

12 April 2013

**Reconstruction Capital II Limited
("RC2" or the "Company")**

Investment in Orgachim

The Company announces that its 40% owned affiliate, Policolor S.A., ("Policolor") a Romanian paints producer, which in turn has an 82%-owned subsidiary in Bulgaria, Orgachim Jsc ("Orgachim") which until 21 November 2012 was listed on the Bulgarian Stock Exchange, has agreed to purchase a total of 45,253 Orgachim shares, representing 9% of the share capital of the company, from Tidal Wave Trading ("TWT") for an aggregate of €2.2 million in cash (the "Transaction"). The Company has an option to purchase the balance of 9% owned by TWT for the same consideration which is exercisable at the discretion of Policolor depending on the performance of Orgachim. The cash consideration was established with reference to an independent valuation of Orgachim and represents a value slightly below the purchase cost of the Orgachim shares by TWT. Following the Transaction and the exercise by Policolor of its option (the "Option"), TWT would have no interest in Orgachim. The main objective of the Transaction and Option is for Policolor to be able to fully control its subsidiary which is crucial to its operations as it manufactures all the decorative paints on its behalf. Furthermore, this would enable Policolor to demerge Orgachim into three entities, reflecting its coatings, resins and chemicals business lines, in order to prepare separate exits from these businesses.

The original investment in Orgachim by TWT was intended to be a temporary arrangement and was undertaken at a time when Policolor was unable to fund the acquisition. As a result of the Transaction and the exercise of the Option, Orgachim would become a wholly owned subsidiary of Policolor.

Policolor is 60% owned by Reconstruction Capital Plc ("RC1") and its subsidiary the Romanian Investment Fund Limited ("RIF"), and TWT is a company owned and controlled by various parties related to RCI, RIF and RC2, including RC2's directors Ion Florescu, Howard Golden, Markus Winkler and Dirk Van den Broeck. The Transaction and Option therefore constitutes a Related Party transaction under AIM Rule 13.

The Independent Director (Mr. Robert Petch) considers, after consultation with the Company's Nominated Adviser, that the terms of the Transaction and Option are fair and reasonable in so far as its shareholders are concerned.

For further information, please contact:

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