



Poteza Adriatic Fund

Annual Report 2007



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Portfolio Managers' Letter to Investors

Dear Investor,

The year 2007 was the most successful year for Poteza Adriatic Fund. The results reflect the active ownership and management roles that the Fund, its Managers, and its representatives have played in the portfolio companies. We are pleased to report that the Fund's general private equity policy of controlling significant level of ownership and its regional approach have resulted in improved operating performance of the Fund's portfolio companies and yielded a very solid return to the Investors.

In 2007 the Fund achieved profits of EUR 19 million, representing a net IRR of 31.27%. The valuation methods reflect guidelines of the European Venture Capital Association (EVCA) and were approved at the Fund's Advisory Board meeting held in March 2008 in Amsterdam. By calling additional 12.12% of total committed capital in 2007, the Fund became almost fully invested. During the year 2007, it made five investments: one into a new company and four follow-on investments into three existing portfolio companies. Additional investments are planned in the first half of the year 2008. At the end of 2007, the Fund's portfolio companies employed more than 2,600 employees.

The largest growth among the Fund's portfolio companies in 2007 has been achieved by its investments in financial institutions. Total assets of Nova Banka from Bosnia and Herzegovina have more than doubled and the share price has increased by approximately 50% since the end of the previous year. In 2007, most of the bank's activities focused on business growth, adding new products and services as well as preparing the bank for a trade sale. Postbank BH, the Fund's other banking investment in Bosnia and Herzegovina, started operating with newly appointed management in the second half of the year after provisional management was successfully terminated. With an exclusive agreement for cooperation with BH Post, the bank secured the largest bank network in the country. The Fund's investment in Moldova Agroindbank from Moldova has performed very strongly and its share price on the Moldova Stock Exchange has grown by about 100% in value in 2007. The bank holds a leading position on the domestic market by assets and by equity, and maintains high profitability, return on equity, and liquidity.

In 2007, Magnavita Holding from Serbia began operating as a consolidated holding company and started to maximize effects of synergies inside its animal feed industry holdings. The company achieved a 42.8% sales growth and more than doubled the cash flow from the previous year. The implementation of ISO 9001 and HACCP certificates, human resource improvements, brand recognition strategy and newly adopted three year strategic plan, represent a solid base for future business growth of the leading animal feed producer in Serbia.

The Fund's investment in the pan - South East European telecommunication service provider Akton (Atel Europe) was strengthened through successful launch of a new product line, reorganization and recapitalization. All this resulted in sales growth of approximately 200% compared to the previous year and positive monthly operating results by the end of 2007.

An aggressive sales strategy of Gornji Grad from Croatia has positioned the company among the leading players in the country's B2B office supplies market. The company has successfully implemented improvements in human resource management, cost reduction, and information system management. Among many achievements, the company also won new lucrative procurement tenders which should show their full financial effect in the next years.

Finally, Farmalogist from Serbia, the Fund's latest investment, performed remarkably well during the past year. As a fast growing pharmaceutical wholesaler, the company has a high potential to become the industry consolidator in the Serbian pharmaceutical sector.

Dear Investor, the 2007 results reinforce our confidence about the overall strong performance of the Fund. We are pleased to report that our ship is returning from its long voyage along the Adriatic with full coffers.

Sincerely,
Poteza Capital Management B.V.

Cielo Azul N.V.

Executive Summary

1	First Closing Date	28.5.2003
2	Final Closing Date	28.6.2004
3	Vintage Year	2003
4	Fund Life (Number of Years)	8
5	End Date of Fund Life	28.5.2011
6	Investment Period (Number of Years)	5
7	Investment Period End Date	28.5.2008
8	Management Fee Details	2.5% per year
9	Hurdle Rate	6%
10	Total Commitment	EUR 66,500,000
11	Total Drawn Down To Date	EUR 53,011,832
12	Percentage of Total Commitment Drawn Down to Date	79.72%
13	Legal Domicile	The Netherlands
14	Legal Form / Structure	Corporation (B.V.)
15	Amendments to Legal Agreements (if any)	See the Fund's Corporate Action
16	Litigation, incl. Lawsuits Against the Fund, Fund Manager, or Affiliates (if any)	None
17	Investment Focus by Stage	Late
18	Investment Focus by Geography	South-Eastern Europe
19	New and Potential Upcoming Investments	See Deal Flow Analysis
20	Current Investments	See Individual Investee Summary and Aggregate Summary
21	Realizations and Total Distributions to Date	See Aggregate Summary; Distribution of some share premium was made
22	Key Manager Contacts	Name
		Contact Details
		Mr. Jelle Hol
		Phone +31 20 521 4696 Fax +31 20 521 4822 Email jelle.hol@fortisintertrust.com
23	Key Man Events and Personnel Changes at the Partner Level	None
24	Office Openings or Closings	The Fund is based in Amsterdam

25	Current Shareholders & Individual Commitments	Name of Class A Shareholders	Amount Committed	% of total		
		Poteza Netherlands B.V.	EUR 11,250,000	16.9%		
		International Finance Corporation	EUR 11,250,000	16.9%		
		Triglav Netherlands B.V.	EUR 5,000,000	7.5%		
		San Long B.V.	EUR 5,000,000	7.5%		
		Finasper B.V.	EUR 4,000,000	6.0%		
		DZU Investment B.V.	EUR 4,000,000	6.0%		
		Kopinvest Netherlands B.V.	EUR 4,000,000	6.0%		
		Iskra Investments B.V.	EUR 4,000,000	6.0%		
		Zvon B.V.	EUR 4,000,000	6.0%		
		Sloinvest Netherlands B.V.	EUR 4,000,000	6.0%		
		Breukeleveensche Poort B.V.	EUR 4,000,000	6.0%		
		Elm Tree Investments B.V.	EUR 4,000,000	6.0%		
		Banka Domzale d.d.	EUR 1,000,000	1.5%		
Banka Celje d.d.	EUR 1,000,000	1.5%				
Total	EUR 66,500,000	100.0%				
26	Investment Committee Members	Name of Class B Shareholders	Amount Committed	% of total		
		Poteza Capital Management B.V.	EUR 3,501	100.0%		
		Total	EUR 3,501	100.0%		
26	Investment Committee Members	Name	Title	Investor		
		Branko Drobnak	Chairman	Poteza		
		Shahbaz Mavaddat	Member	IFC		
		Giovanni Daniele	Alternate Member	IFC		
		Andrej Zupancic	Member	Helios		
		Mirko Pavsic	Member	Luka Koper		
		27	Advisory Board Members	Name	Title	Investor
				Franc Bohneec	Chairman	Interra
				Shahbaz Mavaddat	Member	IFC
				Giovanni Daniele	Alternate Member	IFC
Uros Ivanc	Member			Zavarovalnica Triglav		
Joze Godec	Member	Iskra Holding				
Joze Mermal	Member	BTC				
28	Plans for Raising a Subsequent Fund in the Near Term	Subsequent fund planned in 2008				

Note:

A total of 70,001 shares (66,500 Class A, 3,501 Class B) have been issued. Each Class A share represents a commitment of 1,000 EUR.

Investment Activity

Investment Summary

	December 31, 2006		December 31, 2007		Total EUR
	EUR	% Committed capital	EUR	% Committed capital	
1. Total Capital Commitment (Total Fund Size)*	66,500,000	100%	66,500,000	100%	66,500,000
2. Capital Drawn Down to Date	44,954,207	68%	53,011,832	80%	53,011,832
3. Less Capital Distributed	97,609	0.15%	191,793	0.29%	191,793
4. Net Capital Outstanding	21,448,184	32%	13,296,375	20%	13,296,375
5. Capital Reserved for Follow-On Investments (% of 4.)	0	0%	0	0%	0
6. Capital Available for Drawdown (1.-2.)	21,545,793	32%	13,488,168	20%	13,488,168
Adequacy of Remaining Uncalled Capital?	Sufficient		Sufficient		Sufficient
Forecast Capital Calls (Until End of Investment Period)	21,545,793	32%	13,488,168	20%	13,488,168
Forecast Fund Capital Gain	88,953,500	134%	88,953,500	134%	88,953,500
Forecast Fees for Remaining Life of Fund	3,296,241	5%	4,079,199	6%	4,079,199
Forecast Net Expenses for Remaining Life of Fund	1,155,948	2%	862,639	1%	862,639
Contingent Liabilities (Including Debt and Guarantees)	0	4%	0	4%	0
Assets:	0				
Current Assets	4,389,387	7%	2,525,556	4%	2,525,556
Fair Market Value of Current Portfolio**	53,113,938	80%	82,075,333	123%	82,075,333
Other Assets	158,312	0%	49,764	0%	49,764
Liabilities:	0				
Current Liabilities	23,087	0%	22,692	0%	22,692
NET ASSET VALUE OF FUND at end of period	57,638,550	87%	84,627,961	127%	84,627,961

*The table does not include nominal equity paid up for Class B shares (EUR 3,501)

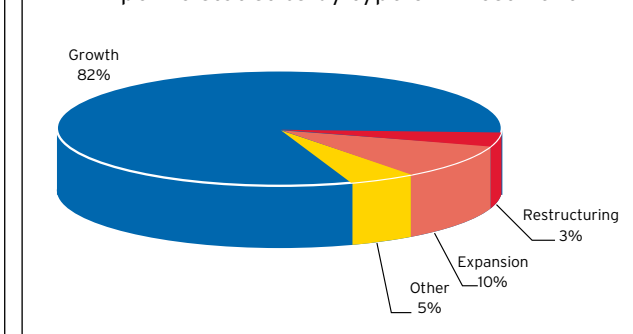
**Valuation as of December 31, 2007, as per Advisory Board valuation approval on March 14, 2008

□ Cash flows from Investors to the Fund
 ■ Cash flows from the Fund to the Investors

Dealflow Analysis

During the year 2007, the Fund's continued investment activities resulted in sixty reviewed investment proposals. Throughout the year 2007, six investment proposals underwent the due diligence process. One of the investment proposals was presented to the Investment Committee and was realized upon approval. Additionally, the Fund completed four follow-on investments in existing companies.

