		<b>334,479,940</b>	<b>106,586,584</b>	<b>107,545,678</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		23,251,817	1,913,945	2,380,538
Loans and borrowings		110,079,842	943,165	2,924,754
Corporation tax payable		359,767	50,293	9,925
<b>Total current liabilities</b>		<b>133,691,426</b>	<b>2,907,403</b>	<b>5,315,217</b>
<b>Non-current liabilities</b>				
Deferred tax		10,987,769	967,102	621,000
Provision – employee retirement		758,926	-	-
Loans and borrowings		25,997,895	1,076,709	1,290,000
<b>Total non-current liabilities</b>		<b>37,744,590</b>	<b>2,043,811</b>	<b>1,911,000</b>
<b>Total liabilities</b>		<b>171,436,016</b>	<b>4,951,214</b>	<b>7,226,217</b>
<b>Total net assets</b>		<b>163,043,924</b>	<b>101,635,370</b>	<b>100,319,461</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

---

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2011 (continued)**

**Capital and reserves attributable to equity holders**

Share capital	1,000,000	1,000,000	1,000,000
Share premium reserve	121,900,310	121,900,310	121,900,310
Retained deficit	(25,194,314)	(24,796,845)	(26,548,471)
Foreign exchange reserve	(5,439,872)	(3,457,656)	(2,876,569)
<b>Total equity and reserves</b>	<b>92,266,124</b>	<b>94,645,809</b>	<b>93,475,270</b>
Non-controlling interest	70,777,800	6,989,561	6,844,191
<b>Total equity</b>	<b>163,043,924</b>	<b>101,635,370</b>	<b>100,319,461</b>

*The notes on pages 11 to 15 form an integral part of these unaudited interim financial statements*



**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2011**

	Share Capital EUR	Share Premium EUR	Foreign exchange reserve EUR	Retained Deficit EUR	Sub-total EUR	Non- controlling interest EUR	Total EUR
<b>Balance at 1 January 2010</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(2,964,356)</b>	<b>(33,280,080)</b>	<b>86,655,874</b>	<b>7,103,139</b>	<b>93,759,013</b>
Net profit for the period	-	-	-	8,483,235	<b>7,989,935</b>	(66,821)	<b>7,923,114</b>
Other comprehensive income	-	-	(493,300)	-	-	-	-
<b>Total comprehensive income</b>	-	-	(493,300)	8,483,235	<b>7,989,935</b>	(66,821)	<b>7,923,114</b>
Dividends paid to non – controlling interests	-	-	-	-	-	(46,757)	<b>(46,757)</b>
<b>Balance at 30 June 2010</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(3,457,656)</b>	<b>(24,796,845)</b>	<b>94,645,809</b>	<b>6,989,561</b>	<b>101,635,370</b>
Net profit for the period	-	-	-	(1,751,626)	<b>(1,751,626)</b>	(17,118)	<b>(1,768,744)</b>
Other comprehensive income	-	-	581,087	-	<b>581,087</b>	-	<b>581,087</b>
<b>Total comprehensive income</b>	-	-	581,087	(1,751,626)	<b>(1,170,539)</b>	(17,118)	<b>1,187,657</b>
Dividends paid to non – controlling interests	-	-	-	-	-	(128,252)	<b>(128,252)</b>
<b>Balance at 31 December 2010</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(2, 876,569)</b>	<b>(26,548,471)</b>	<b>93,475,270</b>	<b>6,844,191</b>	<b>100,319,461</b>
Net profit for the period	-	-	-	3,469,459	<b>3,469,459</b>	(4,289,199)	<b>(819,740)</b>
Other comprehensive income	-	-	1,357,286	-	<b>1,357,286</b>	-	<b>1,357,286</b>
<b>Total comprehensive income</b>	-	-	<b>1,357,286</b>	<b>3,469,459</b>	<b>4,826,745</b>	<b>(4,289,199)</b>	<b>537,546</b>
Acquisition of additional interest in subsidiaries	-	-	-	-	-	68,396,929	<b>68,396,929</b>
Disposal of interests in subsidiaries to non – controlling interests	-	-	(3,920,589)	(2,115,302)	<b>(6,035,891)</b>	-	<b>(6,035,891)</b>
Dividends paid to minorities	-	-	-	-	-	(174,121)	<b>(174,121)</b>
<b>Balance at 30 June 2011</b>	<b>1,000,000</b>	<b>121,900,310</b>	<b>(5,439,872)</b>	<b>(25,194,314)</b>	<b>92,266,124</b>	<b>70,777,800</b>	<b>163,043,924</b>

