'07

ANNUAL REPORT

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CONTENTS

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WHAT WE DO

Storage – a turnkey solution that begins with the collection of documents from customers. These are indexed, security coded and safely stored in carefully monitored environment using sophisticated software for easy authorised retrieval. Magnetic tapes and sensitive documents reside in environmentally controlled security vaults. Client access to information is via online, real-time control systems.

Conversion – our conversion centres offer a host of services on- or off-site from bulk scanning, project-based scan services, microfilm and microfiche conversion, data migration, output management services and mailroom facilities.

Document destruction – we provide a fully managed confidential record destruction service with collections and destructions to suit specific needs.

CSX – CSX has evolved from a service division to a fully fledged company that sells and maintains highly specialised document imaging, mail handling and optical mark recognition equipment.

PROFILE

Metrofile Holdings is listed on the support services – business support services sector of the JSE Limited. Building on almost 25 years of experience, Metrofile is today the market leader in on-site and off-site multimedia document management and information storage for all sectors of the economy. With 25% of its equity held by the Mineworkers Investment Company, Metrofile has the empowerment credentials to operate successfully across the private and public sectors.

Our purpose is to enable people and organisations to access secure information and assets rapidly, intelligently and cost-effectively. In doing so, we provide the peace of mind that enables customers to make informed decisions, to act with confidence and integrity and to focus on their core business.

VISION

To be our customer's trusted information management partner. We provide our customers with the peace of mind that comes with knowing that their information and assets are secure and readily accessible.

This enables them to make informed decisions and to act with confidence and integrity. Through this, our customers are able to focus on their core business and to do what they need to do to achieve success.

MISSION

To enable people and organisations to manage information and assets securely, rapidly, intelligently and cost effectively.

STRATEGY

In recent years, our success in document management and increasingly stringent legislative and corporate governance requirements have attracted an unprecedented number of competitors into the sector, albeit none with the scale and footprint we have built over decades. Equally, advances in technology have introduced non-traditional competitors, such as software developers, although the attraction of these generic online services is reduced by country-specific requirements in South Africa.

Building on our market dominance and long track record of innovation in our sector, the board adopted a detailed five-year growth strategy with measurable targets in June 2007 to meet the changing needs of our customers, our business and our people.

Part of this process is further broadening our range of services in South Africa and Africa through research and development to cover the entire spectrum: accommodating customers with more complex requirements fuelled by compliance while meeting the needs of customers with basic storage needs. Simultaneously, we will leverage our inherent economies of scale to maintain our competitive and flexible pricing structures, improve customer service and convenience, and provide rewarding careers for our people through a dedicated training function.

The implementation of this strategy is already unfolding through the segmentation of our business from simple storage solutions to more complex ones designed to manage critical business information.

FINANCIAL STATISTICS

	2007 R000	2006 R000	2005 R000	2004* R000	2003* R000
INCOME STATEMENT					
Revenue	**299 740**	276 246	254 437	473 803	1 251 051
Operating income/(loss)	**90 924**	73 751	63 376	24 856	(61 340)
Net finance cost	**(44 838)**	(46 695)	(52 515)	(68 972)	(78 687)
Income/(loss) before taxation and capital items	**46 086**	27 056	10 861	(44 116)	(140 027)
Taxation	**(8 362)**	(3 843)	5 029	(25 598)	(115 629)
Income/(loss) after taxation	**37 724**	23 213	15 890	(69 714)	(255 656)
Dividends received		2 077			
Outside shareholders' share of (profits)/losses	**(3 949)**	(8 950)	(1 337)	(826)	1 657
Attributable income/(loss) before exceptional items and goodwill amortisation	**33 775**	16 340	14 553	(70 540)	(253 999)
Exceptional items net of outside shareholders' interest	**1 486**	2 121	(1 742)	16 492	(47 343)
Goodwill amortisation and impairment				(22 188)	(400 734)
Attributable income/(loss)	**35 261**	18 461	12 811	(76 236)	(702 076)
BALANCE SHEET					
Assets					
Property, plant and equipment	**174 708**	167 836	150 174	154 330	333 291
Intangibles	**160 499**				85 085
Financial assets					16 700
Current assets excluding cash	**70 347**	53 586	57 733	88 975	275 600
Long-term receivables			1 126		146
Cash resources	**40 131**	13 895	9 371	12 272	84 231
Total assets	**445 685**	235 317	218 404	255 577	795 053
Ordinary shareholders' interest	**70 083**	(277 433)	(298 812)	(316 827)	(240 691)
Outside shareholders' interest		12 162	3 212	441	3 401
Outside shareholders' preference shares in subsidiary					28 433
Net deferred taxation liability/(asset)	**8 661**	6 755	5 530	4 226	(2 193)
Non-interest-bearing liabilities					
Long-term				47 867	
Short-term	**39 903**	52 337	55 241	64 949	408 757
Interest-bearing borrowings					
Long-term	**304 335**	424 034	432 918	418 289	169 075
Short-term	**22 703**	17 462	20 315	36 632	428 271
Total equity and liabilities	**445 685**	235 317	218 404	255 577	795 053
Ordinary shares in issue (000)	**393 997**	74 077	74 077	74 077	74 077
Weighted average ordinary shares in issue (000)	**252 337**	67 200	67 200	67 200	66 598
Treasury shares (000)		6 877	6 877	6 877	6 840
Headline earnings/(loss) per ordinary share (cents)	**13,9**	24,1	28,8	(116,0)	(383,8)

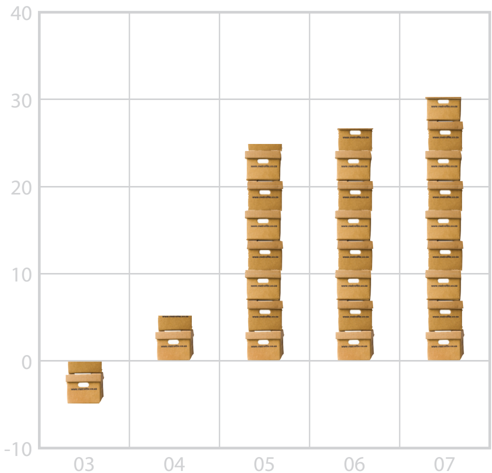
**Including discontinued operations of the old MGX Group*

	2007	2006	2005	2004	2003
FINANCIAL RATIOS					
Liability	**5,2**	(1,8)	(1,7)	(1,8)	(4,2)
Current	**1,8**	1,0	0,9	1,0	0,4
Liquidity	**1,6**	0,8	0,8	0,9	0,4
Interest cover (times)	**2,0**	1,6	1,2	0,4	(0,8)
Profitability					
Operating income to revenue (%)	**30,3**	26,7	24,9	5,2	(4,9)
Operating income to average net assets employed (%)	**26,7**	32,5	26,7	4,7	(52,6)
Number of employees	**963**	1 078	1 179	2 445	2 696

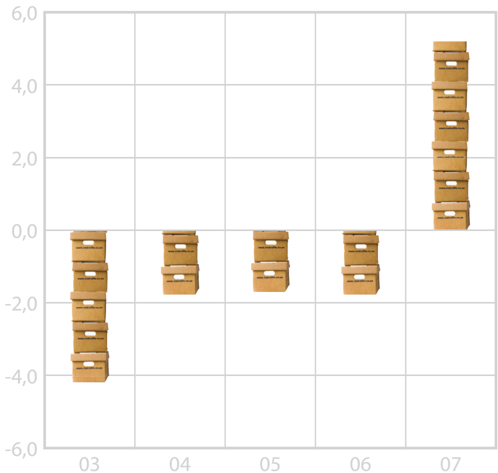
RATIO DEFINITIONS

Liability	Liabilities to ordinary shareholders' interest.
Current	Current assets to current liabilities.
Liquidity	Current assets (excluding inventories) to current liabilities.
Interest cover	Operating income to net funding costs.

Operating income to revenue (%)



Liabilities to ordinary shareholders' interest (%)



SHAREHOLDERS' INFORMATION

ANALYSIS OF SHAREHOLDING

The following analysis of shareholders was extracted from the shareholders' registers as at June 2007 and June 2006:

	2007			2006		
	Number of shareholders	**Number of shares**	**%**	Number of shareholders	Number of shares	%
Portfolio size						
1 – 10 000	**2 168**	**3 381 360**	**0,8**	2 592	3 561 243	4,8
10 001 – 50 000	**516**	**12 817 849**	**3,3**	234	5 578 932	7,5
50 001 – 100 000	**117**	**8 980 835**	**2,3**	61	4 704 192	6,4
100 001 – 250 000	**90**	**15 454 812**	**3,9**	41	6 509 770	8,8
250 001 and over	**126**	**353 361 747**	**89,7**	37	53 723 276	72,5
	3 017	**393 996 603**	**100,0**	2 965	74 077 413	100,0
Distribution shareholders						
Directors of the company	**4**	**34 933 204**	**8,9**	2	100 204	0,1
Endowment funds	**36**	**12 399 403**	**3,2**	19	2 881 430	3,9
Medical aid schemes	**1**	**463 889**	**0,1**	1	67 154	0,1
Mutual and hedge funds	**27**	**85 549 776**	**21,7**	10	11 328 135	15,3
Pension funds	**14**	**18 208 271**	**4,6**	8	2 959 855	4,0
Insurance companies	**1**	**124 726**	**0,1**	1	341 000	0,5
Institutions, companies and nominees	**53**	**193 710 851**	**49,2**	35	25 138 741	34,0
Individuals and trusts	**2 881**	**48 606 483**	**12,2**	2 889	31 260 894	42,1
	3 017	**393 996 603**	**100,0**	2 965	74 077 413	100,0
Public/Non-public shareholders						
Non-public shareholders						
Directors of the company	**4**	**34 933 204**	**8,9**	2	100 204	0,1
Management of the company	**7**	**6 303 946**	**1,6**			
Mineworkers Investment Company (Pty) Limited	**1**	**98 499 151**	**25,0**			
Public shareholders	**3 005**	**254 260 302**	**64,5**	2 963	73 977 209	99,9
	3 017	**393 996 603**	**100,0**	2 965	74 077 413	100,0
Beneficial shareholders holding 5% or more as extracted from the shareholders' register as at June 2007						
Mineworkers Investment Company (Pty) Limited		**98 499 151**	**25,0**			
Brait Private Equity Funds		**30 673 807**	**7,8**			
Prudential Maximiser and Optimiser Funds		**26 720 816**	**6,8**			
Sabvest Investments (Pty) Limited		**19 699 830**	**5,0**			

SHARE PRICE PERFORMANCE

	2007	2006	2005	2004	2003
Market prices (cents per share)					
Closing (30 June)	**184**	199	37	11	11
High	**230**	230	42	7	840
Low	**97**	38	4	3	11
Closing price/earnings ratio	**13,1**	7,2	1,9	*	*
Number of shares in issue					
– at year-end (000)	**393 997**	74 077	74 077	74 077	74 077
– weighted average (000)	**252 337**	67 200	67 200	67 200	66 589
– treasury shares (000)		6 877	6 877	6 877	6 877
Volume of shares traded (000)*	**135 795**	46 109	34 798	479	24 947
Volume of shares traded to number in issue at year-end (%)**	**53,0**	62,2	46,9	0,7	33,7
Value of shares traded (R000)***	**196 014**	43 787	7 868	24	72 686

**Due to a loss incurred in the period, a price/earnings ratio cannot be calculated.*

***Excluding shares issued in terms of the rights offer and acquisition of minorities in Metrofile (Pty) Limited during the period under review.*

****Excluding shares issued in terms of the acquisition of minorities in Metrofile (Pty) Limited during the period under review.*

SHAREHOLDERS' DIARY

Announcement of results	30 August 2007
Publication of annual report	9 November 2007
Last day to lodge the form of proxy for the annual general meeting	Wednesday, 28 November 2007
Annual general meeting	Monday, 3 December 2007
Results of the general meeting published on SENS on	Tuesday, 4 December 2007
Results of the general meeting published in the press on	Wednesday, 5 December 2007
Interim results announcement	March 2008
Financial year-end	30 June 2008

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REPORT TO SHAREHOLDERS

Revenue increased by 8,5% to R299,7 million and earnings before interest, tax, depreciation and amortisation rose 16,8% to R103,5 million.

