

PRESS RELEASE
RACEC GROUP LIMITED
RACEC CAPITALISES ON CLIMATE OF INFRASTRUCTURE INVESTMENT

Embargo: 5 June 2008

Release: Cape Town

RACEC Group Limited, the AltX listed rail and electrification infrastructure solution company, has capitalised on the extensive opportunities in the infrastructure sector as reflected in its interim results for the six months ended 31 March 2008 released today. Revenue increased by 63% to R146.3 million from R89.5 million in the comparable period while operating profit grew by 210% to R10.4 million, with operating margins widening to 7.1% from 3.8% in March 2007. The group reported a 69% increase in headline earnings per share to 6.6 cents.

“In line with our rationale for listing on AltX last year, the cash which we raised enabled us to accelerate our growth in the past six months. We injected additional capital into working capital in order to take on additional projects which supported our organic growth. In addition, a portion of the proceeds was also used to settle the acquisition of JMB Electrical Contractors, which showed good growth in the six months,” explains Charles Harrod, Chief Executive Officer, RACEC Limited.

The group has identified several other opportunities to broaden its footprint within the electrification market and is at the final stages of negotiating two more acquisitions. Harrod commented that: “we successfully concluded our agreement to acquire Greenbro CC, which manufactures a large range of generators and other electrical equipment for R10.3 million with effect from 1 March 2008. The acquisition would have enhanced our headline earnings per share for the interim period by 7.4% to 7.1 cents, had it been in effect for the full six months. We have also agreed to purchase an electrical contracting company which will increase our capability in the electrification market.”

RACEC Rail continues to target long-term annuity type rail maintenance contracts as well as increasing the number of main line upgrade projects for Spoornet and other clients. Revenue remains relatively flat at R64.8 million. However, the division’s strong order book positions it to show stronger growth in the second half of the financial year.

RACEC Electrification showed a 113% improvement in revenue to R81.5 million, with its organic growth complemented by the additional revenue contributed by JMB Electrical Contractors,

acquired with effect from 1 June 2007. JMB has successfully been integrated and key skills retained in the Group. The division has a strong pipeline of opportunities to support future growth.

“Our target markets in both rail and electrification are buoyed by the current climate of expansion in infrastructure projects. With our strong track record and long standing relationships with our customers, we are well positioned to deliver on our financial targets in the second half of the financial year, which is traditionally stronger,” concludes Harrod.

RACEC declared an interim dividend of 2.0 cents per share.

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