*Share premium is stated net of share issue costs.*

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>31-Dec-10</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Cash flows from operating activities</b>			
Net profit before tax	(211,740)	8,217,268	6,156,088
<i>Adjustments for:</i>			
Depreciation and amortisation	695,145	469,928	210,991
Impairment	-	-	2,738,000
Gain on financial assets at fair value through profit or loss	7,184,542	(9,612,548)	(11,954,421)
Profit on sale of financial asset	-	-	50,670
Gain on acquisition of subsidiary	(16,112,647)	-	-
(Gain)/ loss on foreign exchange	3,405,193	(212,286)	268,314
Reversal of impairment loss of fixed assets	-	(795,642)	-
Share of profit of associates	(17,732)	-	-
Interest income	(372,132)	(22,422)	(18,237)
Interest expense	1,233,519	-	-
Dividend income	(30,123)	(4,041)	(4,082)
<b>Net cash outflow before changes in working capital</b>	<b>(4,225,975)</b>	<b>(1,959,743)</b>	<b>(2,552,677)</b>
Increase in trade and other receivables	2,939,555	(174,633)	(5,382,625)
Increase/ (decrease) in trade and other payables	(1,602,731)	627,302	1,140,946
(Increase)/ decrease in inventories	2,521,181	(217,619)	(154,000)
Decrease in provision	(40,698)	-	-
Interest received	19,038	22,763	18,957
Dividend received	4,389	48,553	52,466
Payments for purchase of financial assets	-	(2,886,235)	(229,995)
Net proceeds from sale of financial assets	-	3,509,930	5,467,342
<b>Net cash (used in)/ generated by operating activities</b>	<b>(385,241)</b>	<b>(1,029,682)</b>	<b>(1,639,586)</b>
Income tax paid	(58,227)	-	(107,439)
<b>Cash flows from investing activities</b>			
Cash acquired on acquisition of subsidiary	15,307,490	-	-
Sale of property, plant and equipment	-	-	167,741
Purchase of property, plant and equipment	-	(82,779)	(1,086,963)
Purchase of financial assets	(427,907)	(1,559,883)	(8,671,500)
Sale of financial assets	1,494,644	-	3,764,880
	<b>15,930,759</b>	<b>(2,672,344)</b>	<b>(7,572,867)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to minorities	(174,123)	(46,757)	(175,009)
Proceeds from loan	3,951,536	2,019,874	4,527,329
Payments of loan	(4,183,038)	(638,146)	(984,369)
<b>Decrease in cash and cash equivalents</b>	<b>15,525,134</b>	<b>(1,337,373)</b>	<b>(4,204,916)</b>
<b>Cash at beginning of period/ year</b>	<b>812,543</b>	<b>5,017,461</b>	<b>5,017,459</b>
<b>Cash at end of period/ year</b>	<b>16,337,677</b>	<b>3,680,088</b>	<b>812,543</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

---

**NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS**

**1. Establishment**

Reconstruction Capital II Limited was incorporated on 17 October 2005 in the Cayman Islands as an exempted company created to invest in private and listed equity and fixed income securities, including convertible and other mezzanine instruments, primarily in Romania, Bulgaria and Serbia. The Company was admitted to trading on AIM on 23 December 2005 and started trading on 27 January 2006. These financial statements show the results of the Group for the period from 1 January 2011 to 30 June 2011.