The period in retrospect

The year under review was the final stage in a five-year recovery plan that has seen the group return to its core skills and business of document management.

The convertible debt of R320 million in the group's operating subsidiaries has been refinanced and rescheduled over six years. Debt service obligations have been structured in line with projected cash flows. The debt in the holding company was settled through a rights issue which raised a net amount of R135 million. In addition, the group acquired all the minority interests in Metrofile (Pty) Limited in exchange for holding company shares.

The holding company now has sufficient cash to deal with the few remaining provisions and contingent liabilities of the old MGX Group and has authority to issue a further 10 million shares for cash if needed for this purpose only.

Metrofile's relationship with its empowerment shareholder, Mineworkers Investment Company (Pty) Limited ("MIC"), continues to strengthen. As MIC owns 25% of the equity in the group, Metrofile has the empowerment credentials to operate successfully across the private and public sectors in South Africa.

Metrofile is now well placed to implement its comprehensive strategic blueprint for sustainable growth and shareholder returns.

Financial performance

Results for the year were pleasing. Revenue increased by 8,5% to R299,7 million and earnings before interest, tax, depreciation and amortisation rose 16,8% to R103,5 million.

We do not believe it would be useful to comment on actual headline earnings or earnings per share for this financial year as these metrics have been affected by the substantial increase in the number of shares in issue and the reduction of debt at different points in the reporting period, the continued need to raise interest charges on provisions for creditors where claims concerned have not yet been finally determined, and the reversal of a provision for taxation which is no longer required.

To assist shareholders, we note that if the refinancing and issue of new shares had taken place on 1 July 2006, there had been no exceptional items, capital gains, reversal of tax provisions or interest on claims still to be settled, headline earnings and earnings per share on the full number of shares now in issue would have been 9,5 cents for the year under review.

We are also pleased to point out to shareholders that the audit opinion for the current year is unqualified and no longer contains a matter of emphasis with regard to going concern.

Dividends

No dividends have been declared for the current period and it is not the intention that any dividends will be declared or paid during the six-year period of the new finance in Metrofile (Pty) Limited referred to above.

Directorate

Mrs Danisa Baloyi resigned as a director during the year. We thank her for her contribution to the group.

Mr Paul Nkuna, chief executive officer of MIC, joined the board as a non-executive director. We welcome him and look forward to the benefit of his experience. Mr Richard Buttle was appointed to the board and continues as chief financial officer of the group.

Expansion programme

The group has initiated a programme to expand its storage and operational capacity for its projected levels of business in the next five years. The first phase of these projects is expected to cost R18 million. This will be funded from free cash flows generated by operating activities and surplus funds available from the holding company.

Additional government business

As advised to shareholders on 31 May 2007, a black economic empowerment consortium, to which the company is a sub-contractor, has been informed that it has been awarded a substantial contract by a South African government department after a public tender process. The final terms of this contract have not yet been forwarded to Metrofile. Once these terms are available and if the effect on revenues and earnings is material, as expected, shareholders will be advised immediately.

Bidders for the group

Shareholders are advised that Metrofile has been approached by a number of private equity investors who indicated interest in submitting bids for the group. While the board does not regard the group as being for sale, it has nevertheless engaged constructively with the companies concerned. At present, the board is not aware of any pending offers.

In addition, shareholders were advised on 9 May 2007 that the board had received a non-binding expression of interest from Iron Mountain Inc, a United States-based document storage company listed on the New York Stock Exchange, to acquire the entire issued share capital of the group, other than the 25% shareholding held by MIC, for a price of 140 cents per Metrofile ordinary share. The board received informal feedback from a number of the larger shareholders in Metrofile who advised that they would have no interest in a transaction at this price level. The uncertainty arising from the government tender in which the group will be participating, as described above, made it difficult for discussions with Iron Mountain to continue due to the uncertainty of future projections. Iron Mountain accordingly withdrew for the time being.

Prospects

The year ahead will be one of consolidation.

In line with this focus and our long-standing commitment to providing rewarding careers for our people, we will invest further in the training and development of our people, delivery processes and continue to raise brand awareness through targeted marketing.

Prospects for the coming year are satisfactory. However, reported headline earnings and earnings per share are again likely to be distorted by movements in provisions, interest and taxation arising from historical MGX matters. In addition, the emphasis in 2007/8 on expanding storage capacity and enhancing systems and the related costs thereof are likely to soften normalised earnings growth during the coming financial year.

Appreciation

We record our appreciation to our fellow directors and Metrofile management for their support and commitment during the year.

We also express our particular appreciation to the Standard Bank Group for its exceptional support in the refinancing package made available in August 2006 and in the rights issue process in November 2006.

Christopher Seabrooke
Non-executive Chairman

Graham Wackrill
Chief Executive Officer

Cleveland
6 November 2007

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CORPORATE GOVERNANCE AND RISK MANAGEMENT

The group subscribes to a policy of providing meaningful, transparent, timely and accurate communications to its stakeholders.

Metrofile Holdings Limited and its subsidiaries confirm their commitment to the principles of openness, integrity and accountability as advocated in the second King report on corporate governance (King II). The group is also committed to complying with all legislation, regulations and best practices relevant to the business.

To enhance our compliance, we implemented additional governance policies and practices during the year, highlighted below. For the review period, the board confirms that the group complied with almost every aspect of the code of corporate practices and conduct as set out in King II.

Internal financial control

The board is responsible for the group's system of internal control, designed to safeguard assets, prevent and detect error and fraud and ensure the accuracy and completeness of accounting records and reliability of financial statements. From the next financial year an internal audit function, which has been outsourced to a leading international audit firm, will be in place and will further enhance the group's commitment to having adequate internal financial controls in place at all times.

Based on the information and explanations given by management and the external auditors, the directors believe financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

While we recognise that systems of internal control can provide only reasonable, and not absolute, assurance, none of the reviews conducted indicated that the system of internal control was not appropriate or satisfactory.

The board

The board of Metrofile is responsible for directing the group towards achieving its vision and mission. The board is ultimately accountable for the development and execution of the group's strategy, operating performance and financial results, practised within the group's formal governance authorities. The board is responsible for its own composition, the appointment of the chairman and chief executive officer, and the constitution and composition of its committees.

The role of all directors is to bring independent judgement and experience to board deliberations and decisions.

Chris Seabrooke is chairman of the board and Graham Wackrill is chief executive officer. Brief biographical details of each board member are reported on page 17.

All non-executive directors retire by rotation every three years. Retiring directors are proposed for re-election by shareholders. Shareholders must also ratify the initial appointment of each director at the first annual general meeting of shareholders following that director's appointment.

Board process

The board of directors is chaired by an independent non-executive director and currently comprises two independent directors, three non-executive directors and two executive directors. All director appointments are formal and transparent. During the financial period the Sabvest group of which Mr Seabrooke is the CEO, underwrote the Metrofile rights issue in order to facilitate the conclusion of the restructuring programme headed by Mr Seabrooke at the request of the banks during the past few years. Notwithstanding this one-off underwriting (and other than during the period of the underwriting), the board is satisfied that Mr Seabrooke continues to act independently.

The board meets at least four times per annum and is responsible for group strategy, policy and performance as well as the management, control, compliance and ethical behaviour of the group companies under its direction. The executive directors, being involved with the day-to-day business activities of the group, are responsible for ensuring that decisions, strategies and views of the board are implemented.

The board works to a formal agenda that covers strategy, structure, operating performance, growth initiatives and other key activities of the group. To do so effectively, formal documents and minutes of all board committees are included in the board papers.

To fulfil their responsibilities, board members have full and unrestricted access to relevant information and the services and advice of the company secretary. Directors may also obtain independent professional advice at the expense of the company.

Directors' attendance at board meetings

Directors	Date appointed	Attend/Meeting
RM Buttle	04/12/06	2/2
IN Matthews	01/06/06	4/4
SR Midlane	26/11/02	4/4
AP Nkuna	04/12/06	2/2
K Pillay	07/10/05	3/4
CS Seabrooke	28/01/03	4/4
GD Wackrill	29/01/04	4/4

The nomination and remuneration committee facilitates a comprehensive annual formal performance evaluation of the chief executive officer (CEO), comprising a self-evaluation and an evaluation of the CEO by every non-executive director via a questionnaire that includes open-ended comments. The chairman provides summary and feedback of these exercises to the CEO, and he is encouraged to probe and debate any aspect of the evaluation with the full board. All board members complete a detailed board self-assessment each year, probing the composition, duties, responsibilities, process and effectiveness of the board. All board committee members complete a detailed self-assessment probing the composition, duties, responsibilities, process and effectiveness of their committees.

Board committees

Audit committee

The group's audit committee comprises four non-executive directors, one of whom chairs the committee. These meetings are also attended by the appropriate members of financial management. The mandated functions of the audit committee are to:

- ensure and report on the integrity, reliability and accuracy of the group's accounting and financial reporting systems;
- promote the overall effectiveness of corporate governance in the group;
- review the findings and reports of the external auditors;
- consider and recommend the annual and interim financial statements for approval by the full board of directors;
- consider that the going concern assertion remains appropriate;
- consider the risks in the group's business environment; and
- consider the independence and recommend the re-appointment of the external auditors.

The committee reviews the scope, independence and objectivity of the external auditors. The nature and extent of non-audit services provided by the external auditors is reviewed annually to ensure that fees for such services do not become significant enough to call into question their independence of Metrofile. The committee has adopted a guideline that fees paid to the group auditors for non-audit services should not exceed the level of audit fees charged to the group. If it appears that this guideline will be breached consistently, non-audit services will be outsourced to third party auditors.

The audit committee recommends the appointment of the external auditors for board and shareholder approval. During the financial year, Deloitte & Touche were the external auditors for all group companies.

