

# HIGHLIGHTS

Revenue up 10,1%  
Normalised HEPS up 19%  
Cash generated from operations  
up 45,9%

## CONDENSED CONSOLIDATED INCOME STATEMENT

R'000	Note	Audited 12 months ended 30 June 2008	Audited 12 months ended 30 June 2007
<b>Revenue</b>		<b>329 935</b>	299 740
<b>Operating income before interest, taxation and depreciation (EBITDA)</b>		<b>106 291</b>	101 817
Depreciation		(10 752)	(10 894)
<b>Operating profit before finance costs and exceptional items</b>		<b>95 539</b>	92 409
Net finance costs		(22 638)	(44 838)
Finance income		5 138	2 709
Fair value adjustments on financial instruments		4 780	3 892
Finance costs	1	(44 832)	(51 439)
Once-off reversal of finance cost provision		12 276	
Exceptional items		2 368	1 486
<b>Profit before taxation</b>		<b>75 269</b>	47 571
Taxation	2	(15 956)	(8 362)
<b>Profit for the year</b>		<b>59 313</b>	39 209
<i>Attributable to:</i>			
Equity holders of the parent		59 313	35 261
Minority interest			3 949
<b>Attributable profit</b>		<b>59 313</b>	39 209
<b>Earnings per ordinary share</b>			
Earnings per ordinary share (cents)		15,1	14,0
<b>Further information</b>			
Number of ordinary shares in issue (thousands)		393 997	393 997
Weighted average number of ordinary shares in issue (thousands)		393 997	252 337

## CONDENSED CONSOLIDATED BALANCE SHEET

R'000	Note	Audited 12 months ended 30 June 2008	Audited 12 months ended 30 June 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		205 559	174 708
Goodwill	3	160 499	160 499
Deferred tax asset		111	
<b>Current assets</b>		<b>104 156</b>	110 478
Inventories		10 502	12 034
Trade receivables		48 335	46 640
Other receivables		4 881	4 832
Financial instruments – fair value of interest rate swaps		11 621	6 841
Bank balances		28 817	40 131
<b>Total assets</b>		<b>470 325</b>	445 685
<b>EQUITY AND LIABILITIES</b>			
<b>Equity capital and reserves</b>			
Equity attributable to equity holders of the parent		129 396	70 083
<b>Non-current liabilities</b>		<b>267 648</b>	312 996
Interest-bearing provisions	4		11 669
Interest-bearing liabilities	5	257 342	292 666
Deferred taxation liability		10 306	8 661
<b>Current liabilities</b>		<b>73 281</b>	62 606
Trade payables		8 471	10 580
Other payables		22 254	14 883
Deferred revenue		4 186	4 028
Provisions		4 693	4 829
Taxation		4 347	5 583
Interest-bearing liabilities	5	29 330	22 703
<b>Total equity and liabilities</b>		<b>470 325</b>	445 685
<b>Net asset per ordinary share (cents)</b>		<b>32,8</b>	17,8

### Notes

- The finance costs for the year include R0,9 million of interest provisions relating to potential claims which were finalised during the second half of the financial year.
- The low taxation charge for the 2007 year was the result of reversing a provision of R6 million which was no longer required.
- Goodwill arose from the acquisition of the 35% minority shareholding in Metrofile (Pty) Limited.
- In 2007 long-term interest-bearing provisions include anticipated claims related to certain dormant subsidiaries from the old "MGX" Group.
- Long-term interest-bearing liabilities include the Metrofile Senior and Mezzanine loans. Short-term interest-bearing liabilities include the portions of the Metrofile Senior and Mezzanine loans payable in one year. All borrowings are JIBAR linked and are approximately 84% hedged by way of the interest rate swaps.
- No segmental analysis has been reported as the group traded in only one segment and only in Southern Africa.
- All the assets have been pledged as security against certain loans to the group.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