Pipeline statistics by type of investment



Investment Opportunity Statistics

Type of Investment \ Country	Bosnia and Herzegovina	Croatia	Serbia	Slovenia	Montenegro	Secondary Region	Total
Growth	8	7	20	4	2	8	49
Restructuring	0	0	0	0	0	2	2
Expansion	1	2	1	1	0	1	6
Other	1	1	1	0	0	0	3
Total	10	10	22	5	2	11	60

Pipeline and Deal Processing	2003	2004	2005	2006	2007
Number of proposals reviewed	71	181	98	87	60
Number of proposals in due diligence	3	9	11	6	6
Number of proposals presented to IC	1	1	4	6	1
Number of projects approved	1	0	4	6	1
Number of investments completed	1	0	3	6*	5*

*Including follow-on investments

Range of Examined Companies' Equity Size (Book Value in EUR million)	Number of Companies
N/A	22
< 5 million EUR	27
5 - 10 million EUR	7
10 - 15 million EUR	3
15 - 20 million EUR	0
20 - 25 million EUR	0
> 25 million EUR	1
Total	60



Environmental Report

Being aware of the climate change that has especially been stressed in the last few years, the Fund commits itself to full implementation of environmental policies. Environmental protection as such is one of the basic requirements when investing in portfolio companies.

Portfolio companies are recognizing important environmental issues and the Fund makes sure that they have the knowledge as well as the motivation which is necessary for a successful implementation of environmental policies. Particular emphasis is put on portfolio companies that are closely related to communities and environments in which they operate. For that, Poteza Adriatic Fund keeps track of the environmental, social, health and safety aspects regarding the local community.

Environmental issues are constantly facing many new challenges and new ways are found to improve the environmental policies. Countries in the South East European region are making progress in the implementation of the environmental policies yet it is important that they reach standards in the environmental area that are acceptable in the European Union. The region though is facing fast development and is thus not always supported by proper environmental legislation.

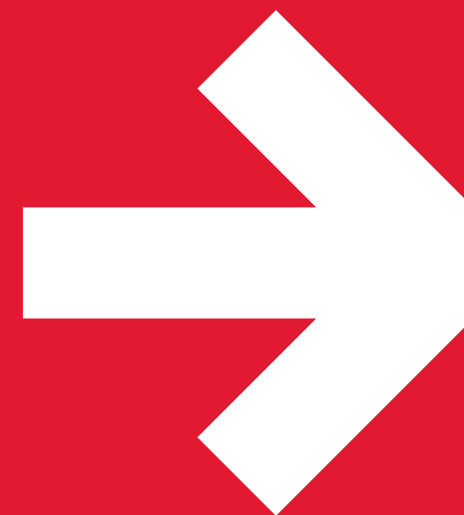
Magnavita Holding is the Fund's portfolio company most closely related to environmental issues. The company follows the industry standards required in the animal feed production sector. However, small and medium sized animal feed producers in Serbia are not always meeting these standards. Therefore, Magnavita Holding and the Animal Feed Association of Serbia prepared a new draft of the animal feed industry law that will strengthen the existing legislation and consequently improve the level of health and safety issues in the industry. This act is expected to become effective by January 2009.

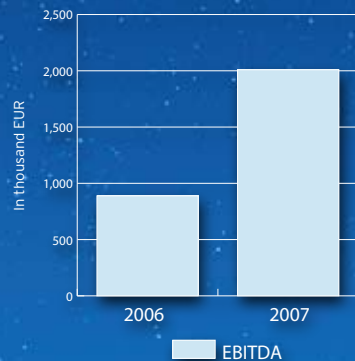
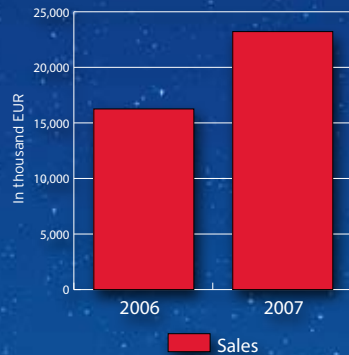
As the Fund does not have any other manufacturers in its portfolio, the environmental activities center around promoting the fact that they continuously improve their environmental impact and that their partners do the same.

The Fund commits itself to full implementation of environmental policies.

Portfolio Companies

Magnavita Holding a.d., Novi Sad, Serbia	8
Nova Banka a.d., Banja Luka, Bosnia and Herzegovina	10
Akton d.o.o. (Atel Europe B.V.), Ljubljana, Slovenia	12
Moldova Agroindbank S.A., Chisinau, Moldova	14
Gornji Grad d.o.o., Zagreb, Croatia	16
Postbank BH d.d., Sarajevo, Bosnia and Herzegovina	18
Farmalogist Holding d.o.o., Belgrade, Serbia	20
Karniola Communications B.V., Amsterdam, The Netherlands	22





In the year 2007 sales have amounted to EUR 23.2 million, representing a 42.8% growth compared to the year 2006.

Magnavita Holding a.d.

Novi Sad, Serbia

Magnavita Holding began operating as one company during the year 2007 and incorporates the Fund's activities in the agricultural sector. As such it includes the activities of all of the Fund's animal feed manufacturing portfolio companies (Superprotein, Proteinka, ABS, and Ekomix) as well as pig farming (Susfarm) and organic waste processing (Prekon). By transferring its shares from Superprotein and Proteinka to Magnavita Holding, the Fund developed a corporate entity with a potential to maximize the effect of synergies inside the basket of the Fund's agricultural companies in Serbia.

The year 2007 ended successfully for Magnavita Holding. Its sales have grown consistently and in 2007 amounted to EUR 23.2 million, representing a 42.8% growth compared to the year 2006. Additionally, EBITDA more than doubled from what it was the previous year. During the year, the company faced rising input prices of raw materials due to global conditions and due to a local drought situation. Still, it generated high revenues and cash flow. The net income of the company was lowered by two non-cash items: increased amortization (due to an increase in operating assets) and marking-to-market of the pig inventory which was priced low at the end of the year 2007.

The beginning of the year 2007 was marked by increased efforts to employ experienced individuals in order to pursue Magnavita's commercial network expansion across Serbia and acquire more customers among the medium sized animal feed breeders. The human resource department focused on hiring new field representatives as well as engaging highly skilled individuals to represent the company as animal feeding and breeding consultants. Magnavita's internal school for sales managers further improved their already existing knowledge in the fields of sales and commerce. A successful implementation of the ISO 9001 and HACCP certificates also considerably raised the level of Magnavita's brand recognition and export potential. Furthermore, the company realized some major investments in 2007, including steam plant construction,

anti-fire system set up, roof reconstruction, new bagging scale acquisition, reconstruction of the drying plant, and the acquisition of the new vehicle scale.

During the year 2007, Magnavita's representatives visited many different fairs in order to expand the sales network. In May 2007, the company promoted its brand names on a 120 square meter showroom at the Serbian Annual Agricultural Fair 2007 in Novi Sad. Visits of several other fairs followed in the second half of the year, where two new Magna brands were presented. All the fairs gave the management team and the salesmen an opportunity to strengthen their relations with the existing buyers, raise Magnavita's brands awareness and recognition as well as meet the company's potential customers on the spot. Magnavita's representatives attended some foreign fairs as well, including the ones in the Netherlands, Portugal, Germany and Russia.

A three-year strategic plan has been adopted at the end of the year 2007 with a focus on medium scale animal breeders. The plan includes a full scale offer ranging from animal feed, research, nutritional consulting and customer financing. While the small sized breeders' segment is gradually diminishing, the middle sized one is getting more and more attractive for the animal feed producers. As an incentive to the breeders who have entered into a long-term agreement with Magnavita's companies, Magnavita gives them large capacity feed bins. This facilitates long-term relationship building with the buyers.

Magnavita together with the Animal Feed Association initiated the preparation of a new Act on animal feed industry that will reinforce the existing legislation. The new legislation will presumably become valid by January 2009. It should help ensure that only those producers who are meeting specified health and other standards will be able to remain on the market.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund	
Company Information		
Investee Name (legal and trading):	Magnavita Holding a.d.	
Location of Head Office:	Futoska 2, 21000 Novi Sad	
Legal Domicile:	Republic of Serbia	
Structure of Holding (equity/debt):	Equity	
Sector:	Agriculture	
Country of Focus:	Republic of Serbia	
Business Description:	Animal feed production	
Shareholders by %:	Poteza Adriatic Fund	100.00%
Fund Investment		
Initial Investment Rationale:	Growth	
Stage of Investment:	Buy & Build	
Fund's Role in the Investment (lead, co-lead):	Lead	
Date of Initial Investment:	2Q 2005	
Investment:	EUR 8,647,263	
Percentage ownership:	100.00%	
Board representation by Fund (if any):	Yes	
Any co-investments?	No	
Valuation of 100% equity:		
Pre-money	n.a.	
Post-investment (recent valuation)	EUR 12,790,903	
Financial Audit Status: audited/non-audited	Audited annually	
Qualified opinion?	No	
Compliance with commercial covenants:	Yes	
Recent Developments:	On plan - see Portfolio companies report	
Exit Strategy:	Trade sale	
Key Issues:	Horizontal industry consolidation, increasing the market share	
Health rating (on plan, above plan, below plan):	On plan	
Any restrictions on liquidity?	None	

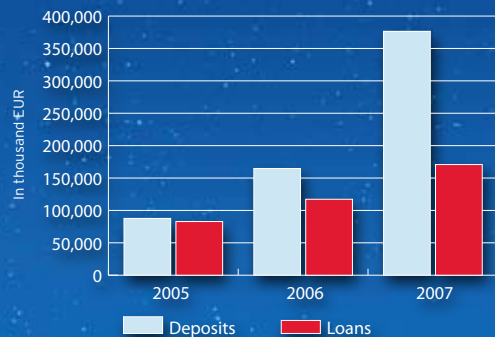
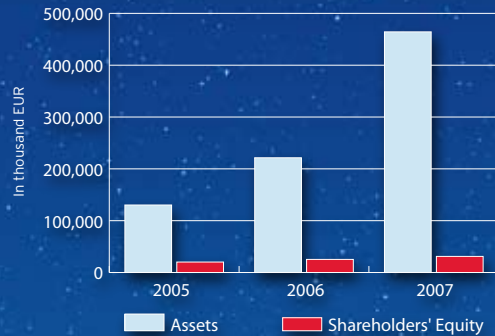
Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy:	Serbian Accounting Standards	
	2006	2007
Income Statement		
Net Sales: Actual	16,263	23,217
Forecast at acquisition	n.a.	n.a.
Forecast revised as at Decemer 2006		n.a.
EBITDA: Actual	920	2,009
Forecast at acquisition	n.a.	n.a.
Forecast revised as at December 2006		n.a.
Net Income: Actual	538	197
Forecast at acquisition	n.a.	n.a.
Forecast revised as at December 2006		n.a.
EBITDA Margin:	6%	9%
Net Income Margin:	3%	1%
Market Capitalization:	-	-
Enterprise Value: Actual	8,498	12,791
Forecast as at December 2006		n.a.
Enterprise Value/Sales:	0.52	0.55
Enterprise Value/EBITDA:	9.24	6.37
Consolidated Balance Sheet		
Assets		
Current Assets	5,811	8,993
Cash	435	395
Operating Receivables	2,939	5,634
Other	2,437	2,963
Fixed Assets, Net	5,531	11,283
Goodwill and Intangibles	1,058	1,065
LT Investments and other assets	4,677	81
Prepaid Expenses	393	545
Total Assets	17,469	21,966
Liabilities		
Accounts Payable	3,073	5,007
Other liabilities	4,693	5,842
Liabilities Sub-total	7,766	10,849
Shareholders' Equity	9,703	11,117
Common Stock	4,016	10,850
Total Liabilities & Equity	17,469	21,966



Nova Banka a.d.