During the year, Deloitte & Touche provided certain non-audit services, including tax reviews and advice, reviews of information technology systems and applications and corporate finance advisory services.

The external auditors have unrestricted access to the audit committee and present formal reports to its meetings.

The audit committee meets at least three times a year.

Attendance at audit committee meetings

Directors	Date appointed	Attend/Meeting
IN Matthews	01/06/06	3/3
SR Midlane	26/11/02	3/3
K Pillay	07/10/05	2/3
CS Seabrooke	28/01/03	3/3

Nomination and remuneration committee

The nomination and remuneration committee consists of three non-executive directors, one of whom chairs the committee.

The committee is responsible for the recruitment and nomination of new non-executive directors and for ensuring that succession plans are in place for the chief executive, the executive directors and divisional heads.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

(CONTINUED)

The committee is also responsible for formulating a remuneration strategy for senior executives in the group. This includes determining incentive pay structures for directors and senior executives in both the short and long term, and aligning these levels with competitive practice locally and internationally.

The committee's main objective is to provide the board with assurance that directors and senior executives are fairly rewarded for their individual contributions to the group's performance. Existing and proposed share incentives are reviewed by the committee. A formal and transparent procedure for determining executive and director remuneration has been created.

Metrofile aims to have a remuneration policy that enables it to recruit, retain and motivate executive talent in its primary business units, and in its head office.

Non-executive directors receive fees for their roles as directors, their roles on board sub-committees and for functions performed by them in their capacities as directors but outside board and committee forums.

The committee meets at least twice a year.

Attendance of nomination and remuneration committee meetings

Directors	Date appointed	Attend/Meeting
IN Matthews	01/06/06	2/2
K Pillay	07/10/05	2/2
CS Seabrooke	28/01/03	2/2

Group executive committee

The group executive committee includes executive members of the board, the group financial manager, certain executive members of Metrofile (Pty) Limited as well as other senior advisors. The committee meets as required for urgent matters.

The function of the committee is to develop the group's strategy, its business plan and corporate policies for board approval, and to implement and monitor these in accordance with the board's directives.

Risk management

The appropriate emphasis placed by King II on strategic, operational, financial, information technology and fraud risk management, including whistle blowing, is fully supported by the board of directors. Comprehensive risk management assessments of the group's operations take place during each financial year. A comprehensive risk register is in place and constantly managed by the appropriate executive management members. There is no risk committee and the audit committee fulfil these responsibilities.

The board also assesses risks in the group's business environment, with a view to eliminating or reducing these in the context of the group's strategies and operations.

Disclosure and transparency

The group subscribes to a policy of providing meaningful, transparent, timely and accurate communications to its stakeholders. Group results are published in the print media, in addition to its up-to-date website.

Share dealings

No director, executive or employee may deal, directly or indirectly, in Metrofile shares where that person may be aware of unpublished price-sensitive information. There are strict closed periods during which all directors, executives and employees are not allowed to deal in Metrofile shares. The periods begin one month prior to the end of each reporting date (these reporting dates being 31 December and 30 June) and end on release of group results. A closed period also applies whenever Metrofile issues a cautionary announcement. All share dealings by a director or officer must be authorised by either the chairman or CEO. Any dealings by the CEO are authorised by the chairman and dealings by the chairman are authorised by the board. A formal share dealing guideline has been adopted by the board.

Shareholder communication

The group strives to provide generous and frequent disclosure to all shareholders. Metrofile reports formally to shareholders twice a year (in February and August) when half-year and full-year results, together with an executive review, are announced and issued to shareholders and the media. During the year, apart from closed periods, the CEO and chief financial officer meet regularly, but never alone, with institutional shareholders and are available for meetings with analysts and any existing or prospective shareholder. All formal announcements, financial and services information are also available on the various group websites.

Business conduct

The group's business philosophy requires that directors and employees conduct themselves with honesty and integrity in all business practices to achieve the highest standards of ethical behaviour.

BOARD OF DIRECTORS' PROFILES

Christopher Stefan Seabrooke (54). BCom, BAcc, MBA, FCMA*°†

Independent non-executive Chairman, chairman of the nomination and remuneration committee, member of the audit committee.

Appointed 28 January 2003

Chris has, over the years, been on the boards of over 20 JSE-listed companies. He is chief executive officer of Sabvest Limited, chairman of Setpoint Technology Holdings Limited, deputy chairman of Massmart Holdings Limited and a director of Datatec Limited. He is also a director of Net1 UEPS Technologies Inc listed on Nasdaq in the USA. He is a former chairman of the South African State Theatre and former deputy chairman of both the inaugural National Arts Council and the founding board of Business & Arts South Africa (BASA).

Graham Dunbar Wackrill (53). BCompt

Chief Executive Officer.

Appointed 29 January 2004

Graham is the chief executive officer of Metrofile Holdings Limited and a director of all the Metrofile group companies. Graham is one of the original founders of Record Storage and Management, started in Crown Mines, Johannesburg in 1983. The business was merged with Metrofile in October 1997 and was then sold to Metrofile Holdings in November 1997.

Richard Matthew Buttle (35). CA(SA)

Chief Financial Officer.

Appointed 4 December 2006

Richard joined the Metrofile Group in 1996 having completed his articles and after a one year contract performing a forensic audit. His work experience includes several roles holding positions of financial manager and financial director. Richard has been part of the Metrofile (Pty) Limited team since July 2000 and has held the position of Financial Director since January 2003. He was appointed to the Metrofile Holdings board on 5 December 2006 and is a director of all subsidiaries of Metrofile Holdings Limited.

Ian Nigel Matthews (62). MA (Oxon), MBA (UCT)*°†

Independent non-executive director, member of the nomination and remuneration committee, chairman of the audit committee.

Appointed 1 June 2006

Nigel was appointed to the board and various other sub-committees of the Metrofile Group on 1 June 2006. He started his career in the South African hotel and tourism industry which included the positions of managing director of Holiday Inns Limited and executive director of Rennies. He later started his own business, Sentry Group Limited, and was chairman of the company when it was sold to an international group in 2001. He is a non-executive director of City Lodge Holdings Limited, Sun International Limited, Massmart Holdings Limited and non-executive chairman of The Fuel Logistics Group (Proprietary) Limited.

Stephen Roy Midlane (41). BCom, BAcc, CA(SA)*°

Non-executive director, member of the audit committee.

Appointed 26 November 2002

Roy is a non-executive director of Metrofile Holdings Limited and an executive director of Drive Control Services (Proprietary) Limited. Roy was previously a director of two other JSE-listed companies and various private companies, including a multinational group.

Aser Paul Nkuna (55).*

Non-executive director.

Appointed 4 December 2006

Paul began his career as a teacher before joining the mining industry in 1977. He joined NUM in 1984 and served as the treasurer general for 10 years. He was instrumental in local government negotiations, and headed the management committee as chairman of the Brakpan Transitional Local Government (1994 – 1997). He served in a number of executive structures within local government, including the Gauteng Association of Local Government (GALA) and the South African Local Government Association (SALGA). He serves on the boards of a number of South African companies, and is passionate about transformation, with emphasis on: broad based empowerment; ownership; affirmative procurement; employment equity; skills development and transfer; and promotion of SMMEs.

Keshan Pillay (39). BCom*°†

Independent non-executive director, member of the nomination and remuneration committee, member of the audit committee.

Appointed 7 October 2005

Keshan is currently an executive director of the MIC, responsible for finance and strategy. In addition he is on the boards of a number of unlisted and listed South African companies, including BP Southern Africa (Proprietary) Limited, Ster Kinekor Home Entertainment, WesBank (division of FirstRand Limited), Rand Merchant Bank (division of FirstRand Limited), Eastvaal Motor Holdings (Proprietary) Limited and as alternate director of Tracker Investment Holdings (Proprietary) Limited and Primedia Limited.

** Non-executive – Independent*
° Audit committee member
† Remuneration committee member

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SUSTAINABILITY

We have focused on our people: developing their potential through training, building a representative workforce and employee wellness.

Sustainability

Metrofile is committed to responsible corporate citizenship and an approach to business that considers the triple bottom line – economic, social and environmental. We are making a difference in many lives and we aim to include many more stakeholders as our business grows.

Our people

During our restructuring process, we have focused on our people: developing their potential through training, building a representative workforce and employee wellness.

To accelerate our development initiatives for our own business and for sustained national economic growth, we are establishing the Metrofile Training Academy, championed by our chief executive. During the year, 1% of total payroll was spent on training and development programmes.

We are moving towards our employment equity objectives. At year-end, 29% of board members were from designated groups. At top, middle and junior management levels, these groups comprised 6%, 21% and 39% respectively. Overall, 77% of our workforce is black of which 30% are women and people with disabilities. Our statutory reports on social and labour development and employment equity are timeously submitted to the relevant authorities.

Our communities

As part of our restructuring process, we will review our corporate social investment in the new year and consolidate our support to make a more meaningful impact, augmenting financial support by contributing our expertise and specialist services where these can make a difference to the needs of communities.

HIV/Aids

At Metrofile we understand that HIV/Aids will affect business. We are committed to fight for life in a number of ways:

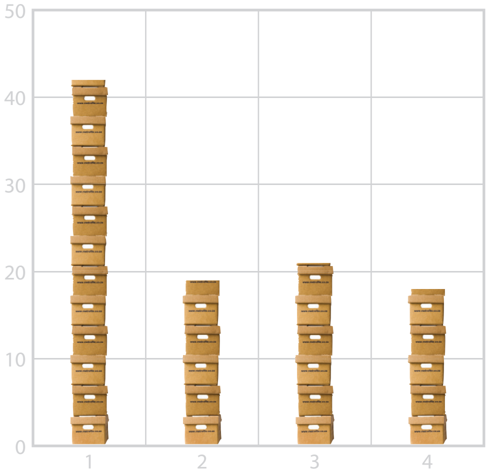
- Our employee assistance programme provides counselling and support to employees and their families, with encouraging growth in the number of registrations.
- HIV/Aids awareness programmes aimed at limiting the spread of the disease show equally encouraging results: with a 76% uptake for prevalence testing, 71% of employees know their status, and there have been no changes from negative to positive status since the programme's inception. Employees are encouraged to contact the toll free helpline with any queries or concerns on **0861 115 235.**

We also support an HIV/Aids shelter with 24-hour counselling support for people diagnosed with HIV/Aids and their families, as well as physical care for those in the terminal stages of the disease.