R'000	Audited 12 months ended 30 June 2008	Audited 12 months ended 30 June 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations before net working capital changes	107 120	102 734
(Increase)/Decreased in net working capital	5 071	(25 836)
Cash generated from operations	112 191	76 898
Net finance costs paid	(39 694)	(44 838)
Normal taxation paid – current year	(15 926)	(15 890)
Normal taxation paid – prior year		(17 344)
Net cash inflow/(outflow) from operating activities	56 573	(1 174)
Net cash (outflow) from investing activities	(39 189)	(19 980)
Net cash inflow/(outflow) from financing activities		138 500
Net cash inflow from rights issue		138 500
Loans repaid	(28 696)	(321 670)
Loans raised		5 656
Proceeds from new financing facilities		320 000
Convertible loan notes repaid		(95 096)
Net increase/(decrease) in cash and cash equivalents	(11 314)	26 236
Cash and cash equivalents at the beginning of the period	40 131	13 895
<b>Cash and cash equivalents at the end of the period</b>	<b>28 817</b>	40 131
<b>Represented by:</b>		
Bank balances	28 817	40 131

## COMMENTARY ON RESULTS

### Metrofile Holdings profile

Established 25 years ago, Metrofile continues to lead the South African market in on- and off-site records management and information storage. Enjoying an enviable reputation for reliability, commitment and the quality of its services, Metrofile remains the only supplier capable of providing customers across the full spectrum of the economy with an end to end solution.

Metrofile's extensive range of services enables companies and organisations to use, store and recycle their records and information quickly, intelligently and cost-effectively – freeing up valuable physical and human resources. Our services include records management, back-up management, image processing, paper management and recycling, and an extensive range of information solutions including the supply and maintenance of scanning and document handling equipment, software development, consultancy and training.

Metrofile Holdings is quoted in the "Support Services – Business Support Services" sector of the JSE Limited (JSE).

### Overview

The past year has seen Metrofile focus on the creation of capacity both from a physical infrastructure aspect as well as in the areas of marketing and human resourcing. This will entrench our position as market leader and will ensure that the group has the capacity and capability to meet the product and service demands of customers affected by increasing regulation and corporate governance requirements. Metrofile also has a clear strategy to move into Africa and to provide companies operating in these countries with the full range of our services. The first of these, Metrofile Mozambique, opened in Maputo during the financial year and has already secured a number of significant customers. Minimal capital was outlaid with the premises being leased.

### Financial review

Results for the year were pleasing with revenue increasing by 10% to R329,9 million and attributable profit increasing by 51,3% to R59,3 million. Headline earnings per share ("HEPS") was 14,4 cents (2007: 13,9 cents).

Shareholders should be aware that the 2008 and 2007 results were stated after accounting for a number of once-off items and 2007 HEPS was also affected by the weighted average number of shares issued during the period. To assist shareholders, it has been calculated that if the refinancing and issue of new shares had taken place on 1 July 2006, and if there had been no exceptional items, capital gains, reversal of tax provisions or interest provisions for claims still unresolved in 2008 and 2007, then normalised HEPS on the full number of shares now in issue would have been 11,3 cents for the year ended 30 June 2008 (2007: 9,5 cents).

Although the group remains highly geared, interest cover has now increased to three times. Cash generated by operations is high and the group is in compliance with all its bank covenants. Current projections indicate that the group will continue to meet the payment schedules in the six year refinancing agreements concluded in 2006.

Metrofile has chosen to continue to account for the property portfolio on a cost basis. However, it should be noted that valuations have been performed on an open market basis and indicate that the fair value of the properties are R78,7 million higher than reflected in the balance sheet.

### New storage capacity

Additional facilities for new storage capacity were commissioned during and subsequent to the year-end. R20,8 million was outlaid in 2007/2008 and R36,5 million is planned for 2008/2009. The new facilities planned for 2008/2009 will add 16% to the group's storage capacity with the capital expenditure being financed from the group's cash resources and from some new special purpose borrowings.