Banja Luka, Bosnia and Herzegovina



Net profit of EUR 2.7 million went up by 11.2% on an annual basis with a 50% increase of interest income.

Following the success of previous years, Nova Banka achieved solid growth in 2007. The price per share in 2007 went up by 41.7% to KM 4,500 from KM 3,175 in 2006. The bank's market share in total assets in Bosnia and Herzegovina increased from 2.95% to 4.65% in 2007. Total assets of the bank at the end of the year 2007 amounted to EUR 464.4 million, representing a 109.7% growth compared to the end of 2006. Net profit of EUR 2.7 million went up by 11.2% on an annual basis with a 50% increase of interest income. Deposits grew by 128.5%, and the bank increased the amount of financing credits by 45.7%.

During the year 2007, new shares have been issued in the amount of EUR 2.8 million. The bank has been recapitalized by the International Finance Corporation (IFC) and the existing shareholders of the bank.

The bank has significantly improved its quality by extensive work on the credit portfolio. A revision of credit approval process has been made and implemented and is now further improving the quality of the credit portfolio. The bank's main focus on domestic clients gradually widened and additional foreign-owned corporate clients have been gained. Deposits received from the private sector and individuals have been complemented with the deposits from government and its related parties. Those deposits strengthen the confidence of the bank and rank it high in the eyes of depositors.

New capital market related service has been launched during the year 2007: custody. A new department was set up within the bank in order to provide various services on the capital market, including the subscription of new shares for legal entities at Banja Luka's Stock Exchange.

During 2007, the bank's Supervisory Board also adopted several new internal policies: policy defining corporate clients lending, policy on the bank's retail loans and receivables collaterals and policy defining retail clients crediting. Due to growing importance of the retail sector, the bank put more focus on the retail and defined it as one of its strategic goals. Due to these changes, the bank strengthened the marketing department's management.

In 2007 the bank's headquarters have been transferred from Bijeljina to Banja Luka. New premises will be located at a prime location in Banja Luka and will have 3,000 square meters of office space. The opening is planned to take place in the first half of 2008.

Nova Banka has also established a leasing company Nova Leasing that launched its operations during the third quarter of 2007. The bank owns approximately 63% of Nova Leasing.

In the light of the above, Nova Banka continues to compete successfully with the rapidly developing market of Bosnia and Herzegovina.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund		
Company Information			
Investee Name (legal and trading):	Nova Banka a.d. Banja Luka		
Location of Head Office:	Veselina Maslese 1/III, 78300 Banja Luka		
Legal Domicile:	Republic of Srpska, Bosnia and Herzegovina		
Structure of Holding (equity/debt):	Equity		
Sector:	Banking		
Country of Focus:	Bosnia and Herzegovina		
Business Description:	Bank		
Shareholders by %:			
	Poteza Adriatic Fund	38.32%	
	Prva Pokojninska druzba	4.13%	
	IFC	8.47%	
	Others	49.08%	
Fund Investment			
Initial Investment Rationale:	Growth		
Stage of Investment:	Newly issued equity subscription		
Fund's Role in the Investment (lead, co-lead):	Lead		
Date of Initial / Follow-up Investment:	2Q 2005	4Q 2005	Total:
Investment:	EUR 7,436,331	EUR 2,538,628	EUR 9,974,959
Percentage ownership:	38.32%		
Board representation by Fund (if any):	Yes		
Any co-investments?	EUR 1,001,109	Prva Pokojninska druzba	
	EUR 2,802,391	IFC	
Valuation of 100% of equity:			
Pre-money	EUR 11,197,292		
Post-investment (recent valuation)	EUR 103,147,513		
Financial Audit Status: audited/non-audited,	Audited annually		
Qualified opinion?	No		
Compliance with commercial covenants:	Yes		
Recent Developments:	On plan - see Portfolio companies report		
Exit Strategy:	Trade sale		
Key Issues:	Supporting internal growth, profitability and implementation of new IT system		
Health rating (on plan, above plan, below plan):	On plan		
Any restrictions on liquidity?	None		

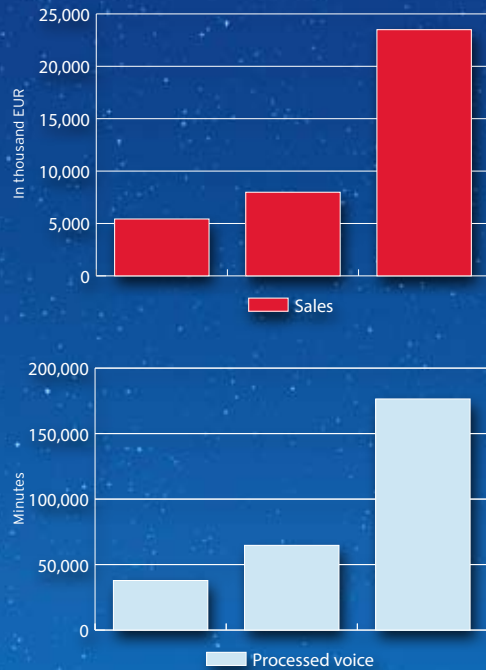
Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy:	B&H accounting standards	
	2006	2007
Income Statement		
Net Interest Income: Actual	7,585	11,389
Forecast at acquisition	8,542	n.a.
Forecast revised as at December 2006		9,483
Net Profit from Financing Operations: Actual	12,312	19,915
Forecast at acquisition	14,619	n.a.
Forecast revised as at December 2006		17,824
Net Income: Actual (post provisioning)	2,450	2,725
Forecast at acquisition (post provisioning)	2,865	n.a.
Forecast revised as at December 2006		3,148
Net Income Margin:	32%	24%
Market Capitalization:	72,865	103,148
Enterprise Value: Actual	72,865	103,148
Forecast as at December 2006		n.a.
Consolidated Balance Sheet		
Assets		
Current Assets	213,642	446,339
Cash & Securities	91,952	274,004
Receivables	117,238	170,812
Other	4,452	1,524
Fixed Assets, Net	5,529	5,961
Goodwill and Intangibles	2,069	3,411
LT Investments and other assets	222	8,653
Total Assets	221,462	464,364
Liabilities		
Accounts Payable	164,735	376,474
Debt securities	26,448	41,284
Other liabilities	4,985	15,506
Liabilities Sub-total	196,168	433,264
Shareholders' Equity	25,294	31,100
Common Stock and Preferred Stock	19,748	23,091
Total Liabilities & Equity	221,462	464,364
Ratios:		
Capital adequacy (not weighted)	11.42%	6.70%
ROE	9.69%	8.76%
ROA	1.11%	0.59%



Akton d.o.o. (Atel Europe B.V.)

Ljubljana, Slovenia



For the year 2007, Akton posted historically high sales of EUR 24 million, representing a 201% growth compared to the year 2006.

For the year 2007, Akton posted historically high sales of EUR 24 million, representing a 201.1% growth compared to the year 2006. The company is 100% owned by Atel Europe B.V., where Poteza Adriatic Fund was an 83.11% shareholder at the end of 2007. Furthermore, the company became cash flow positive during the last quarter of 2007. Taking into consideration very competitive market conditions, sales growth presented an outstanding performance. The company put much of its efforts into sales improvements in order to compete with the competition on the market, systemize sales channels and achieve greater efficiency of the data service sales processes. Akton concentrates its efforts on three lines of business: International Voice Wholesale, International Data Transmission, and Origination.

The International Voice Wholesale sector is a well established sector of Akton, generating growing cash flows. Throughout the year 2007, the sales team managed to obtain interconnection contracts with a number of new, important international partners. A new management team was appointed in 2007 to solidify the aggressive sales growth and expansion strategy of the company, as well as to adopt the necessary organizational changes.

During 2007, International Data Transmission remained a very significant focus of Akton's sales efforts. This line of business was launched in 2007 and has produced significant orders,

adding substantial margin to the net results. The success of the launch of this new product line indicates that the company is capable to plan, develop, and execute a broader range of products.

Akton's third line of business is originating calls in the countries of South East Europe. These efforts are strongest in the former Yugoslav Republic of Macedonia, but are also bearing fruit in Serbia and Bosnia and Herzegovina. In the latter two, the company's local subsidiaries successfully obtained telecommunications contracts for some of the countries' most prestigious business centers. To additionally attract more customers and overcome the competition, Akton provides better service and more favorable pricing conditions than other local incumbent players.