VALUE ADDED STATEMENT

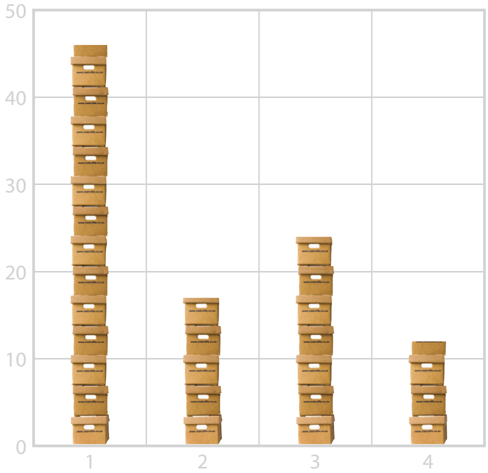
	Group			
	2007 R000	**%**	2006 R000	%
TOTAL WEALTH CREATED				
Revenue	**299 740**		276 246	
Paid to suppliers for materials and services	**48 056**		35 560	
Value added	**251 684**		240 686	
Finance income	**6 601**		2 640	
Total wealth created	**258 285**	**100**	243 326	100
DISTRIBUTED AS FOLLOWS				
Employees				
Remuneration and service benefits	**107 684**	**42**	111 029	46
Government	**49 058**	**19**	42 791	17
Income tax	**8 362**		3 843	
RSC levies and other taxes	**40 696**		38 948	
Providers of capital	**55 388**	**21**	58 285	24
Finance charges	**51 439**		49 335	
Minority shareholders	**3 949**		8 950	
Reinvested in group	**46 155**	**18**	31 221	13
Depreciation	**10 894**		12 760	
Attributable earnings	**35 261**		18 461	
Total wealth distributed	**258 285**	**100**	243 326	100

Distribution of wealth 2007 (%)



	2007	2006
1 Employees	42%	46%
2 Government	19%	17%
3 Providers of capital	21%	24%
4 Reinvested in the group	18%	12%

Distribution of wealth 2006 (%)



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ANNUAL FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE INDEPENDENT AUDITORS

To the members of Metrofile Holdings Limited

We have audited the company and group annual financial statements of Metrofile Holdings Limited, which comprise the report of the directors, the balance sheet and the consolidated balance sheet as at 30 June 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity and cash flow statement and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 57.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require 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 judgement, 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 principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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 present fairly, in all material respects, the financial position of the company and of the group as at 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

per MH Holme
Partner

Johannesburg
6 November 2007

Building 1, Deloitte Place
The Woodlands Office Park, Woodlands Drive
Sandton 2146

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The board of directors of Metrofile Holdings Limited present their report on the activities of the company and the group.

The directors accept responsibility for the integrity, objectivity and reliability of the financial statements of Metrofile Holdings Limited and its subsidiaries. The directors support the principle of transparent reporting and delegated the responsibility for the preparation and presentation of the financial statements to management. The comments on the internal financial controls on page 14 are also relevant.

The financial statements have been audited by the independent accounting firm Deloitte & Touche, which was given unrestricted access to all financial records and related data, including minutes of all shareholders' meetings, board of directors' meetings and meetings of sub-committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. Their audit report is presented on page 25.

The new common terms agreement (CTA) which was signed on 18 August 2006 with the group's capital provider to provide adequate funding facilities uses group assets as security. These annual financial statements have been prepared on a going concern basis, which presumes that assets will be realised and liabilities settled in the normal course of business. No adjustments have been processed to the classification or valuation of assets or liabilities, which may be necessary if the group or any company within the group is not able to continue as a going concern.

Although the group's consolidated balance sheet reflects a net asset value, the company's balance sheet however reflects an excess of liabilities over assets. Despite this, the board believes the company is a going concern for the following reasons:

- The inter-group loan that is subordinated to other creditors of the company is sufficient to restore commercial solvency.
- The company's cash requirements for normal operational expenditure are satisfactorily covered by the company's current and projected cash flows.
- All payments to SARS and trade creditors are up to date.
- Balance sheet assets have been carefully tested for impairment and none is overvalued.
- Key executive management is in place.
- The company is trading in line with budget.

The directors are satisfied that the financial statements fairly present the financial position and results of operations and cash flows of the group and the company for the year ended 30 June 2007 in accordance with the appropriate accounting policies based on International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The financial statements which appear on pages 27 to 57 were approved by the board on 6 November 2007 and are signed on their behalf by:

Graham Wackrill
Chief Executive Officer

Richard Buttle
Chief Financial Officer

Johannesburg
6 November 2007

REPORT OF THE DIRECTORS

To the members of Metrofile Holdings Limited

Your directors submit their report together with the audited annual financial statements of Metrofile Holdings Limited (the company) and its subsidiaries (the group) for the year ended 30 June 2007.

Nature of business

Metrofile Holdings Limited holds an investment of 100% (2006: 65%) in Metrofile (Pty) Limited. The group is a specialist in information management and a leading supplier of products and services for the conversion, storage, retrieval and distribution of documents and information.

Metrofile (Pty) Limited focuses on all aspects of enterprise document and records management including paper, analogue and electronic content, including:

- archiving and retrieval of paper, electronic and analogue documents in national storage centres;
- conversion of paper to analogue or digital format through conversion centres;
- professional services, covering consulting, architecture and implementation of solutions; and
- sales and maintenance of highly specialised document imaging, mail handling and optical mark recognition equipment.

Directors and company secretary

The names of the directors and secretary at the date of this report are set out on pages 17 and 61.

All directors who retired in terms of the company's articles of association were re-appointed for a further term of office as approved at the AGM held on 4 December 2006. AP Nkuna and RM Buttle were appointed to the board on 4 December 2006 and DE Baloyi resigned from the board with effect from 26 March 2007.

At 30 June 2007, interests of the directors and company secretary in the shares of the company were as follows:

Directors and officers	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	Total shares %
Richard Matthew Buttle	2 785 326				0,71
Stephen Roy Midlane	787 993				0,20
Christopher Stefan Seabrooke				21 182 646	5,38
Leon Mark Thompson	393 997				0,10
Graham Dunbar Wackrill	10 177 239				2,58

There have been no material changes to the shareholding of the directors between the financial year-end and the date of this report.

At 30 June 2006, interests of the directors in the shares of the company were as follows:

Directors	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	Total shares %
Danisa Eileen Baloyi		8 000			0,01
Graham Dunbar Wackrill	92 204				0,12

Directors' interests in transactions

None of the directors, except where indicated below or in note 19 to the annual financial statements, has any interest in any transactions that were entered into by the group during the current or prior financial year, or during an earlier financial year, which remain in any respect outstanding.

REPORT OF THE DIRECTORS

(CONTINUED)

Financial results

The income statements set out on page 30 reflect the results of the operations of the company and of the group for the year ended 30 June 2007.

Balance sheet

To present a balance sheet that fairly reflects the financial position, asset values have been re-assessed. Investments and loans are recorded at fair market or realisable values. Working capital has been assessed to ensure a fair carrying value for inventory and the recoverability of accounts receivable. Buildings have been recorded at their carrying value, and have been tested for impairment by obtaining an independent market valuation.

Lease commitments

At the reporting date, future committed leasing charges for premises, equipment and motor vehicles amounted to R12,1 million, of which R9,7 million is payable within one year (30 June 2006: R10,8 million, R7,5 million).

Significant contracts

Save for those agreements that have been disclosed to shareholders in terms of the Listings Requirements of the JSE Limited, the group has not entered into any material contracts, otherwise than in the ordinary course of business, during the two years prior to the date of this report.

Litigation

Other than those claims referred to in note 16 (contingent liabilities) to the annual financial statements, the group is not involved in any legal or arbitration proceedings, nor are the directors aware of any such proceedings which may be pending or threatened, which may have, or which have had, in the 12-month period preceding the date of issue of this annual report, a material effect on the group's financial position.

Accounting policies

The accounting policies and methods of computation are in compliance with the International Financial Reporting Standards.

Dividends

No dividends have been declared for the current year or prior year and it is not the intention that any dividends will be declared or paid in the foreseeable future. Cash generated will be used to service debt and be reinvested in Metrofile (Pty) Limited.

Subsidiaries

Details of the company's material operating subsidiaries at 30 June 2007 are set out on page 57.

Associated companies

The company held no investment in associates at 30 June 2007.

Share capital

The authorised ordinary share capital of the company was increased to 500 million ordinary shares of 0,6146 cents each. During the year, a rights offer was proposed to shareholders and 188 897 403 ordinary par value shares were issued to shareholders in terms of the rights offer. An additional 137 898 811 ordinary par value shares were issued to acquire the minority interest in Metrofile (Pty) Limited. The 6 877 024 treasury shares held by Metrofile Management Services (Proprietary) Limited were also repurchased and cancelled during the year.

The following ordinary shares were in issue at the end of the year under review:

	2007	2006
Opening balance	**74 077 413**	74 077 413
Shares issued	**326 796 214**	
Shares cancelled	**(6 877 024)**	
Closing balance	**393 996 603**	74 077 413

Further details of share capital can be found in note 12 to the annual financial statements.

Special resolutions

The following special resolutions were registered during the review period:

Increase of the company's authorised share capital

Acquisition and cancellation of existing treasury shares

Review of operations

The results of the Metrofile business for the year were pleasing. Revenue increased by 8,5% to R299,7 million and earnings before interest, tax, depreciation and amortisation increased by 16,8% to R103,5 million. The operating profit before interest and tax amounted to 30,8% of revenue and reflected an increase when compared to the return of 27,5% for the 2006 financial year; the increased return is partially due to the maximising of some warehouse capacities, the expansion of which is being addressed in the 2008 financial year. The increase in finance income is due to funds being retained for the expansion projects and therefore attracting more interest received. The fair value adjustments relate to the interest rate swaps which are in place; these swaps have negated the interest rate risk by 75% of the outstanding debt. Finance costs have increased from R49,4 million in 2006 to R51,4 million in 2007 even though the Holdings loan notes were settled out of funds raised by way of a rights issue in December 2006; the direct cause of this was the increase in the base interest rates of the debt package due to the elimination of the equity conversion risk as well as the increase in interest rates by 2% over the 12-month period. The taxation charge was 17,6% due to the reversal of a provision no longer required which amounted to R6 million.

The goodwill arose out of the acquisition of the 35% minority interest of Metrofile (Proprietary) Limited and the acquisition of a small confidential record destruction business. The working capital increased from 2006 due to several reasons including the purchase of additional equipment for resale, the increase in the debtors ageing, the increase in other receivables due to the movement in the fair value of the interest rate swap agreements and the reduction in other payables. The quality of the debtors book is good and has improved since year-end. The company is well positioned for improved cash flows in the 2008 year.

Debt structure

The convertible debt of R320 million in Metrofile (Proprietary) Limited has been refinanced during the year and rescheduled over six years to be in line with its projected cash flows. The debt in the company and certain of its dormant subsidiaries was settled through a rights issue which raised a net amount of R135 million.

Going concern

The directors are of the opinion that the business will be a going concern in the year ahead. In reaching this opinion, the directors considered the following factors:

- The group's cash requirements for debt servicing and capital repayments are satisfactorily covered by the group's current and projected cash flows.
- No recurring operating losses.
- Well-controlled working capital.
- Approved short- and long-term financing, with sufficient additional short-term working capital borrowing capacity if required.
- Balance sheet assets have been carefully tested for impairment and none is overvalued.
- Budgets to June 2008 reflect a continuation of these positive issues.
- Key executive management is in place.

Post-balance sheet events

No events material to the understanding of the annual financial statements have occurred in the period between the year-end date and the date of the report. The board is, however, pleased to inform shareholders that the transfer of funds of the MGX/Eureka Pension Fund has been approved by the Financial Services Board, and there were no shortfalls for which the company was liable.

