

**MEDIA RELEASE
MERCHANTEC (PROPRIETARY) LIMITED**

CEOs confident about growth prospects despite worsening economic conditions

28 July 2009: Despite the current depressed economic conditions, CEOs of large South African companies are still moderately optimistic about the future growth prospects of their companies. This information is based on the inaugural Merchantec CEO Confidence Index, recently released by Merchantec (Proprietary) Limited. The survey collated responses from over 100 CEOs and scored 48.13 out of a possible 100.

The index provides a leading indicator of economic conditions and insight into how South African business leaders perceive the economy going forward. Although CEOs are overall less optimistic about their specific industry's growth, and despite beliefs that the general economy has deteriorated compared to six months ago, they are still confident that their companies could achieve moderate growth in the next six months.

The Merchantec CEO Confidence Index indicates that CEOs consider their ability to obtain equity or debt funding as moderately worse than six months ago. "This could be attributed to, amongst others, the ever tightening credit facilities in South Africa as well as investors exiting risky investments such as equity stocks and moving into investments with less risk," explains Craig Margolius of Merchantec.

A considerable number of CEOs are planning to increase the level of investment in their companies' business activities. "It is clear that companies are anticipating the market to recover and are therefore aiming to better position themselves to take advantage of this upswing," Craig comments.

Confidence of CEOs in the Construction and Materials sector scored 67, the highest of all the sub sectors, which highlights their optimism about the future. "This optimism could stem from on-going infrastructure projects. It will be interesting to see how this sector's confidence may fluctuate in future results."

Whilst lower fuel prices and interest rates are expected to have a positive impact on consumer spending, this is not yet being reflected in the confidence of CEOs in the Personal & Household Goods and Technology sub sectors, which scored the lowest of all the sub sectors, "perhaps as a result of persistent relatively high inflation".

For more information on accessing the detailed report, please contact Merchantec at 011-325-6363.

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More about the Merchantec CEO Confidence Index

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