Results of operations in 2007 proved that past undertakings and current strategy generate an appropriate base for further development towards the goal of becoming significant telecommunication service provider in the region. It should also be noted that in 2007, Akton adopted a policy of amortizing goodwill that it obtained during the merger with its parent company in 2006. As such, Akton's net result reflects an approximate amount of EUR 1 million of non-cash reduction from operating income.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund		
Company Information			
Investee Name (legal and trading):	Akton Telekomunikacijski Inzeniring d.o.o.		
Location of Head Office:	Dunajska 63, Ljubljana		
Legal Domicile:	Slovenia		
Structure of Holding (equity/debt):	Equity		
Sector:	Telecommunications		
Country of Focus:	South East Europe		
Business Description:	Telecommunication services		
Shareholders by % (in Atel Europe BV):	Poteza Adriatic Fund	83.11%	
	Kingshouse Investments Ltd.	16.89%	
Fund Investment			
Initial Investment Rationale:	Growth		
Stage of Investment:	Buyout		
Fund's Role in the Investment (lead, co-lead):	Lead		
Date of Initial Investment:	4Q 2005	2Q 2006	4Q 2006
Investment:	EUR 2,010,122	EUR 989,958	EUR 2,025,600
Date of Initial Investment:	1Q 2007	3Q 2007	Total
Investment:	EUR 433,000	EUR 640,000	EUR 6,098,680
Percentage ownership:	83.11%		
Board representation by Fund (if any):	No		
Any co-investments?	EUR 1,115,880	Kingshouse Investments Ltd.	
Valuation of 100% equity:			
Pre-money	EUR 10,000,000	(including EUR 7 million leverage)	
Post-investment (recent valuation)	EUR 4,214,000		
Financial Audit Status: audited/non-audited,	Audited annually		
Qualified opinion?	No		
Compliance with commercial covenants:	Yes		
Recent Developments:	Signing contracts with new key-customers		
Exit Strategy:	Trade sale, IPO		
Key Issues:	Regional expansion, introducing new services, growing customer base		
Health rating (on plan, above plan, below plan):	Below plan		
Any restrictions on liquidity?	None		

Financial Information

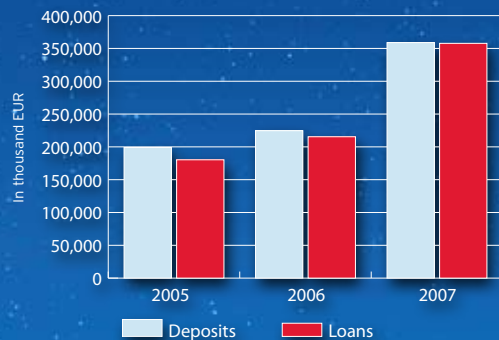
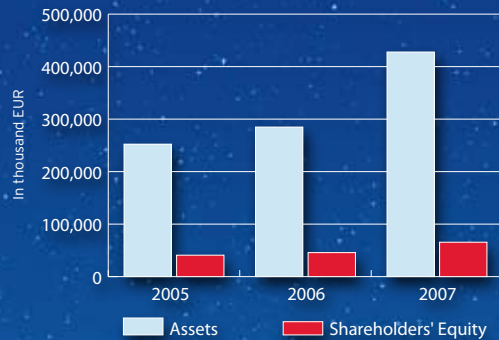
Currency:	EUR 000	EUR 000
Accounting Policy:	Slovene Accounting Standards	
	2006	2007
Income Statement		
Net Sales: Actual	7,983	24,036
Forecast at acquisition	14,294	24,804
Forecast revised as at December 2006		21,077
EBITDA: Actual	-1,305	-642
Forecast at acquisition	4,677	9,598
Forecast revised as at December 2006		1,345
Net Income: Actual	-1,698	-1,617
Forecast at acquisition	3,201	6,846
Forecast revised as at December 2006		410
EBITDA Margin:	-16%	-3%
Net Income Margin:	-21%	-7%
Market Capitalization:	-	-
Enterprise Value: Actual	4,513	4,214
Forecast as at December 2006		n.a.
Enterprise Value/Sales:	0.57	0.18
Enterprise Value/EBITDA:	-3.46	6.56
Consolidated Balance Sheet		
Assets		
Current Assets	2,292	4,344
Cash & Securities	411	82
Receivables	1,714	4,131
Other	167	131
Fixed Assets, Net	2,103	1,903
Goodwill and Intangibles	8,434	7,363
LT Investments and other assets	383	445
Prepaid expenses	43	18
Total Assets	13,255	14,073
Liabilities		
Accounts Payable	3,996	4,004
Other liabilities	5,636	6,325*
Liabilities Sub-total	9,633	10,329
Shareholders' Equity	3,622	3,744
Common Stock	2,597	4,316
Total Liabilities & Equity	13,255	14,073

* A convertible loan in the amount of EUR 500,000 was converted to equity in January 2008



Moldova Agroindbank S.A.

Chisinau, Moldova



The bank achieved a net profit of EUR 16.7 million, representing a 44.6% growth compared to the year 2006.

The year 2007 has been another successful year for Moldova Agroindbank. The bank achieved a net profit of EUR 16.7 million, representing a 44.6% growth compared to the year 2006 and thus reaching the highest value in the bank's history. Total assets exceeded EUR 427 million, showing a 50.2% growth compared to the year 2006. During the year 2007, total deposits and gross loans grew by 59.8% and 66.1%, respectively. High ROE of 25.4% resulted in 100% share price increase, rising from about MLD 1,000 in 2006 to MLD 2,000 in 2007. With all of the above, Moldova Agroindbank remains the largest bank on the Moldovan market with a market share of more than 21%.

The bank achieved high performance indicators on assets and capital increase, share price increase as well as on liquidity and profitability increase. In order to sustain current growth, the bank needs long-term sources of financing. The management is constantly introducing changes and quality improvements to many of the bank's segments. The Fund is proud to have this bank in its portfolio, as it has an exceptional business reputation among its customers and partners. The bank aims towards constant competitiveness on the market, efficient response to customers' needs and modern IT supported banking services.

Moldova Agroindbank's customer focus is on two big categories: commercial and retail. A Business Center has

been created in the bank in order to ensure efficient and qualitative service to the commercial customers. To support these customers, the bank offers traditional banking products, individual support and maintenance, consultancy as well as specific products and services.

Moldovan macroeconomic predictions show continuous growth of the Moldovan economy. The GDP growth is estimated at 5% for the years 2007 and 2008 (by the International Monetary Fund), while the inflation rate is predicted to decrease from 10.6% in 2007 to 9.3% in 2008. The bank was less affected by external factors during the year 2007 as it was the previous year when the dispute over the country's wine exports to Russia had a significant impact on the bank's results.

The bank intends to maintain its leading position on the market, therefore its constant improvement is of a vital importance. Furthermore, the bank wants to position itself as a strong company, technically equipped and innovative, with strong profit growth.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund		
Company Information			
Investee Name (legal and trading):	Banca Comerciala "Moldova - Agroindbank" S.A.		
Location of Head Office:	str. Cosmonautilor, 9, mun. Chisinau, Moldova, MD 2006		
Legal Domicile:	Moldova		
Structure of Holding (equity/debt):	Equity		
Sector:	Banking		
Country of Focus:	Moldova		
Business Description:	Bank		
Shareholders by %:	MAS Group (Management)	32.50%	
	Poteza Adriatic Fund	4.71%	
Fund Investment			
Initial Investment Rationale:	Growth		
Stage of Investment:	Buyout		
Fund's Role in the Investment (lead, co-lead):	Lead		
Date of Initial / Follow-up Investment:	1Q 2006	2Q 2006	Total:
Investment:	EUR 1,855,243	EUR 19,871	EUR 1,875,114
Percentage ownership:	4.71%		
Board representation by Fund (if any):	Yes		
Any co-investments?	No		
Valuation of 100% equity:			
Pre-money	EUR 39,500,000		
Post-investment (recent valuation)	EUR 124,688,020		
Financial Audit Status: audited/non-audited,	Audited annually		
Qualified opinion?	No		
Compliance with commercial covenants:	Yes		
Recent Developments:	Above plan - see Portfolio companies report		
Exit Strategy:	Trade sale		
Key Issues:	Organic growth		
Health rating (on plan, above plan, below plan):	Above plan		
Any restrictions on liquidity?	None		

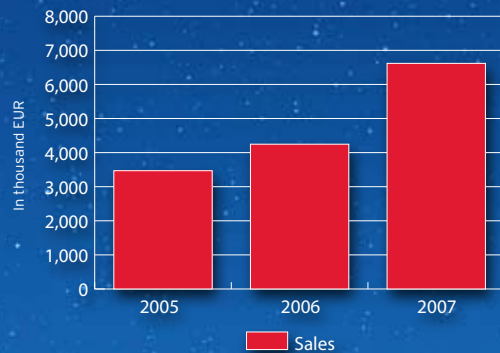
Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy:	International accounting standards	
	2006	2007
Income Statement		
Net Interest Income: Actual	16,689	22,385
Forecast at acquisition	12,263	10,318
Forecast revised as at end of period		22,543
Net Profit from Financing Operations: Actual	25,964	18,171
Forecast at acquisition	20,813	15,928
Forecast revised as at December 2006		21,341
Net Income: Actual (post provisioning)	11,520	16,656
Forecast at acquisition (post provisioning)	9,732	6,873
Forecast revised as at December 2006		14,029
Net Income Margin:	69%	74%
Market Capitalization:	61,375	124,688
Enterprise Value: Actual	61,375	124,688
Forecast as at December 2006		n.a.
Consolidated Balance Sheet		
Assets		
Current Assets	262,259	393,848
Cash & Securities	46,825	36,082
Receivables	215,434	357,766
Other	0	0
Fixed Assets, Net	14,474	22,373
Goodwill and Intangibles	2,071	2,356
LT Investments and other assets	6,062	9,236
Total Assets	284,866	427,812
Liabilities		
Accounts Payable	224,632	358,861
Other liabilities	14,500	3,433
Liabilities Sub-total	239,132	362,294
Shareholders' Equity	45,734	65,518
Common Stock	12,226	11,696
Total Liabilities & Equity	284,866	427,812
Ratios:		
Capital adequacy	16.05%	15.31%
ROE	25.19%	25.42%
ROA	4.04%	3.89%



Gornji Grad d.o.o.

Zagreb, Croatia



In 2007 the company became the second largest player in the B2B office supplies market in Croatia.

Gornji Grad concluded the year 2007 with solid results. The company's focus on sales growth, human resource management, cost reductions and information system management, brought the results that have confirmed its good position on the market. Due to the high sales growth, the company became the second largest player in the B2B office supplies market in Croatia.