CERTIFICATION BY COMPANY SECRETARY

I certify that to the best of my knowledge and belief, in accordance with section 268G(d) of the Companies Act, 1973, as amended, that the company, Metrofile Holdings Limited, has, during the period 1 July 2006 to 30 June 2007, lodged with the Registrar all such returns as are required by a public company in terms of the act and that all such returns are true, correct and up to date.

LM Thompson
Company secretary

Johannesburg
6 November 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

		Group		Company	
	Notes	**2007 R000**	2006 R000	**2007 R000**	2006 R000
REVENUE		**299 740**	276 246		
Cost of sales		**(120 509)**	(107 974)		
Gross profit		**179 231**	168 272		
Other income		**2 202**	2 342	**310**	52
Gross profit before operating expenditure		**181 433**	170 614	**310**	52
Selling, distribution and administration costs		**(79 615)**	(84 103)	**(1 847)**	(2 240)
Operating income/(loss) before depreciation, amortisation, exceptional items and net finance costs		**101 817**	86 511	**(1 537)**	(2 188)
Depreciation		**(10 894)**	(12 760)		
Operating profit/(loss) before exceptional items and finance costs		**90 924**	73 751	**(1 537)**	(2 188)
Exceptional items	2	**1 486**	2 121	**21 891**	4 180
Operating income	3	**92 410**	75 872	**20 354**	1 992
Finance costs		**(51 439)**	(49 335)	**(5 671)**	(48 775)
Finance income		**2 709**	1 072	**115**	9
Fair value adjustments on financial instruments		**3 892**	1 568		
Dividends received			2 077		2 077
Profit/(Loss) before taxation		**47 572**	31 254	**14 798**	(44 697)
Taxation	4	**(8 362)**	(3 843)	**6 000**	
Profit/(Loss) for the year		**39 210**	27 411	**20 798**	(44 697)
Attributable to:					
Equity holders of the parent		**35 261**	18 461	**20 798**	(44 697)
Minority interest		**3 949**	8 950		
		39 210	27 411	**20 798**	(44 697)
Profit attributable to shareholders					
Earnings per share — basic (cents)	5	**14,0**	27,5		
Fully diluted earnings per share - basic (cents)	5	**14,0**	24,6		
Headline earnings					
Headline earnings per share — basic (cents)	5	**13,9**	24,1		
Fully diluted headline earnings per share — basic (cents)	5	**13,9**	22,7		

BALANCE SHEETS

AT 30 JUNE 2007

	Notes	Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
ASSETS					
Non-current assets		**335 207**	167 836	**173 753**	6 659
Property, plant and equipment	7	**174 708**	167 836		
Financial assets	8			**173 753**	6 659
Goodwill	9	**160 499**			
Current assets		**110 478**	67 481	**590**	194
Inventories	10	**12 034**	9 248		
Trade receivables	11	**46 640**	36 193		
Other receivables	11	**11 673**	8 145		20
Bank balances		**40 131**	13 895	**590**	174
Total assets		**445 685**	235 317	**174 343**	6 853
EQUITY AND LIABILITIES					
Equity capital and deficits		**70 083**	(265 271)	**(58 003)**	(388 018)
Ordinary share capital and share premium	12	**505 325**	196 064	**807 170**	497 953
Accumulated losses		**(435 242)**	(473 497)	**(865 173)**	(885 971)
Ordinary shareholders' interest/(deficit)		**70 083**	(277 433)	**(58 003)**	(388 018)
Minority interest			12 162		
Non-current liabilities		**312 996**	430 789		95 443
Interest-bearing provisions	13.1	**11 669**	32 981		6 000
Interest-bearing liabilities	13.2	**292 666**	171 531		
Interest-bearing subordinated redeemable convertible loans	13.3		219 522		89 443
		304 335	424 034		95 443
Deferred taxation liability	4	**8 661**	6 755		
Current liabilities		**62 606**	69 799	**232 346**	299 428
Trade payables		**10 580**	10 266	**39**	90
Other payables		**14 883**	24 680	**356**	1 064
Provisions	20	**4 829**	5 073		
Deferred revenue		**4 028**	3 374		
Taxation		**5 583**	8 944		
Interest-bearing liabilities	13.4	**22 703**	17 462		
Amounts owing to subsidiaries – non-interest-bearing				**231 951**	10
Amounts owing to subsidiaries – interest-bearing					298 264
Total equity and liabilities		**445 685**	235 317	**174 343**	6 853
Net asset/(liability) per ordinary share (cents)		**17,8**	(412,8)		
Tangible net liability per ordinary share (cents)		**(22,9)**	(412,8)		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Share capital R000	Share premium R000	Foreign currency translation reserve R000	Accumulated losses R000	Attributable to equity holders of the parent R000	Minority shareholders' interest R000	Total R000
Group							
Balance at 30 June 2005	408	195 656	(2 918)	(491 958)	(298 812)	3 212	(295 600)
Attributable profit				18 461	18 461	8 950	27 411
Foreign currency translation reserve			2 918		2 918		2 918
Balance at 30 June 2006	**408**	**195 656**		**(473 497)**	**(277 433)**	**12 162**	**(265 271)**
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
Balance at 30 June 2007	**2 421**	**502 904**		**(435 242)**	**70 083**		**70 083**
Company							
Balance at 30 June 2005	452	497 501		(841 274)	(343 321)		
Attributable profit				(44 697)	(44 697)		
Balance at 30 June 2006	**452**	**497 501**		**(885 971)**	**(388 018)**		
Attributable loss				20 798	20 798		
Rights offer	1 163	134 343			135 506		
Minority acquisition	850	172 905			173 755		
Treasury shares cancelled	(44)				(44)		
Balance at 30 June 2007	**2 421**	**804 749**		**(865 173)**	**(58 003)**		

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

		Group		Company	
		2007	2006	**2007**	2006
	Notes	**R000**	R000	**R000**	R000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**289 293**	278 772		
Cash paid to suppliers and employees		**(212 395)**	(184 697)	**(1 479)**	2 287
Cash generated by/(utilised in) operations	21.2	**76 898**	94 075	**(1 479)**	2 287
Net finance costs		**(44 838)**	(46 695)	**(5 556)**	(48 766)
Interest paid		**(51 439)**	(49 335)	**(5 671)**	(48 775)
Interest received		**6 601**	2 640	**115**	9
Dividends received			2 077		2 077
Normal taxation paid	21.3	**(33 234)**	(13 421)		
Normal taxation paid – current year		**(15 890)**	(7 805)		
Taxation settlements paid – prior years		**(17 344)**	(5 616)		
Net cash (outflow)/inflow from operating activities		**(1 174)**	36 036	**(7 035)**	(44 402)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment		**(9 162)**	(24 892)		
Replacement of property, plant and equipment		**(9 109)**	(5 684)		
Proceeds from sale of property, plant and equipment		**1 820**	244		
Acquisitions of going concern net of cash acquired	21.4	**(3 529)**			
Outflow on disposal of financial assets			(39)		
Long-term receivables received			1 126		
Decrease/(Increase) in amounts due from group debtors				**6 660**	(6 658)
Net cash (outflow)/inflow from investing activities		**(19 980)**	(29 245)	**6 660**	(6 658)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital		**141 674**		**141 674**	
Share issue expenses		**(6 168)**		**(6 168)**	
Proceeds from sale of nil paid letters prior to cancellation of treasury shares		**2 994**			
Repayment of long-term liabilities		**(321 670)**	(30 160)		
Proceeds from new financing facilities		**320 000**			
Convertible loan notes repaid		**(95 096)**		**(95 096)**	
Advances (to)/from group companies				**(45 275)**	37 169
Long-term liabilities raised		**5 656**	27 893	**5 656**	13 749
Net cash inflow/(outflow) from financing activities		**47 390**	(2 267)	**791**	50 918
Net increase/(decrease) in cash and cash equivalents		**26 236**	4 524	**416**	(142)
Cash and cash equivalents at the beginning of the year		**13 895**	9 371	**174**	316
Cash and cash equivalents at the end of the year		**40 131**	13 895	**590**	174

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards, consistent with prior years.

No material new accounting policies have been adopted during the current year.

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the business of the group and may have an impact on future financial statements:

- IFRS 7 – Financial Instruments: Disclosures
- IFRS 8 – Operating segments
- IFRIC 10 – Interim Financial Reporting and Impairment
- IFRIC 11 – Share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation
- IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
- Circular 8/2007 – Headline earnings
- Amendment to IAS 1 – Capital Disclosures
- Amendment to IAS 1 – Presentation of financial statements

Except for IFRS 7 and the amendments to IAS 1, the group does not believe that the adoption of these standards and interpretations will have any material effect.

IFRS 7

In August 2005, the International Accounting Standards Board (IABS) issued IFRS 7 – Financial Instruments: Disclosures (IFRS 7). The Standard adds certain new disclosures about financial instruments to those currently required by IAS 32 – Financial Instruments. The Standard replaces the disclosures currently required by IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions (IAS 30). The standard therefore groups all financial instruments together in a new Standard. The group is currently in the process of compiling the data for the comparative information and will adopt this standard and the amendments to IAS 1 in the 2008 financial year.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below:

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Joint ventures are those entities over which the group exercises joint control in terms of a contractual agreement. Joint ventures are proportionally consolidated, whereby the group's share of the joint venture's assets, liabilities, results and cash flows are combined with similar items, on a line-by-line basis, in the group's financial statements. The results of jointly controlled entities are proportionately consolidated from the effective date of acquisition up to and including the date of disposal.

1.2 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in calculating the profit or loss on disposal.

1.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of the assets' previous carrying amount and fair value less costs of disposal.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed. Services are recognised when rendered.

Interest income is accrued on the time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on the straight-line basis over the lease term.

1.6 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African rand, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options. For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in South African rand using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.8 Retirement benefit costs

Current contributions to the defined contribution pension fund registered in terms of the Pension Fund Act, 1956 are based on current service and current salaries as they are incurred.

1.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.9 Taxation *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.10 Property, plant and equipment

Land and buildings are stated at cost whilst other fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Depreciation is calculated on the straight-line basis, so as to write the cost of the assets down to their residual values, at the following rates, which are considered to approximate the estimated useful lives of the assets concerned.

Plant and equipment	6,7 – 20%
Leasehold improvements	25%
Motor vehicles	16,7%
Furniture and fittings	10%
Office equipment	20%
Computer software	50%
Computer equipment	20%

The appropriateness of residual values and useful lives are annually assessed.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Redundant and slow-moving inventory items are identified and written down to their estimated economic or realisable value.

1.12 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at proceeds received, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Trade payables

Trade and other payables are stated at their nominal value.

Derivative financial instruments and hedge accounting

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The group uses derivative financial instruments (primarily foreign currency forward contracts and interest rate swap agreements) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The significant interest rate risk arises from bank loans. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.12 Financial instruments *(continued)*

Derivative financial instruments and hedge accounting (continued)

The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. The group's policy with regard to hedging the foreign currency risk of a firm commitment is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Convertible loan notes

Convertible loan notes are regarded as financial liabilities. The interest expense on the liability is calculated by applying the contracted interest rate to the liability and added to the carrying amount of the convertible loan note.