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

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

**2. Basis of Preparation**

The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ended 31 December 2011 and are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 31 December 2010 with the exception of the first application of IFRS3 (Revised 2008) by the Group regarding the acquisition of East Point Holdings Limited (see note 8).

The financial information for the six months ended 30 June 2011 and the six months ended 30 June 2010 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2010 has, however, been derived from the audited statutory financial statements for that period.

The half-yearly report has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRSs) as endorsed by the European Union, using accounting policies that are expected to be applied for the financial year ending 31 December 2011.

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

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

**3. Gain on investments at fair value through profit or loss**

	<b>30-Jun-11</b> <b>Unaudited</b> <b>EUR</b>	<b>30-Jun-10</b> <b>Unaudited</b> <b>EUR</b>	<b>31-Dec-10</b> <b>Audited</b> <b>EUR</b>
Unrealised gain on investments	(5,940,216)	14,432,818	17,541,778
Gain on foreign exchange	(419)	39,742	830
Other realised investment (loss)	(1,244,331)	(4,752,810)	(5,588,187)
	<b>(7,184,966)</b>	<b>9,719,750</b>	<b>11,954,421</b>

**4. Administrative Expenses**

	<b>30-Jun-11</b> <b>Unaudited</b> <b>EUR</b>	<b>30-Jun-10</b> <b>Unaudited</b> <b>EUR</b>	<b>31-Dec-10</b> <b>Audited</b> <b>EUR</b>
Investment Management /Advisory fees	1,163,298	952,892	1,950,290
Administration and custodian fees	90,000	148,197	343,488
Audit fees	64,452	76,159	111,447
Directors' fees	78,905	79,342	148,981
Depreciation and impairment	695,145	469,928	2,948,027
Rental of assets-operating leases	6,664	7,328	13,505
Foreign exchange loss/ (gain)	3,595,828	42,673	(9,497)
Profit on disposal of investment company	-	-	1,191
Staff cost	569,406	407,389	1,523,057
Bad debts written off	2,697,965	-	-
Other fees	1,860,959	1,520,291	3,924,856
	<b>10,822,622</b>	<b>3,704,199</b>	<b>10,955,345</b>

## RECONSTRUCTION CAPITAL II LIMITED

### Interim Unaudited Financial Statements

for the six months ended 30 June 2011

#### 5. Financial assets at fair value through profit or loss

	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>31-Dec-10</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Non-current investments</b>			
Unlisted equity securities	34,747,303	68,855,670	73,789,908
Listed equity securities	8,695,435	8,372,090	9,597,473
	<b>43,442,739</b>	<b>77,227,760</b>	<b>83,387,381</b>
Cost	53,310,114	81,834,610	85,663,687
Unrealised loss on investments	(9,867,375)	(4,606,850)	(2,276,306)
<b>Fair value of the investments</b>	<b>43,442,739</b>	<b>77,227,760</b>	<b>83,387,381</b>
<b>Current investments</b>			
Listed equity securities	3,063,735	8,850,105	3,711,882
Unlisted equity options	-	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>3,063,735</b>	<b>8,850,105</b>	<b>3,711,882</b>
Cost	10,679,539	17,862,436	11,954,797
Unrealised loss on investments	(7,615,804)	(9,012,331)	(8,233,915)
<b>Fair value of the investments</b>	<b>3,063,735</b>	<b>8,850,105</b>	<b>3,711,882</b>

#### 6. Net Asset Value

	<b>30-Jun-10</b>	<b>30-Jun-10</b>	<b>31-Dec-10</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Net assets (excluding non-controlling interest)	92,266,124	94,645,809	93,475,270
Number of shares	100,000,000	100,000,000	100,000,000
Net Asset Value per share	0.9227	0.9465	0.9348

#### 7. Earnings per share

	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>31-Dec-10</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<i>Numerator</i>			
Profit for the period/ year	3,469,459	8,483,235	6,731,609
Earnings used in EPS	<b>3,469,459</b>	<b>8,483,235</b>	<b>6,731,609</b>
<i>Denominator</i>			
Weighted average number of shares used in basic and diluted EPS	100,000,000	100,000,000	100,000,000
<b>EPS</b>	<b>0.0347</b>	<b>0.0848</b>	<b>0.0673</b>

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

**8. Acquisitions during the period**

As at 31 December 2010, the Group had a 42% interest in East Point Holdings Ltd (“EPH”), which was carried at fair value in the Statement of Financial Position. A valuation was carried out by an independent valuer as at 31 December 2010.