Aggressive and intensive sales strategy in the year 2007 generated 55.8% higher sales than in the same period last year. Sales increase came mostly as a result of newly employed sales force and newly introduced compensation system. Additionally, the company won two new procurement tenders of large Croatian companies which should show its full effect throughout the next year. As such, the company's sales are poised to continue to grow significantly.

Even though the profit margin has shown some improvement, it is not yet fully meeting the expectations. The company will continue to work on more efficient purchasing efforts. Furthermore, the company will evaluate ways to reduce transportation costs and improve logistics, which due to Croatia's geographic distances are relatively high.

In order to help with the timely delivery of increased sales orders, the company rented additional warehouse in the beginning of 2007. All orders received are now processed and executed on the same day as received. To further simplify the procurement of the merchandise to customers and thus increase sales, the company

implemented a call-center. Also, an On-Line Analytical System (OLAP) has been integrated to fully leverage the warehousing capacities. The system helps the salesmen to optimize the structure of products sold and improve the profit margins. Additionally, the company started a process of introducing the Customer Relationship System (CRM) that helps better manage the relationships with its clients. The whole system includes collecting, storing and analyzing customer information.

Management of the company initiated the optimization of purchasing channels and consequently started to import a broader selection of products from the Far East. The result was an increase of margins on those products. The management additionally started to formalize the process in the value adding chain that resulted in more optimal cost structure as well as in higher salesmen efficiency. Work on this front will continue during the next year.

Along with intensive sales activity, the company also began the revitalization of the financial department. A new Chief Financial Officer has been appointed and will start his new position in the beginning of 2008. The main focus of improvements will be in operating receivables, boosting profit margins, as well as tackling the distribution and other operating expenses that began sloping upwards after the sales started to accelerate. The management continues to search for salesmen throughout Croatia and is in a constant search for the possibilities of additional external growth.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund	
Company Information		
Investee Name (legal and trading):	Gornji Grad d.o.o.	
Location of Head Office:	Karlovacka 203a, 10250 Lucko - Zagreb	
Legal Domicile:	Croatia	
Structure of Holding (equity/debt):	Equity	
Sector:	Office supplies	
Country of Focus:	Croatia	
Business Description:	Distribution of office supplies	
Shareholders by %:	Poteza Adriatic Fund	55.36%
	Previous owners	44.64%
Fund Investment		
Initial Investment Rationale:	Growth	
Stage of Investment:	Recapitalisation	
Fund's role in the investment (lead, co-lead):	Lead	
Date of Initial Investment:	4Q 2006	
Investment:	EUR 1,860,000	
Percentage ownership:	55.36%	
Board representation by Fund (if any):	Yes	
Any co-investments?	No	
Valuation of 100% equity:		
Pre-money	EUR 3,359,827	
Post-investment (recent valuation)	EUR 3,497,000	
Financial Audit Status: audited/non-audited,	Audited annually	
Qualified opinion?	Yes	
Compliance with commercial covenants:	Yes	
Recent Developments:	Gaining large scale tender for two of key customers	
Exit Strategy:	Trade sale	
Key Issues:	Horizontal industry consolidation, increasing the market share	
Health rating (on plan, above plan, below plan):	On plan	
Any restrictions on liquidity?	None	

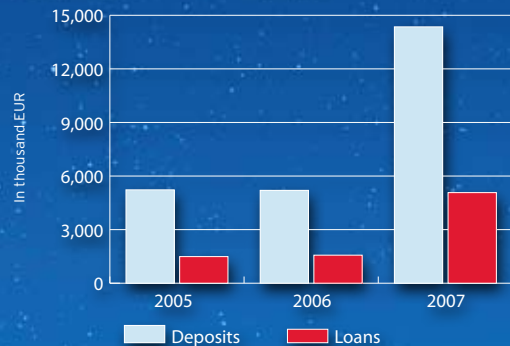
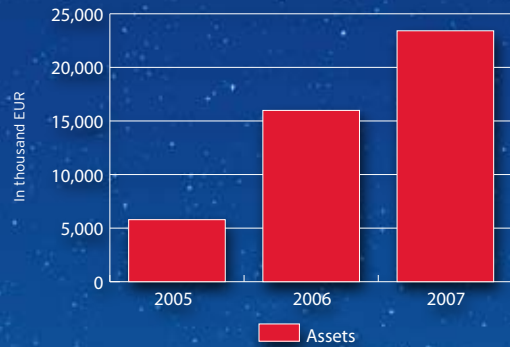
Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy:	Croatian Accounting Standards	
	2006	2007
Income Statement		
Net Sales: Actual	4,247	6,618
Forecast at acquisition	5,177	6,908
Forecast revised as at December 2006		6,781
EBITDA: Actual	-93	39
Forecast at acquisition	178	460
Forecast revised as at December 2006		1,290
Net Income: Actual	-115	18
Forecast at acquisition	12	244
Forecast revised as at December 2006		967
EBITDA Margin:	-2%	1%
Net Income Margin:	-3%	0%
Market Capitalization:	-	-
Enterprise Value: Actual	3,360	3,497
Forecast as at December 2006		n.a.
Enterprise Value/Sales:	0.79	0.53
Enterprise Value/EBITDA:	-36.13	89.26
Consolidated Balance Sheet		
Assets		
Current Assets	2,384	3,172
Cash	1,087	550
Operating Receivables	766	1,492
Other	531	1,130
Fixed Assets, Net	665	593
Goodwill and Intangibles	1	23
LT Investments and other assets	26	14
Prepaid Expenses	110	0
Total Assets	3,186	3,802
Liabilities		
Accounts Payable	1,004	1,778
Other liabilities	183	100
Liabilities Sub-total	1,187	1,878
Shareholders' Equity	1,999	1,925
Common Stock	2,036	2,021
Total Liabilities & Equity	3,186	3,802



Postbank BH d.d.

Sarajevo, Bosnia and Herzegovina



With an exclusive agreement with the postal operator BH Post, the bank now has one of the greatest bank networks in the Federation of Bosnia and Herzegovina.

Overall 2007 Postbank results were in line with the yearly plans. The bank finished the 2007 financial year with a planned loss, which was a result of intensive investments into expansion of the bank's operations. At the end of the year 2007, the bank had total banking assets of EUR 23.4 million, representing a strong 46.5% growth compared to the end of 2006. Additionally, loans and deposits grew by 223.1% and 176.1%, respectively. The bank's loss in the year 2007 amounted to EUR 2.1 million.

After finalizing the recapitalization and regaining its banking license, in April 2007 the shareholders appointed new members of the Supervisory Board and adopted the articles of incorporation. A new Management Board was appointed and approved by the Supervisory Board. After the Banking Agency of the Federation of Bosnia and Herzegovina declared the termination of the provisional management in July 2007, the bank started the second half of the year as a fully licensed bank under the approved management.

With an exclusive agreement for cooperation with the postal operator BH Post, the bank now has one of the greatest networks in the Federation of Bosnia and Herzegovina. Throughout BH Post's network, the bank anticipates to access more clients and thus extend its operations. All together, there are now 117 post office counters connected in the bank's network. Besides these locations the bank still plans the

development of its own banking network. By the end of 2008, there will be approximately 7 new branches operating. These will make it possible to properly service the bank's corporate customers.

The bank spent the year 2007 preparing itself for retaking the market. It opened new refurbished premises in September 2007 and the headquarters are now located on prime location in Sarajevo, Bosnia and Herzegovina. Additionally, the bank signed an Agreement with a credit/debit card processor and now offers these services to its customers. Furthermore, in order to have efficient and modernized services, the bank fully equipped all the post offices with necessary hardware and software. The bank organized training for all the BH Post employees to teach them how to use the equipment and consequently serve customers appropriately. With the above mentioned expansion, the bank additionally needs to further employ the positions in middle management.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund	
Company Information		
Investee Name (legal and trading):	Postbank BH d.d.	
Location of Head Office:	Put Zivota 2, Sarajevo	
Legal Domicile:	Federation of Bosnia and Herzegovina	
Structure of Holding (equity/debt):	Equity	
Sector:	Banking	
Country of Focus:	Bosnia and Herzegovina	
Business Description:	Bank	
Shareholders by %:	Poteza Adriatic Fund	48.30%
	Individuals	48.30%
	State	3.40%
Fund Investment		
Initial Investment Rationale:	Growth	
Stage of Investment:	Newly issued equity subscription	
Fund's Role in the Investment (lead, co-lead):	Lead	
Date of Initial / Follow-up Investment:	Q4 2006	
Investment:	EUR 5,327,661	
Percentage ownership:	48.30%	
Board representation by Fund (if any):	Yes	
Any co-investments?	EUR 5,327,661	Employees of JP BH Post, BH Telekom, Postbank BH
Valuation of 100% equity:		
Pre-money	EUR 374,000	
Post-investment (recent valuation)	EUR 11,030,354	
Financial Audit Status: audited/non-audited, Qualified opinion?	Audited annually No	
Compliance with commercial covenants:	Yes	
Recent Developments:	Termination of provisional management by regulator New headquarter premises	
Exit Strategy:	Trade sale or IPO	
Key Issues:	Roll-out of banking services through JP BH Post	
Health rating (on plan, above plan, below plan):	On plan	
Any restrictions on liquidity?	None	

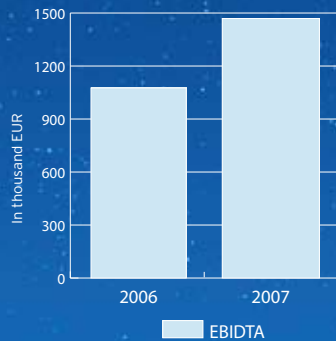
Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy:	B&H accounting standards	
	2006	2007
Income Statement		
Net Interest Income: Actual	84	366
Forecast at acquisition	477	278
Forecast revised as at December 2006		278
Net Profit from Financing Operations: Actual	428	607
Forecast at acquisition	1,130	1,623
Forecast revised as at December 2006		1,623
Net Income: Actual (post provisioning)	-413	-2,102
Forecast at acquisition (post provisioning)	-2,477	-2,518
Forecast revised as at December 2006		-2,518
Net Income Margin:	-492%	-574%
Market Capitalization:	11,167	11,167
Enterprise Value: Actual	11,167	11,167
Forecast as at December 2006		n.a.
Consolidated Balance Sheet		
Assets		
Current Assets	14,628	21,114
Cash & Securities	13,058	16,041
Receivables	1,570	5,072
Other	0	0
Fixed Assets, Net	642	1,678
Goodwill and Intangibles	0	0
LT Investments and other assets	715	621
Total Assets	15,985	23,414
Liabilities		
Accounts Payable	5,199	14,354
Debt securities	0	0
Other liabilities	170	586
Liabilities Sub-total	5,369	14,939
Shareholders' Equity	10,616	8,475
Common Stock	11,934	11,034
Total Liabilities & Equity	15,985	23,414
Ratios:		
Capital adequacy (not weighted)	66.41%	36.20%
ROE	-3.89%	-24.80%
ROA	-2.58%	-8.98%



Farmalogist Holding d.o.o.