1.13 Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1.14 Share-based payments

The group issues certain equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on the straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Cash-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on the straight-line basis over the vesting period.

1.15 Judgements made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that effect reported amounts and related disclosures. Actual results could differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments as follows:

Asset lives and residual value

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets other than goodwill

Intangible assets other than goodwill are amortised over their useful lives. The actual lives of the intangible assets are assessed annually and may vary depending on a number of factors. In reassessing intangible asset lives, factors such as technological innovation are taken into account.

Goodwill

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

	Group		Company	
	2007 R000	2006 R000	**2007 R000**	2006 R000
2. EXCEPTIONAL ITEMS				
Profit/(Loss) on disposal/liquidation of investments	**38**	(3 138)	**38**	(52)
Reversal of impairment to inter-group loans payable			**21 059**	
Recoupment of loans receivable		5 259		4 232
Negative goodwill on acquisition of 50% in Digital Initiatives	**480**			
Net reversal of claims	**968**		**794**	
	1 486	2 121	**21 891**	4 180
3. OPERATING INCOME				
Operating income is stated after accounting for the following:				
Auditors' remuneration	**1 688**	1 599	**473**	532
– Current year – audit fee	**1 554**	1 526	**473**	532
– other services	**130**	132		
– Prior year (over)/underprovision	**4**	(58)		
Certain fees for other services related to the rights issue have been allocated to share premium raised through the rights issue.				
Directors' emoluments paid by subsidiaries	**5 128**	4 403		
Executive directors	**3 860**	3 665		
Non-executive directors	**1 268**	738		
Finance costs	**51 439**	49 335	**5 671**	48 775
Financial institutions	**43 568**	35 954	**15**	15
Inter company loans				37 167
Other	**7 871**	13 381	**5 656**	11 593
Depreciation	**10 894**	12 760		
Profit on disposal of plant and equipment	**(225)**	(90)		
Managerial, secretarial and technical fees	**4 394**	5 652	**331**	933
Operating lease charges	**8 654**	7 856		
Plant, furniture and equipment	**1 107**			
Premises	**7 547**	7 856		
Retirement benefit expenses	**7 242**	7 339		
IFRS 2 related movements	**(1 415)**	889		
Employment costs	**107 684**	111 029		
Number of employees at the year end was 963 (2006: 1078).				

		Group		Company	
		2007	2006	**2007**	2006
		R000	R000	**R000**	R000

4. TAXATION

		Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
4.1	**South African normal taxation**	**6 392**	2 619	**(6 000)**	
	Current year	**12 771**	10 040		
	Prior year	**(6 379)**	(7 422)	**(6 000)**	
4.2	**Deferred taxation**	**1 970**	1 224		
	Current year	**1 970**	1 224		
	Prior year				
		8 362	3 843	**(6 000)**	
4.3	**Taxation reconciliation**				
	Profit/(Loss) before taxation	**47 572**	31 254	**14 763**	(44 698)
	Taxation at statutory taxation rate of 29% (2006: 29%)	**13 796**	9 064	**4 281**	(12 962)
	Net capital items/exempt income	**(7 394)**	(903)	**(6 348)**	(602)
	Non-deductible expenditure	**10 139**	4 757	**1 640**	14 142
	Prior year taxation	**(6 379)**	(7 422)	**(6 000)**	
	Assessed loss utilised	**(2 227)**	(1 572)		(577)
	Temporary differences not recognised	**427**	(81)	**427**	
	Actual taxation charged	**8 362**	3 843	**(6 000)**	
		%	%	**%**	%
	Taxation rate reconciliation				
	Statutory taxation rate	**29,0**	29,0	**29,0**	29,0
	Net capital items/exempt income	**(15,5)**	(2,9)	**(43,0)**	1,3
	Non-deductible expenditure	**21,3**	15,2	**11,1**	(31,6)
	Prior year taxation	**(13,4)**	(23,7)	**(40,6)**	
	Assessed loss utilised	**(4,7)**	(5,0)		1,3
	Temporary differences not recognised	**0,9**	(0,3)	**2,9**	
	Effective taxation rate	**17,6**	12,3	**(40,6)**	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

		Group		Company	
		2007	2006	**2007**	2006
		R000	R000	**R000**	R000
4. TAXATION *(continued)*					
4.4	**Deferred taxation**				
	Property, plant and equipment	**(8 288)**	(8 071)		
	Prepayments	**(489)**	(590)		
	Provisions	**1 374**	1 452		
	Other	**(1 258)**	454		
	Total	**(8 661)**	(6 755)		
	Net deferred taxation liability				
	Opening balance	**(6 755)**	(5 530)		
	Income statement movement	**(1 970)**	(1 225)		
	Other	**64**			
	Closing balance	**(8 661)**	(6 755)		
	Deferred taxation liability	**(8 661)**	(6 755)		
4.5	**Taxation losses**				
	Estimated taxation losses available for offset against future taxable income amount to:	**206 240**	228 042	**201 030**	202 503
	Certain of these losses are unlikely to be used to any material extent in the short term and others may not be used by normal operations. Accordingly no deferred taxation assets have been raised.				
5. EARNINGS PER ORDINARY SHARE					
5.1	**Earnings – basic**				
	Earnings for purposes of earnings per share	**35 261**	18 461		
	Effect of dilutive potential ordinary shares:				
	Interest expense related to Metrofile Holdings convertible loan notes		11 608		
	Earnings for purposes of diluted earnings per share	**35 261**	30 069		
	Number of shares – earnings per share				
	Number of ordinary shares in issue (thousands)	**393 997**	74 077		
	Number of ordinary shares held in treasury (thousands)		(6 877)		
	Number of ordinary shares in issue after deducting treasury shares (thousands) for purposes of basic earnings	**393 997**	67 200		

		Group	
		2007	2006
		R000	R000

5. EARNINGS PER ORDINARY SHARE *(continued)*

5.1	**Earnings – basic** *(continued)*		
	Weighted average number of ordinary shares in issue after deducting treasury shares (thousands) for purposes of basic earnings	**252 337**	67 200
	Effect of dilutive potential ordinary shares:		
	Metrofile Holdings convertible loan notes converted into ordinary shares (thousands)		55 206
	Weighted average number of ordinary shares in issue (thousands) for purposes of diluted earnings	**252 337**	122 406
	Earnings per share – basic (cents)	**14,0**	27,5
	Fully diluted earnings per share – basic (cents)	**14,0**	24,6
5.2	**Headline earnings**		
	Basis for calculation		
	The calculation of headline earnings per ordinary share is based on headline earnings of R34,9 million (2006: R16,2 million) and a weighted average number of 252,3 million (2006: 67,2 million) ordinary shares in issue during the year.		
	Both headline earnings per share and earnings per share excluded 6,9 million treasury shares in 2006. These shares have been repurchased and cancelled during December 2006.		
	This basis is a measure of the trading performance and excludes profits and losses of a capital nature. It is derived, after taxation and outside shareholders' interest, as follows:		
	Headline earnings		
	Attributable profit	**35 261**	18 461
	Adjusted for after tax:		
	Loss/(Profit) on disposal of property, plant and equipment	**225**	(90)
	Capital (profit)/loss on disposal/liquidation of investments	**(38)**	3 084
	Negative goodwill on acquisition of investments	**(480)**	
	Net recovery of loans previously impaired		(5 259)
	Headline earnings for purposes of headline earnings per share	**34 968**	16 196
	Effect of dilutive potential ordinary shares:		
	Interest expense related to Metrofile Holdings loan notes		11 608
	Headline earnings for purposes of diluted headline earnings per share	**34 968**	27 804
	Headline earnings per ordinary share (cents)	**13,9**	24,1
	Fully diluted headline earnings per ordinary share (cents)	**13,9**	22,7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

		Group	
		2007 Cents	2006 Cents
5.	**EARNINGS PER ORDINARY SHARE** *(continued)*		
5.3	**Reconciliation of headline earnings/(loss) per share**		
	Profit per ordinary share	**14,0**	27,5
	Adjusted for after tax:		
	Profit on disposal of property, plant and equipment	**0,1**	(0,2)
	Capital (profit)/loss on disposal/liquidation of investments		4,6
	Impairment of property, plant and equipment	**(0,2)**	
	Net recovery of loans previously impaired		(7,8)
	Headline earnings per ordinary share	**13,9**	24,1
5.4	**Adjusted headline earnings**		
	Included in headline earnings as calculated in note 5.2 are certain non-recurring items. Headline earnings, adjusted for these non-recurring items are:		
	Headline earnings as calculated in note 5.2	**34 968**	16 196
	Adjusted for:		
	Dividends received		(2 077)
	Taxation	**(6 000)**	(6 000)
	Current year earnings attributable to minority shareholders	**3 949**	
	Interest expense related to Metrofile Holdings loan notes	**5 671**	
	Provisions related to claims still to be settled and provisions reversed no longer required	**(1 036)**	
	Adjusted headline earnings	**37 552**	8 119
	Effect of dilutive potential ordinary shares:		
	Interest expense related to Metrofile Holdings loan notes		11 608
	Adjusted headline earnings for purposes of diluted headline earnings per share	**37 552**	19 727
	Headline earnings per share as calculated in note 5.2 has been based on the average number of shares in issue during the year under review. Adjusted headline earnings per share have been calculated by using the full number of shares in issue at year end, being 393,9 million shares.		
	Adjusted headline earnings per ordinary share (cents)	**9,5**	12,1
	Adjusted diluted headline earnings per ordinary share (cents)	**9,5**	16,1

6. DIRECTORS' REMUNERATION

DIRECTORS' REMUNERATION – 2007

Rand	Directors' fees	Salary	Bonuses	Pension contribution	Restraint of trade payments	Other benefits	Total
DE Baloyi*	**187 500**						**187 500**
RM Buttle		**606 250**	**254 978**	**105 854**	**250 000**	**85 320**	**1 302 402**
IN Matthews*	**335 000**						**335 000**
SR Midlane*	**195 000**						**195 000**
CS Seabrooke*°	**550 000**						**550 000**
GD Wackrill		**1 064 844**	**637 444**	**187 206**	**500 000**	**168 581**	**2 558 075**
	1 267 500	**1 671 094**	**892 422**	**293 060**	**750 000**	**253 901**	**5 127 977**

* *Non-executive director*
DE Baloyi resigned as non-executive director on 26 March 2007.