### Accounting policies

The group results have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including IAS 34: Interim

## STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Accu- mulated losses R'000	Attribut- able to equity holders of the parent R'000	Minority share- holder R'000	Total R'000
<b>Balance at 1 July 2006</b>	<b>408</b>	<b>195 656</b>	<b>(473 497)</b>	<b>(277 433)</b>	<b>12 162</b>	<b>(265 271)</b>
Attributable profit			35 261	35 261	3 949	39 210
Rights offer	1 163	134 343		135 506		135 506
Minority acquisition	850	172 905		173 755	(16 111)	157 644
Profit on sale of nil paid letters			2 994	2 994		2 994
<b>Balance at 30 June 2007</b>	<b>2 421</b>	<b>502 904</b>	<b>(435 242)</b>	<b>70 083</b>		<b>70 083</b>
Attributable profit			59 313	59 313		59 313
<b>Balance at 30 June 2008</b>	<b>2 421</b>	<b>502 904</b>	<b>(375 929)</b>	<b>129 396</b>		<b>129 396</b>

## RECONCILIATION OF HEADLINE EARNINGS

R'000	Audited 12 months ended 30 June 2008	Audited 12 months ended 30 June 2007
Profit to ordinary shareholders	59 313	35 261
Capital profit on disposal of investments	(2 368)	(38)
Negative goodwill on acquisition of investments		(480)
(Profit)/loss on sale of plant and equipment	(46)	225
<b>Headline earnings</b>	<b>56 899</b>	34 968
<b>Headline earning per ordinary share (cents)</b>	<b>14,4</b>	13,9

Financial Reporting, the requirements of the South African Companies Act of 1973, as amended, and the Listing Requirements of the JSE Limited. The same accounting policies and methods of computation were applied as in the prior year annual financial statements.

### Related parties

There have been no changes to the arm's length consulting agreement with Mineworkers Investment Company (MIC) since the previous financial year. In terms of the agreement fees of R0,75 million were paid to MIC during the year under review.

### Auditors' report

The consolidated annual financial statements have been audited by Deloitte & Touche and their unqualified auditor's report is available for inspection at the registered office of the company.

### Directorate and corporate governance

Ms Ndumi Medupe was appointed to the board of directors on 1 February 2008. The board currently comprises two executive and six non-executive directors.

### Dividends

No dividends have been declared for the current year. It is not the company's intention to declare or pay dividends in the foreseeable future.

### Contingent liabilities

During the previous financial year a number of the group's employees embarked on an illegal strike. Although the CCMA ruled in favour of Metrofile, the matter remains unresolved with the employees having lodged an appeal. The matter was scheduled to be heard by the labour court during March 2008, however, the hearing did not go ahead and the company is waiting to hear what further action will be taken by the applicants.

We are very pleased to advise shareholders that the remaining contingent liabilities arising from the old MGX group have all been eliminated, and that the interest-bearing provisions carried in prior years have been reversed without cost to the group.

### Commitments

- Operating lease commitments of R13,5 million for the next five years.
- Metrofile (Pty) Limited has planned capital expansions of R50,6 million and replacement projects of R10,5 million, of which R27,4 million has been authorised and committed and R33,7 million authorised but not committed.

### Post-balance sheet events

No events material to the understanding of the report have occurred in the period between the year-end date and the date of this report.

### Prospects

The slowdown in the economy is not expected to have any material effect on the group's prospects. Accordingly, Metrofile expects satisfactory growth in revenue and EBITDA in the year ahead. However, net interest costs will increase due to the capital expansionary programme and there will be a time lag between the completion of the new facilities and the generation of additional revenue.

### Christopher Seabrooke

Non-executive Chairman

2 September 2008

Cleveland, Gauteng

### Metrofile Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1983/012697/06)

Share code: MFL ISIN: ZAE000061727

(Metrofile Holdings or "the company" or "the group")

### Graham Wackrill

Chief Executive Officer