Belgrade, Serbia



2007 sales exceeded the company's plans by 7.4% and reached EUR 56.7 million.

In April 2007, the Fund's Investment Committee confirmed the acquisition of Farmalogist d.o.o., a fast growing pharmaceutical wholesaler having the potential to become the consolidating player in the Serbian pharmaceutical sector.

Since its foundation in 2002, Farmalogist grew into a company that controls more than 10% of the Serbian pharmaceutical wholesale market. In 2007, the sales growth of 43.2% has been recorded, representing a strong outperformance of the Serbian market that grew by 12% in the same period to an estimated total size of EUR 380 million. As in all previous years, the year 2007 results exceeded the company's plans. The sales surpassed the yearly plan by 7.4% and reached EUR 56.7 million.

Through its network of distribution centers in the territory of Serbia, the company established solid coverage. Currently, it has its main warehouse in Belgrade and further 3 distribution centers in Novi Sad, Nis and Kraljevo.

The Fund structured the transaction by forming a holding company named Farmalogist Holding d.o.o.. The Fund acquired a 49% stake for EUR 6.3 million and its partners made a contribution in kind (shares of Farmalogist d.o.o.) to acquire their stake. Despite its minority ownership, the Fund has 51% voting rights. In the future, it shall disburse an additional pre-agreed EUR 1 million, depending on the company's results and plan fulfillment.

The Fund manager plans to add value to the existing operations of the company and improve its organic and external growth as

well as operational efficiency. Farmalogist's management team was reinforced with a new Chief Financial Officer. At supervisory and value adding level, a monitoring system was successfully implemented as planned. Additionally, new sales staff is to be hired to complement the existing one.

To facilitate distribution and sales throughout the country, invested money was partially used for the purchase of additional warehousing capacities. The company has already bought real estate in Belgrade, Kraljevo and Nis. The remaining invested funds have been used for advance payments to the suppliers with purpose of receiving additional bonuses and discounts, ensuring proper return on the funds.

The external growth of the company will be achieved through an acquisition of additional pharmaceutical wholesaler on the Serbian market. The Fund manager has been going through a process of investigating the pharmaceutical wholesale industry and has already identified the most appropriate target for consolidation. The target company has approximate annual sales of EUR 15 million, which could become significantly higher with Farmalogist's customer base and its logistic network. The target can be identified as one of the top 15 wholesale distributors on the Serbian market. Due diligence has been successfully completed and Farmalogist has already filed all the necessary data at the Serbian Competition Bureau. The final decision and the deal execution are expected in the first quarter of 2008.

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund		
Company Information			
Investee Name (legal and trading):	Farmalogist Holding d.o.o.		
Location of Head Office:	Bulevar Vojvode Misica 25-27, Belgrade		
Legal Domicile:	Republic of Serbia		
Structure of Holding (equity/debt):	Equity		
Sector:	Pharmacy		
Country of Focus:	Republic of Serbia		
Business Description:	Wholesale distribution of pharmaceutical products		
		Equity	Share of Votes
Shareholders by %:	Poteza Adriatic Fund	49.00%	51.00%
	Miomir and Lovorka Nikolic	51.00%	49.00%
Fund Investment			
Initial Investment Rationale:	Buy & Build		
Stage of Investment:	Buyout		
Fund's Role in the Investment (lead, co-lead):	Lead		
Date of Initial Investment:	2Q 2007		
Investment:	EUR 6,300,000		
Percentage ownership:	49.00%		
Board representation by Fund (if any):	Yes		
Any co-investments?	No		
Valuation of 100% equity:			
Pre-money	EUR 7,376,000		
Post-investment (recent valuation)	EUR 12,857,000		
Financial Audit Status: audited/non-audited	Audited annually		
Qualified opinion?	No		
Compliance with commercial covenants:	Yes		
Recent Developments:	On plan - see Portfolio companies report		
Exit Strategy:	Trade sale		
Key Issues:	Horizontal industry consolidation, increasing the market share		
Health rating (on plan, above plan, below plan):	On plan		
Any restrictions on liquidity?	None		

Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy:	Serbian Accounting Standards	
	2006	2007
Income Statement		
Net Sales: Actual	39,604	56,701
Forecast at acquisition		52,766
Forecast revised as at December 2006		n.a.
EBITDA: Actual	1,076	1,469
Forecast at acquisition		1,136
Forecast revised as at December 2006		n.a.
Net Income: Actual	1,133	1,184
Forecast at acquisition		893
Forecast revised as at December 2006		n.a.
EBITDA Margin:	3%	3%
Net Income Margin:	3%	2%
Market Capitalization:	12,857	12,857
Enterprise Value: Actual	12,857	12,857
Forecast as at December 2006		n.a.
Enterprise Value/Sales:	0.32	0.23
Enterprise Value/EBITDA:	n.a.	6.68
Consolidated Balance Sheet		
Assets		
Current Assets	14,611	18,958
Cash	511	837
Operating Receivables	9,563	12,755
Inventories	4,537	5,366
Fixed Assets, Net	766	4,636
Goodwill and Intangibles	6	3
LT Investments and other assets	40	60
Prepaid Expenses	106	202
Total Assets	15,529	23,858
Liabilities		
Accounts Payable	13,032	14,320
Other liabilities	158	619
Liabilities Sub-total	13,190	14,939
Shareholders' Equity	2,339	8,918
Common Stock	427	5,893
Total Liabilities & Equity	15,529	23,858

Karniola Communications B.V.

Amsterdam, The Netherlands

Individual Investee Summary Details

Fund Name:	Poteza Adriatic Fund
Company Information	
Investee Name (legal and trading):	Karniola Communications B.V.
Location of Head Office:	Prins Bernhardplein 200, 1097 JB Amsterdam
Legal Domicile:	The Netherlands
Structure of Holding (equity/debt):	Equity
Sector:	Service Industry
Country of Focus:	South East Europe
Business Description:	Financial Services
Shareholders by %:	Poteza Adriatic Fund 100.00%
Fund Investment	
Initial Investment Rationale:	Portfolio Management
Stage of Investment:	Start-up
Fund's Role in the Investment (lead, co-lead):	Lead
Date of Initial / Follow-up Investment:	2Q 2006
Investment:	EUR 4,058,849
Percentage ownership:	100.00%
Board representation by Fund (if any):	Yes
Any co-investments?	No
Valuation of 100% equity:	
Pre-money	EUR 4,058,849
Post-investment (recent valuation)	EUR 8,307,112
Financial Audit Status: audited/non-audited, Qualified opinion?	Non-audited
Compliance with commercial covenants:	Yes
Recent Developments:	On plan
Exit Strategy:	Operational cash generation
Key Issues:	Low cost services
Health rating (on plan, above plan, below plan):	On plan
Any restrictions on liquidity?	None

The company's business stayed in line with the plan and met the Fund's expectations.

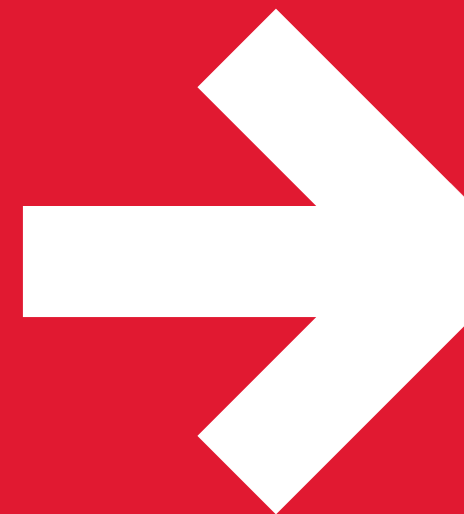
Financial Information

Currency:	EUR 000	EUR 000
Accounting Policy: (i.e. US GAAP, IAS)	Dutch GAAP	
Consolidated Balance Sheet	2006	2007
Assets		
Current Assets	2,202	2,075
Cash & Securities	270	163
Receivables	1,931	1,913
Other	0	0
Fixed Assets, Net	0	0
Goodwill and Intangibles	0	0
LT Investments and other assets	2,008	6,234
Total Assets	4,210	8,310
Liabilities		
Accounts Payable	1	3
Other liabilities	6	0
Liabilities Sub-total	7	3
Shareholders' Equity	4,203	8,307
Common Stock	18	18
Total Liabilities & Equity	4,210	8,310

In 2007 Karniola Communications continued to focus on the benefits that future consolidation of the industries in the South East European region could bring. The company's business stayed in line with the plan and met the Fund's expectations. Further growth is anticipated in 2008.

Fund's Financial Report

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Fund's Financial Report

Managing Director's Report

The management herewith presents to the shareholders the annual accounts of Poteza Adriatic Fund B.V. (hereinafter "the Company") for the year 2007.

General

The Company is a limited liability company incorporated under the laws of The Netherlands and acts as a private equity investment fund. These financial statements relate to the accounting year ended 31 December 2007.

Overview of activities

The principal activity of the Company is to make private equity investments in securities issued by companies located in Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia, Bulgaria, Romania and Moldova.