° *An amount of R0,4 million (2006: R0,7 million) was also paid to Sabvest Financial Services (Pty) Limited of which Mr Seabrooke is a director, the time spent on group affairs in his capacity as Chairman but outside of board and committee forums. These fee arrangements ceased in November 2006 after the completion of the restructuring programme of the group.*

DIRECTORS' REMUNERATION – 2006

Rand	Directors' fees	Salary	Bonuses	Pension contribution	Restraint of trade payments	Other benefits	Total
DE Baloyi*	200 000					2 940	202 940
IN Matthews*	27 917					110	28 027
SR Midlane		707 733	550 000	84 479		143 682	1 485 894
CS Seabrooke*°	500 000					7 350	507 350
GD Wackrill		977 946	861 082	173 340		166 588	2 178 956
	727 917	1 685 679	1 411 082	257 819		320 670	4 403 167

* *Non-executive director*

° *An amount of R0,7 million (2005: R0,5 million) was also paid to Sabvest Financial Services (Pty) Limited of which Mr Seabrooke is a director, for time spent on group affairs outside of board and committee forums.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R000	Plant and machinery R000	Computer equipment owned R000	Computer equipment leased R000	Motor vehicles R000	Office furniture and equipment R000	Total R000
Group							
Cost							
At 1 July 2006	114 775	67 567	34 238	649	8 916	6 561	232 706
Additions	4 975	8 113	2 259	17	2 396	511	18 271
Business acquired		501	326		234	29	1 090
Disposals	(3)	(3 437)	(9 603)	(1 140)	(824)	(387)	(15 394)
Reclassification			138	(1 127)	991	(2)	
At 30 June 2007	**119 747**	**72 882**	**26 093**	**517**	**10 722**	**6 712**	**236 673**
Accumulated depreciation							
At 1 July 2006	1 160	28 716	26 536	89	4 333	4 036	64 870
Depreciation	256	5 094	3 931	(25)	914	724	10 894
Disposals	(3)	(3 288)	(9 474)	(44)	(619)	(371)	(13 799)
Reclassification		168	(378)	213		(3)	
At 30 June 2007	**1 413**	**30 691**	**20 615**	**233**	**4 628**	**4 386**	**61 965**
Net book value							
At 30 June 2007	**118 334**	**42 192**	**5 478**	**284**	**6 094**	**2 326**	**174 708**
Cost							
At 1 July 2005	99 298	62 423	33 067	46	8 204	6 388	209 426
Additions	15 472	9 665	2 926	603	1 197	713	30 576
Disposals	(7)	(4 496)	(1 761)		(561)	(471)	(7 296)
Reclassification	12	(25)	6		76	(69)	
At 30 June 2006	**114 775**	**67 567**	**34 238**	**649**	**8 916**	**6 561**	**232 706**
Accumulated depreciation							
At 1 July 2005	950	28 274	22 209	43	3 755	4 021	59 252
Depreciation	203	4 869	6 047	46	1 103	492	12 760
Disposals		(4 426)	(1 728)		(526)	(462)	(7 142)
Reclassification	7	(1)	8		1	(15)	
At 30 June 2006	**1 160**	**28 716**	**26 536**	**89**	**4 333**	**4 036**	**64 870**
Net book value							
At 30 June 2006	**113 615**	**38 851**	**7 702**	**560**	**4 583**	**2 525**	**167 836**

A register of land and buildings is available for inspection at the registered office of the company.

All the assets have been pledged as security against certain loans as detailed in note 13.

	Group		Company	
	2007 R000	2006 R000	**2007 R000**	2006 R000
8. FINANCIAL ASSETS				
8.1 Subsidiaries				
Shares at cost			**173 753**	
Amounts owing by subsidiaries				6 659
			173 753	6 659
8.2 Joint venture				
0% (2006: 50%) of Digital Initiatives (Pty) Limited				
Metrofile (Proprietary) Limited acquired the other 50% in Digital Initiatives and now holds the entire issued share capital of Digital Initiatives.				
Directors' valuation in 2006 was nil				
Total financial assets			**173 753**	6 659
8.3 Summarised financial information of joint venture				
The group's proportional interest in the joint venture (refer note 8.2) has been incorporated in the group's assets, liabilities and results as follows:				
Property, plant, equipment and investments		775		
Working capital		(991)		
Cash flow		(1 592)		
Revenue		5 431		
Profit/(Loss) before tax		496		

At 30 June 2007, Metrofile had ceded and pledged its interests in all its financial assets as security to the capital providers.

For further details on security and other information refer to page 57.

9. GOODWILL

	Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
Goodwill arising on Metrofile (Pty) Limited minority acquisition	**157 641**			
Other minor acquisitions by subsidiaries	**2 858**			
Net carrying value at the end of the year	**160 499**			

Goodwill is tested for impairment on an annual basis. The method used for testing impairment is the calculation of residual value net of assets after calculating a business value using sustainable earnings and applying a multiple thereto.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

	Group		Company	
	2007	2006	**2007**	2006
	R000	R000	**R000**	R000
10. INVENTORIES				
Maintenance spares	**15 721**	12 793		
Goods available for sale	**1 325**	1 352		
Consumables	**1 701**	1 307		
Total inventory	**18 747**	15 452		
Less: Provisions	**(6 713)**	(6 204)		
Net inventory	**12 034**	9 248		

Inventories have been hypothecated as security to the capital providers in terms of the restructure.

11. TRADE AND OTHER RECEIVABLES

At 30 June 2007, Metrofile had ceded and pledged its trade receivables as security to its capital providers.

12. ORDINARY SHARE CAPITAL AND SHARE PREMIUM

12.1 Share capital

Ordinary shares of 0,6146 cents each

Number of shares

	Group 2007	Group 2006	Company 2007	Company 2006
Authorised				
Shares authorised at beginning of year	**100 000 000**	100 000 000	**100 000 000**	100 000 000
Increase in authorised number of shares during the year	**400 000 000**		**400 000 000**	
Authorised ordinary shares at end of year	**500 000 000**	100 000 000	**500 000 000**	100 000 000
Issued				
Issued at beginning of year	**74 077 413**	74 077 413	**74 077 413**	74 077 413
Issued during the year	**326 796 214**		**326 796 214**	
Treasury shares cancelled during the year	**(6 877 024)**		**(6 877 024)**	
Shares issued at the end of the year	**393 996 603**	74 077 413	**393 996 603**	74 077 413
Unissued shares at the end of the year	**106 003 397**	25 922 587	**106 003 397**	25 922 587

10 million of the authorised but unissued ordinary shares in the company were placed under the control and authority of the directors of the company who were authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the proviso that the 10 million shares may only be issued to fund any contingent liabilities and that this authority only remain in force until the next annual general meeting. This authority has not been utilised during the year or subsequent to the year end.

		Group		Company	
		2007	2006	**2007**	2006
		R000	R000	**R000**	R000

12. ORDINARY SHARE CAPITAL AND SHARE PREMIUM *(continued)*

		Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
12.1	**Share capital** *(continued)*				
	Value of shares				
	Issued				
	Issued at beginning of year	**408**	456	**452**	456
	Issued during the year	**2 013**		**2 013**	
	Treasury shares cancelled during the year/offset in prior years		(48)	**(44)**	(4)
	393 996 603 at the end of the year	**2 421**	408	**2 421**	452

As a consequence of the group's holding in, and the subsequent acquisition of Computer Configurations Holdings Limited, a subsidiary of Metrofile Holdings owned 6,9 million (2006: 6,9 million) ordinary shares in Metrofile Holdings Limited. During a previous year these shares were transferred to Metrofile Management Services (Pty) Limited and held as treasury shares. In prior years these treasury shares have been excluded from any earnings/(loss) per share and headline earnings/(loss) per share calculations. During the year these treasury shares were cancelled in terms of a buy-back and cancellation transaction.

		Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
12.2	**Share premium**				
	Balance at the beginning of the year	**195 656**	195 656	**497 501**	497 501
	Shares issued during the year	**307 248**		**307 248**	
	Premium on shares issued during the year	**313 416**		**313 416**	
	Less: Share issue expenses charged against share premium during the year	**(6 168)**		**(6 168)**	
	Balance at the end of the year	**502 904**	195 656	**804 749**	497 501
	Total share capital and share premium	**505 325**	196 064	**807 170**	497 953

12.3 Share incentive schemes

Metrofile Employees Share Incentive Trust

During February 2005 the Metrofile Employees Share Incentive Trust purchased 5% of the ordinary shares in Metrofile (Pty) Limited. These shares were paid for and delivered to the participating individuals. During the current financial year these shares were acquired by Metrofile Holdings Limited in terms of a share swap transaction whereby Metrofile Holdings Limited acquired the 35% minority shareholding in Metrofile (Pty) Limited. The minority shareholding was paid for by issuing Metrofile Holdings Limited shares to all the individuals. Although ownership of the Metrofile Holdings Limited shares vested in the individuals, certain trading limitations and conditions of ownership until 30 June 2009 have been placed on the individuals.

13. NON-CURRENT LIABILITIES

		Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
13.1	**Interest-bearing liabilities**				
	Provisions	**11 669**	32 981		6 000
	Long-term interest-bearing provisions include possible claims related to certain dormant subsidiaries from the old "MGX" Group.	**11 669**	32 981		6 000
	Total interest-bearing provisions	**11 669**	32 981		6 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

	Group 2007 R000	Group 2006 R000
13. NON-CURRENT LIABILITIES *(continued)*		
13.2 Interest-bearing liabilities	**292 666**	
A facility	**153 991**	
Being a six-year senior facility, accruing interest at a rate equal to a three-month JIBAR plus 2,75% on a nominal annual compounded quarterly ("NACQ") basis. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. In the event of default, the interest rate on the facility will increase by 3%, which will remain in place until the default event has been remedied or the facility has been cancelled and repaid. Capital and interest to be repaid in 20 equal quarterly instalments, starting at the end of the fifth quarter (ie capital moratorium for one year).	**176 694**	
In terms of the loan agreement, certain additional capital repayments ("capital prepayments") will be required during the period of the loan. These capital prepayments will be financed from 30% of residual free cash as defined in the loan agreement. If there is insufficient residual free cash to achieve such repayment, it will not constitute an event of default. Such prepayments will be made on specific measurement periods for the first three years, as defined in the loan agreement and annually thereafter.		
Less: Amounts payable within one year reflected under current liabilities	**(22 703)**	
B facility	**44 215**	
Being a six-year senior facility, accruing interest at a rate equal to a three-month JIBAR plus 3,50% on a NACQ basis. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. In the event of default, the interest rate on the facility will increase by 3%, which will remain in place until the default event has been remedied or the facility has been cancelled and repaid. Capital to be repaid in one lump sum at the end of the six-year loan period.	**44 215**	
In terms of the loan agreement, certain additional capital repayments ("capital prepayments") will be required during the period of the loan. These capital prepayments will be financed from 30% of residual free cash as defined in the loan agreement. If there is insufficient residual free cash to achieve such repayment, it will not constitute an event of default. Such prepayments will be made on specific measurement periods for the first three years, as defined in the loan agreement and annually thereafter.		
C facility	**98 963**	
Being a six-year mezzanine facility, accruing interest at a rate equal to a three month JIBAR plus 9,50% on a NACQ basis, subject to a pricing ratchet. In terms of the pricing ratchet, the Debt: EBITDA ratio will be measured every 12 months for the first three years and if the Debt: EBITDA ratios is below a certain level at the measurement date, the 9,50% will be reduced to the lower levels as defined in the loan agreement. Payment of the difference between the applicable interest rate and JIBAR plus 5,0% on a NACQ basis can be deferred (Deferred Interest). The deferred interest will also accrue interest at the applicable interest rate on a NACQ basis and is payable no later than at the end of the six year loan period. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. In the event of default, the interest rate on the facility will increase by 3%, which will remain in place until the default event has been remedied or the facility has been cancelled and repaid. Capital to be repaid in one lump sum at the end of the six year loan period.	**98 963**	
In terms of the loan agreement, certain additional capital repayments ("capital prepayments") will be required during the period of the loan. These capital prepayments will be financed from 40% of residual free cash as defined in the loan agreement. If there is insufficient residual free cash to achieve such repayment, it will not constitute an event of default. Such prepayments will be made on specific measurement periods for the first three years, as defined in the loan agreement and annually thereafter.		
Total interest-bearing liabilities	**297 169**	
Less: Prepaid facility fees amortised over the six- year period of the facilities	**(4 503)**	
Early settlement or any prepayment of the A, B or C facilities in the first three years is not permitted (with the exception of any prepayments based on the cash sweep from residual cash as defined in the various facility agreements) and would attract prepayment penalties ranging between 3 – 5% of the prepayment amount. No prepayment penalties will be levied on the A, B or C facilities from year four onwards. Year four commences in 18 August 2010.		