In April 2011, RC2 sold its shareholding in East Point Metals Ltd (“EPM”) back to EPH, and in return it received non-core real estate assets from EPH which it is in the process of swapping with the founding shareholders of EPH for additional shareholding in EPH. By the end of June 2011, RC2 had increased its shareholding in EPH from 42.0% to 51.6%. On the basis that there was no consideration payable to acquire a controlling interest in EPH then the fair value of the controlling interest held is deemed to be the consideration payable to acquire control.

Details of the provisional fair value of identifiable assets and liabilities acquired, consideration and goodwill are as follows:

	<b>Book Value</b> <b>EUR</b>	<b>Adjustment</b> <b>EUR</b>	<b>Fair Value</b> <b>EUR</b>
Intangible assets	632,776	-	632,776
Property, plant and equipment	138,974,384	-	138,974,384
Investments in associates	704,961	-	704,961
Available for sale financial assets	102,354	-	102,354
Short term loans and financial investments	3,582,179	-	3,582,179
Investment properties	7,062,369	-	7,062,369
Long term investments and receivables	734,442	-	734,442
Cash and cash equivalents	17,905,298	-	17,905,298
Trade and other receivables	75,352,131	-	75,352,131
Inventories	38,107,036	-	38,107,036
Accounts payables, accruals and other liabilities	(23,434,933)	-	(23,434,933)
Loans and borrowings	(129,090,637)	-	(129,090,637)
Provision – (employee retirement)	(799,623)	-	(799,623)
Deferred tax liability	(11,825,637)	-	(11,825,637)
<b>Total Net assets</b>	<b>118,007,100</b>	<b>-</b>	<b>118,007,100</b>
<b>Group share of total Net assets</b>			<b>49,610,170</b>
<b>Deemed Consideration</b>			
Fair value of shares at acquisition			41,149,527
<b>Gain from bargain purchase</b>			8,460,643
<b>Gain arising on pre-existing holding</b>			7,652,004
<b>Gain on acquisition of subsidiary</b>			<b>16,112,647</b>

As at 30 June 2011, the fair value of the identifiable assets and liabilities has been based on their carrying value as at that date. A review of the fair values of the identifiable assets and liabilities acquired is being undertaken and any adjustments deemed necessary will be made in the audited financial statements to 31 December 2011.

**RECONSTRUCTION CAPITAL II LIMITED**  
**Interim Unaudited Financial Statements**  
**for the six months ended 30 June 2011**

---

**9. Related-party transactions**

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

Mr Florescu is a director of New Europe Capital Limited, the Investment Manager to the Company, and New Europe Capital SRL, an Investment Adviser to the Company, and has a beneficial interest in New Europe Capital DOO, another Investment Adviser. Total management and advisory fees for the period amounted to EUR 1,163,298. Total fees outstanding as at 30 June 2011 were EUR 700,146.

<b>Investment Management and Advisory fees</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>31-Dec-10</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
New Europe Capital Ltd *	255,925	168,157	344,168
New Europe Capital SRL	535,117	728,682	1,491,398
New Europe Capital DOO	372,256	224,210	458,892
	<b>1,163,298</b>	<b>1,121,049</b>	<b>2,294,458</b>

<b>Outstanding Amounts</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>31-Dec-10</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
New Europe Capital Ltd *	86,699	58,672	29,490
New Europe Capital SRL	363,747	254,247	380,921
New Europe Capital DOO	249,700	190,645	77,397
	<b>700,146</b>	<b>503,564</b>	<b>487,808</b>

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