During the year under report, Superprotein and Proteinka merged into Magnavita Holding. Additional investments into Magnavita Holding and Akton (Atel Europe) were made. The Company has also acquired shares in Farmalogist Holding which is a private company established for the marketing and distribution of pharmaceutical products. All mentioned investments were financed through additional share premium contributed by shareholders. In July 2007 a second capital distribution was paid to the shareholders in the form of return of the share premium. As of 31 December 2007, the investments into Magnavita Holding, Akton (Atel Europe) and Gornji Grad were revalued to fair value in accordance with a valuation prepared by independent valuers. Moldova Agroindbank and Nova Banka are valued based on stock market price at year end. The result of these revaluations is included as income in the profit and loss account. Postbank BH and Farmalogist Holding are stated at acquisition price, which approximates market value given that Postbank BH has emerged from provisional management only in July 2007 and Farmalogist Holding was recently acquired.

Financial Results

The net asset value of the Company as at 31 December 2007 amounts to EUR 84,627,961 (2006: EUR 57,638,550). The result for the year 2007 amounts to a profit of EUR 19,025,975 (2006: profit of EUR 15,905,648), representing a 19.6% increase from the previous year, arising mainly from the revaluation of investments.

Future outlook

It is expected that the activities of the Company will further expand in the near future. In 2008 the Company is planning a divestment of its share in Nova Banka, Banja Luka, Bosnia and Herzegovina.



Amsterdam, 10 April 2008
Poteza Capital Management B.V.



Cash Flow Statement

for the year 2007

	2007	2006
	EUR	EUR
Cash flows from operating activities		
Result for the year	19,025,975	15,905,648
Adjustments for non-cash items		
Amortisation of intangible fixed assets	108,548	51,633
Foreign exchange (gain)/loss	(114,311)	254,786
Revaluation from investment	(20,243,335)	(17,691,078)
	(1,223,123)	(1,479,011)
(Increase)/decrease in trade and other receivables	(37,407)	506,537
Decrease in payables	(395)	(102,362)
Net Cash from operating activities	(1,260,925)	(1,074,836)
Cash flow from investing activities		
Payments for acquisition of investments	(8,603,749)	(21,356,105)
Net cash used in investing activities	(8,603,749)	(21,356,105)
Cash flow from financing activities		
Net proceeds from share premium	7,963,436	26,499,891
Net cash used in financing activities	7,963,436	26,499,891
Net (decrease)/increase in cash	(1,901,238)	4,068,950
Cash and cash equivalents at beginning of the year	4,246,006	177,056
Cash and cash equivalents at end of the year	2,344,768	4,246,006

Notes to the Financial Statements

1 General

The Company was incorporated as a limited liability company under the laws of The Netherlands on 28 May 2003 and has its statutory seat in Amsterdam. The Company operates as a private equity company. The principal activity of the Company is to acquire substantial/controling stakes in companies located in Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia, Bulgaria, Romania and Moldova, actively improve them during the holding period and sell them to strategic players in the industry. These financial statements relate to the year ended 31 December 2007.

2 Basis of presentation

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and are in compliance with the provisions of the Dutch Civil Code, Book 2, Title 9.

The Company follows the accrual method of accounting in preparing its financial statements. Under the accrual method, the effects of transactions and other events on assets, liabilities and income are recognized and reported in the period to which they relate rather than when cash is paid or received.

In accordance with the amended and restated subscription and shareholders agreement, the Company makes capital calls in order to ensure sufficient funds are available for individual investments and ongoing expenses from time to time. The investors have committed, upon each capital call notice issued by the Company's director, to contribute capital in the total amount of EUR 66,500,000. The director of the Company is confident all calls will be paid upon request, and as such the going concern assumption is considered to be appropriate.

a. Financial fixed assets

The investments in companies are stated at fair value as determined in accordance with guidelines as issued by European Private Equity and Venture Capital Association ("EVCA").

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arms' length transaction.

With respect to the investments for which there is an active market, fair value is determined as being the price per share multiplied by the number of shares held by the Company, taking into consideration certain marketability discounts which may be appropriate.

Notes to the Financial Statements (continued)

a. Financial fixed assets (continued)

In the absence of an active market for the investment, fair value is estimated by independent valuers using one of evaluation methodologies outlined in the EVCA guidelines which is deemed most appropriate given the nature, facts and circumstances of the investment itself and using reasonable assumptions and estimates. Such valuation methodologies could include using discounted cash flows, valuations based upon earnings multiple's and/or net asset. The result of these revaluations is included as income in the profit and loss account. Where recently acquired investments have been acquired from third parties on an arms' length basis and for which there is no active market, the acquisition price is considered to approximate fair value. Subsequent revaluations on such investments will be performed in future years.

b. Intangible fixed assets

Intangible fixed assets, comprising set up costs of the Company, are amortised on a straight line basis over a period of five years.

c. Assets and liabilities

All other assets and liabilities are shown at face value, unless stated otherwise in the notes.

d. Consolidation

The Company has taken advantage of article 407.1c and has not consolidated its investments as they are held solely for the purposes of disposal. For this reason, the Company has also taken advantage of article 389.9 and presented its investments in companies at fair value.

e. Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into EUR at year-end rates. Foreign currency transactions are translated into EUR at exchange rates prevailing at the transaction date. Exchange results are included in the profit and loss account.

f. Recognition of income and expenses

Dividends from investments are recorded as income when received. Other income and expenses, including taxation, are recognised and reported on accrual basis.

g. Corporate income tax

Provisions for taxation have been made in accordance with tax legislation and guidelines for companies in The Netherlands.

3 Investment in companies

During the year under report, additional investments into Magnavita Holding and Akton (Atel Europe) were made. The Company also acquired shares in Farmalogist Holding from a third party. As of 31 December 2007, the investments into Magnavita Holding, Akton (Atel Europe) and Gornji Grad were revalued to fair value in accordance with a valuation prepared by independent valuers. Moldova Agroindbank and Nova Banka are valued based on stock market price at year end. Postbank BH and Farmalogist Holding are stated at purchase price as Postbank BH has emerged from provisional management only in July 2007 and Farmalogist Holding was acquired recently.

Name	Domicile	Owned (Prior year)	31 Dec. 2007	31 Dec. 2006
			EUR	EUR
Superprotein a.d.	Serbia	(73.77%)	-	3,279,000
Proteinka a.d.	Serbia	(100%)	-	5,218,923
Magnavita Holding a.d.	Serbia	100% (see above)	12,790,903	-
Nova Banka a.d.	Bosnia and Herzegovina	38.32% (42.80%)	38,037,048	24,269,161
Atel Europe B.V.	The Netherlands	83.11% (90.7%)	3,502,255	4,093,291
Moldova Agroindbank S.A.	Moldova	4.71% (4.71%)	5,874,415	2,891,572
Karniola Communications B.V.	The Netherlands	100% (100%)	8,307,112	6,174,330
Gornji Grad d.o.o.	Croatia	55.36% (55.36%)	1,935,939	1,860,000
Postbank BH d.d.	Bosnia and Herzegovina	48.3% (48.30%)	5,327,661	5,327,661
Farmalogist Holding d.o.o.	Belgrade	49% (0%)	6,300,000	-
			82,075,333	53,113,938

During the year, Superprotein and Proteinka merged into Magnavita Holding. In 2006 the Company owned 73.77% of Superprotein and 100% of Proteinka.

Under the financial assets an amount of EUR 50,145,654 has been classified as fair value through profit and loss. These investments have been valued in accordance with the accounting policy being the fair value determined by the price as listed on the local stock exchange as at 31 December 2007. However, because of the relative interest of Poteza Adriatic Fund B.V. in the shares of these investments in relation to the limited daily average trading volume of the shares of these investments on the stock exchange, the carrying value of these investments as at 31 December 2007 may not necessarily reflect the actual proceeds in case of disposal of these investments.

Notes to the Financial Statements (continued)

3 Investment in companies (continued)

Management does not believe there is any indication of permanent impairment of any of these investments.

Movements in the investments in companies have been as follows:	2007	2006
	EUR	EUR
Balance as per 1 January	53,113,938	14,321,541
Acquisitions of new investments	6,300,000	18,340,547
Additional investments in existing companies	2,303,749	3,015,558
Revaluation to fair value	20,243,335	17,691,078
Result from foreign exchange fluctuation	114,311	(254,786)
Balance as per 31 December	82,075,333	53,113,938

4 Intangible fixed assets

	31 Dec. 2007	31 Dec. 2006
	EUR	EUR
Capitalised fees	353,022	353,022
Amortisation	(303,258)	(194,710)
	49,764	158,312

5 Prepayments and accrued income

	31 Dec. 2007	31 Dec. 2006
	EUR	EUR
Advisory fees and reimbursements from investment companies	155,103	25,542
	155,103	25,542

6 Other receivables

	31 Dec. 2007	31 Dec. 2006
	EUR	EUR
Reimbursement from Karniola Communications B.V.	-	1,000
Interest receivable from investment companies	-	78,952
Amounts due from shareholders	-	26,015
	-	105,967

7 Cash and cash equivalents

	31 Dec. 2007	31 Dec. 2006
	EUR	EUR
Current account	344,768	575,006
Deposit account	2,000,000	3,671,000
	2,344,768	4,246,006

The deposit of EUR 2,000,000 is not at the free disposal of the Company.
The remaining cash balance is available on demand.

8 VAT receivable

	31 Dec. 2007	31 Dec. 2006
	EUR	EUR
VAT	25,685	11,872
	25,685	11,872

9 Accounts payable

	31 Dec. 2007	31 Dec. 2006
	EUR	EUR
Audit fees	11,900	15,000
Tax advisory fees	3,375	5,000
Notary fees	3,910	-
Other accounts payable	3,507	3,087
	22,692	23,087

Notes to the Financial Statements (continued)

10 Capital and reserves

The authorised share capital of the Company amounts to EUR 79,000 divided into 75,000 A shares of EUR 1 and 4,000 B shares of EUR 1 each. Issued and paid up are 66,500 A shares and 3,501 B shares.

	Share capital	Share premium	Legal reserves	Accumulated results	Unallocated result for the year	Total
Balance as per 31 Dec. 2005	70,001	18,290,211	209,945	(1,422,040)	(1,915,106)	15,233,011
Paid-in / (repaid)	-	26,499,891	-	-	-	26,499,891
Appropriation of prior year result	-	-	-	(1,915,106)	1,915,106	-
Movement to reserves	-	-	(51,633)	51,633	-	-
Result for the year	-	-	-	-	15,905,648	15,905,648
Balance as per 31 Dec. 2006	70,001	44,790,102	158,312	(3,285,513)	15,905,648	57,638,550
Paid-in / (repaid)	-	7,963,436	-	-	-	7,963,436
Appropriation of prior year result	-	-	-	15,905,648	(15,905,648)	-
Movement to reserves	-	-	(108,547)	108,547	-	-
Result for the year	-	-	-	-	19,025,975	19,025,975
Balance as per 31 Dec. 2007	70,001	52,753,538	49,765	12,728,682	19,025,975	84,627,961

In connection with the Company's new acquisition and reinvestments (refer to Note 3), the Company made requests for additional capital calls from the investors. These calls were paid during the year and are recorded as share premium. The investors have committed to contribute a total of EUR 66,500,000 via such capital calls.

In July 2007 a second capital distribution was paid to the shareholders in the form of return of the share premium, amounting to EUR 94,184.

The Company's net equity includes a legal reserve amounting to EUR 49,764 (2006: EUR 158,312) relating to the Company's set-up costs, which may not be distributed (see Note 4).

Article 28 of the Articles of Association stipulates:

No dividends and interim dividends will be paid until the complete share premium reserve A has been repaid to the Class A shareholders pro rata parte their share holding in the capital of the Company.

- a. Of the profits earned in the past financial year, first an amount shall be added to the dividend reserve A equal six percent (6%) of the amount of the share premium reserve A, compounded annually with respect to such payment in arrears of the thirty-first of December of each year in respect to the prior period prorated on a daily basis for any partial period (the "the share premium return"), starting as of the day the contributions have been called up and paid and ending on the day the share premium reserve A has been repaid completely. Each time the amount of the share premium reserve A changes, the amount of the share premium return is calculated over the changed amount of the share premium reserve such prorated on a daily basis for any period the share premium reserve A is of the same amount.
- b. If the profits do not permit an addition as contemplated in paragraph a, the missing portion of such addition will be added to dividend reserve A out of the profits in any subsequent year, prior to any additions in the relevant year pursuant to paragraph a.
Secondly, all dividends and interim dividends will be made to the holders of the Class B shares (i.e. the Incorporator I) until they have received an amount equal to twenty-five percent (25%) of the amount paid in accordance with paragraphs a and b.
Thirdly, all profits will be shared by the holders of Class A Shares and the holders of Class B Shares, pursuant to which eighty percent (80%) will be granted to the holders of the Class A Shares pro rata parte their shareholding and twenty percent (20%) to the holders of the Class B Shares pro rata parte their shareholding.

Notes to the Financial Statements (continued)

11 Service Income

Service income is derived from services rendered to investment companies, on the basis of service agreements.

12 Investment expenses

These expenses relate to services from third parties in order to support or to investigate the Company's potential targets and/or acquisitions of new investments.

13 Interest income and similar income	2007	2006
	EUR	EUR
Late payment fee	-	13,885
Interest received on loans to related companies	135,653	174,767
Interest received from banks	95,255	139,373
	230,908	328,025

14 General and administrative expenses	2007	2006
Management fee paid to related party	1,662,500	1,662,500
Director's fee	1,000	1,000
Administration fee	37,020	28,372
Audit fee	16,827	16,275
Legal advice	26,025	32,763
Tax advice	53,136	24,569
General expenses	26,881	19,645
	1,823,389	1,785,124

15 Taxation

The tax calculation for the Company takes into account the Dutch tax regulations and practice. The Company recorded a profit during the year under report but no corporate income tax will be due because the result on investments falls under the participation exemption. The taxable loss can be offset against taxable profits in future years. As at 31 December 2007 the amount of tax losses carried forward is EUR 7,618,079 (2006: EUR 5,291,821).

16 Staff numbers and employment costs

The Company has no employees (2006: none) and hence incurred no wages, salaries or related social security charges during the current or previous year.

17 Directors

The Company has one managing director, who received a following remuneration in that capacity.

Name	Legal seat	2007	2006
Poteza Capital Management B.V.	Amsterdam, The Netherlands	1,000	1,000

18 Contingent liabilities and commitments

The Company is committed to acquire additional shares in an investment before 2011, at an estimated cost EUR 2,052,000.

During 2007, the Company committed itself to invest an additional EUR 3,556,460 into two of its investment companies. This payments are planned for May 2008.

The annual fund management fee amounts to 2.5% of the committed capital, which amounted to EUR 66,500,000 as at 31 December 2007 (2006: EUR 66,500,000).

Amsterdam, 10 April 2008

Poteza Capital Management B.V.

Supplementary Information

Articles of association

With respect to the appropriation of the net result, article 28. of the Articles of Association stipulates:

1. A dividend reserve shall be kept for every Class of shares, for the benefit of the holders of such shares. Each dividend reserve shall bear the same letter as the Class of shares to which it refers. If the profit so allows, a portion of it will be added to each dividend reserve with due observance of the provisions set out in this article.
2. The Company shall keep a share premium reserve A, containing the paid up share premium by the Class A shareholder.
3. No dividends and interim dividends will be paid until the complete share premium reserve A has been repaid to the Class A shareholders pro rata parte their share holding in the capital of the Company.
4. a. Of the profits earned in the past financial year, first an amount shall be added to the dividend reserve A equal to six percent (6%) of the amount of the share premium reserve A, compounded annually with respect to such payment in arrears of the thirty-first of December of each year in respect to the prior period prorated on a daily basis for any partial period (the "the share premium return"), starting as of the day the contributions have been called up and paid and ending on the day the share premium reserve A has been repaid completely. Each time the amount of the share premium reserve A changes, the amount of the share premium return is calculated over the changed amount of the share premium reserve such prorated on a daily basis for any period the share premium reserve A is of the same amount.
4. b. If the profits do not permit an addition as contemplated in paragraph 4(a), the missing portion of such addition will be added to dividend reserve A out of the profits in any subsequent year, prior to any additions in the relevant year pursuant to paragraph 4.a.

5. Secondly, all dividends and interim dividends will be made to the holders of the Class B shares (i.e. the Incorporator I) until they have received an amount equal to twenty-five percent (25%) of the amount paid in accordance with paragraph 4.
6. Thirdly, all profits will be shared by the holders of Class A Shares and the holders of Class B Shares, pursuant to which eighty percent (80%) will be granted to the holders of the Class A Shares pro rata parte their shareholding and twenty percent (20%) to the holders of the Class B Shares pro rata parte their shareholding.
7. With due observance of the provisions set out above in this article, the profits shall be at the disposal of the general meeting.
8. Dividends may be paid only insofar as the Company's equity exceeds the paid-in and paid-up capital plus the reserves to be kept by law.
9. The Managing Directors may, with due observance of paragraph 8, resolve to pay interim dividends.

Appropriation of results

It is proposed to transfer the result for the year to the accumulated result.

Subsequent events

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

Auditor's report

The auditor's report is set forth on the following page.

Auditor's Report

To the Directors and Shareholders of Poteza Adriatic Fund B.V.

Report on the financial statements

We have audited the accompanying financial statements 2007 of Poteza Adriatic Fund B.V., Amsterdam, from page 24 to 30 inclusive, which comprise the balance sheet as at 31 December 2007, the profit and loss account for the year then ended, the statement of cash flows and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Poteza Adriatic Fund B.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of Matter

We draw attention to note 3 of the financial statements, which describes that the carrying value of the investments as at 31 December 2007, may not necessarily reflect the actual proceeds in case of disposal of these investments, as a result of the relative interest of the Company in the shares of certain investments in relation to the limited daily average trading volume of the shares of these investments on the local stock exchange. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 10 April 2008
KPMG ACCOUNTANTS N.V.

H. Arendse RA

Fund's Corporate Action

Capital Calls

There were two capital calls made to the Fund's investors. 10.72% and 1.39% of the total committed capital was called in the second and third quarter of the year, respectively. By the end of the year 2007, 79.72% of the total committed capital was called.

Capital Distributions

The Fund made its second capital distribution in the third quarter of 2007 in the form of return of the Share Premium.

Advisory Board Meeting

Two Advisory Board Meetings were held during the year 2007. The first meeting was held on March 16, 2007, in Istanbul, Turkey. Members of the Advisory Board initially discussed the performance of the Fund's portfolio companies and approved the evaluations of each one of them. Preliminary Financial statements of the Fund, audited by KPMG in the spring of 2007, were presented by the Fund Manager and were acknowledged by the Advisory Board after a discussion.

Second Advisory Board Meeting was held on September 3, 2007, in Geneva, Switzerland. Again, members of the Advisory Board discussed the performance of the Fund and acknowledged 2007 half year financial results of each of the portfolio companies. The 2008 Budget was approved and KPMG Accountants N.V. was nominated as the Fund's auditor for 2007. Furthermore, the Advisory Board members approved the proposed valuation methods for the Fund's portfolio companies and agreed that reputable third party independent valuation experts shall be hired by the Fund manager to evaluate certain portfolio companies.

Investment Committee Meetings

During the year 2007, there was one Investment Committee meeting on April 18, 2007, in Zagreb, Croatia. The members discussed the investment in Farmalogist d.o.o., Belgrade, a Serbian pharmaceutical wholesale distributor. The proposed investment was approved unanimously. Additionally, Investment Committee members acknowledged the restructuring of the Fund's animal feed portfolio into a holding company Magnavita Holding a.d., Novi Sad, Serbia.

Shareholders' Assembly

On June 29, 2007, the Fund Manager called the Annual General Shareholders' meeting in the Fund's Amsterdam offices in the Netherlands. The Shareholders adopted the 2006 annual accounts.

For the purpose of approving Share Premium distribution to the Fund's Shareholders and approving the auditor for the financial year 2006, the Shareholders' resolution has been obtained in a form of written votes on July 20, 2007.

NOTES

Effective on August 28, 2007, the Fund and the Fund Manager moved to a new office. The two new addresses are as follows below:

Poteza Adriatic Fund B.V.

Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

Poteza Capital Management B.V.

Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

Other data is provided in the Fund's Executive Summary.



Poteza Adriatic Fund B.V.

Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

Managed by

Poteza Capital Management B.V. and Cielo Azul N.V.