13. NON-CURRENT LIABILITIES *(continued)*

13.2 Interest-bearing liabilities *(continued)*

	Group 2007 R000	Group 2006 R000
The following interest-bearing liabilities were refinanced during the year:		171 531
Metrofile A facility		80 000
Being a five-year senior loan facility, accrued interest at the prime rate minus 1% on a nominal annual compounded quarterly ("NACQ") basis. The Metrofile A facility lenders had the first right of recourse to the security, together with the providers of the working capital facility.		
Metrofile B and B1 facility		81 527
Being a five-year loan, accrued interest at the prime rate which interest were capitalised on a NACQ basis, was repayable from excess cash flows after the working capital facility had been repaid and the Metrofile A facility had been reduced to R80 million and was secured by a second right of access to the security ranking *pari passu* with the rights of the Metrofile B1 facility (see below). The balance of the Metrofile B facility, inclusive of accrued and capitalised interest, outstanding on the happening of certain default events or the final date for repayment of the Metrofile B facility, were convertible, at the election of the lenders of the Metrofile B facility and the Metrofile B1 facility, into Metrofile (Pty) Limited ordinary shares.		
Bonds		10 004
Was secured by first mortgage bond over properties with estimated net book values of R25,8 million (2006: R25,8 million). The loans bore interest at prime less 1,25% and were repayable in equal monthly instalments. Although the mortgage bond didn't form part of the restructured debt, it was agreed that only the interest should be paid for a two-year period, commencing on 4 March 2004.		
Total interest-bearing liabilities	**292 666**	171 531

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

	Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
13. NON-CURRENT LIABILITIES *(continued)*				
13.3 Interest-bearing subordinated redeemable convertible loans				
The following interest-bearing subordinated redeemable convertible loans were refinanced and/or settled during the year:		219 522		89 443
Metrofile C facility		130 079		
Being a five-year loan, accruing interest at the prime rate plus 2% capitalised on a NACQ basis, repayable from excess cash flows after the settlement of the capital and interest of the Metrofile B facility and the Metrofile B1 facility, secured by a third right of access to the security. The balance of the Metrofile C facility outstanding, inclusive of accrued and capitalised interest would automatically have converted into Metrofile (Pty) Limited ordinary shares, on the final repayment date of the Metrofile C facility or, if the Metrofile B facility and the Metrofile B1 facility converted at any time.				
Metrofile Holdings loan notes		89 443		89 443
The notes accrued interest at the prime rate plus 3% which interest was capitalised on a NACQ basis, was repayable from the excess cash flows from Metrofile once the capital and interest on the Metrofile C facility had been repaid, had a fourth right of recourse to the security and were compulsorily convertible into Metrofile Holdings shares if the Metrofile C facility converted into Metrofile (Pty) Limited ordinary shares at any time or in the event that the notes had not been redeemed for cash within five years of the date of the debt refinancing becoming unconditional. Redemption was in terms of a predetermined formula and no voluntary conversion of the notes into Metrofile Holdings shares was provided for.				
Total interest-bearing convertible loans		219 522		89 443
Total non-current liabilities	**304 335**	424 034		95 443
13.4 Current liabilities				
Interest-bearing liabilities	**22 703**	17 462		
Short-term portion of long-term liabilities	**22 703**	17 462		
– "A" facility	**22 703**			
– Metrofile B facility		15 654		
– Mortgage bond		1 808		
Total current liabilities	**22 703**	17 462		

Security for the Metrofile facilities is provided by Micawber 305 (Proprietary) Limited ("the Guarantor"), a special purpose vehicle created to facilitate a security mechanism for the capital providers, in the form of guarantees issued to the capital providers ("the security"). The Guarantor holds the assets of Metrofile Holdings and Metrofile (Pty) Limited as security for its obligations under the guarantees provided by it to the capital providers.

	Group		Company	
	2007	2006	**2007**	2006
	R000	R000	**R000**	R000

14. COMMITMENTS

14.1 Authorised capital expenditure

Metrofile (Pty) Limited has committed to certain capital expansion and replacement projects of R18,0 million (2007: R23,2 million). This will be funded from free cash flows generated by operating activities and surplus funds available from its parent company.

14.2 Operating leases

	Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
Future leasing charges for premises, equipment and motor vehicles				
Payable within one year	**9 656**	7 544		
Payable within two to five years	**2 432**	3 279		
In 2003 Metrofile (Pty) Limited entered into various long-term lease agreements related to buildings not owned by the group. The last agreements expire in 2011 and the company has the option to renew and extend the agreements for a further term. All the leases are market related and annual escalations range between cpi and 8% in all the various agreements.				
	12 088	10 823		

15. CONTINGENT LIABILITIES

15.1 MGX/Eureka Pension Fund

The transfer of the assets and liabilities of this pension fund to other funds has been approved by the Financial Services Board. In prior years it was noted that a contingent liability might exist for any shortfalls. However, no shortfalls have arisen for which the group is liable.

15.2 Illegal strike

During the year a number of the group's employees embarked on an illegal strike. The company followed the required procedures and the CCMA ruled in the company's favour. The employees appealed and the matter still has to be heard by the labour court.

16. BORROWING POWERS

In terms of its articles of association the company's borrowing powers are unlimited.

In terms of the restructure agreement, known as the "common terms agreement", borrowing powers of the remaining group companies are limited to the "Metrofile working capital facility" available to Metrofile (Pty) Limited. The short-term facility is limited to R10 million, being a revolving working capital facility, accruing interest at the prime rate. The facility is renewable on an annual basis subject to the sole and absolute discretion of the lender. In the event of receipt of a written demand from the lender, the facility is to be repaid in full within a period of 14 days.

Security for the Metrofile facilities is provided by Micawber 305 (Proprietary) Limited ("the Guarantor"), a special purpose vehicle created to facilitate a security mechanism for the capital provider, in the form of guarantees issued to the capital provider ("the security"). The Guarantor holds the underlying assets of Metrofile Holdings and Metrofile (Pty) Limited as security for its obligations under the guarantees provided by it to the capital provider.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

17. FINANCIAL RISK MANAGEMENT

17.1 Foreign currency exposure

In the normal course of business, the group enters into transactions denominated in a variety of foreign currencies. As a result the group is subject to transactions and translation exposures resulting from fluctuations in currency exchange rates. The group uses forward exchange contracts, foreign currency borrowings and natural hedges to minimise the foreign currency exchange exposures associated with its foreign currency transactions. Exposure to the group companies is generally controlled at a subsidiary level. It is not the group's policy to take speculative positions in foreign currencies. Existing forward exchange contracts cover existing and future trade commitments as well as other liabilities.

As at 30 June 2007 the group's foreign currency exposure was as follows:

	Currency	Amount in foreign currency	Exchange rate used	**Reported value 2007**	Reported value 2006
Uncovered foreign denominated liabilities included in trade payables	US$'000	2,3	7,15	**17**	62
	GBP'000	2,1	14,28	**30**	
	Euro'000	2,6	9,69	**25**	83
There were no uncovered foreign denominated assets at 30 June 2007 (2006: Nil)					
Existing foreign currency forward exchange contracts covering balance sheet items reported at fair value in trade payables are:					
Buy contracts	US$'000	18,1	7,15	**129**	238
	GBP'000	9,23	14,15	**131**	88
	Euro'000				6 098

17.2 Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risk are cash, bank overdrafts and medium and long-term liabilities. The interest rates applicable to these financial instruments are comparable with those currently available in the market. Certain interest rate swap agreements were entered into to eliminate interest rate fluctuations on a portion of the debt over a four year period.

17.3 Credit risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. This is implemented and controlled at an operating subsidiary level.

Credit risk evaluations are performed on all customers requiring credit. This is implemented and controlled at an operating subsidiary level.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

17.4 Fair values

The fair values of all financial instruments are substantially identical to the carrying amounts reflected in the balance sheet.

17. FINANCIAL RISK MANAGEMENT *(continued)*

17.5 Financial instruments

During 2005, Metrofile Holdings sold 25% of its Metrofile shares in a BEE transaction to the Mineworkers Investment Company ("MIC"). The conditions included in the sale agreement and the conversion rights of the Metrofile debt gave rise to a derivative. During the current financial year the 25% MIC shareholding in Metrofile was repurchased by Metrofile Holdings Limited in terms of a share swap transaction. All the Metrofile debt was also refinanced without any conversion rights during the year.

In 2005 Metrofile Holdings sold 5% of its Metrofile shares to Sabvest. The conditions included in the sale agreement and the conversion rights of the Metrofile debt gave rise to a derivative. During the current financial year the 5% Sabvest shareholding in Metrofile was repurchased by Metrofile Holdings Limited in terms of a share swap transaction. All the Metrofile debt was also refinanced without any conversion rights during the year.

Details of certain interest rate swap agreements that were entered into during the current and previous years are:

R80 million – Termination date 19 September 2009 fixed at rate of 10,62% and payable quarterly in arrears. This agreement is linked to the R175 million Metrofile A facility, accruing interest at a rate per annum equal to a three-month JIBAR plus 2,75% all-in-rate Nominal Annual Compounded Quarterly ("NACQ").

R70 million – Termination date 19 September 2009 fixed at rate of 11,62% and payable quarterly in arrears. This agreement is linked to the R175 million Metrofile A facility, accruing interest at a rate per annum equal to a three-month JIBAR plus 2,75% all-in-rate Nominal Annual Compounded Quarterly ("NACQ").

R50 million – Termination date 1 August 2009 fixed at rate of 9,13% and payable quarterly in arrears. This agreement is linked to the R100 million Metrofile C facility, accruing interest at a rate per annum equal to a three-month JIBAR plus 9,50% all-in-rate Nominal Annual Compounded Quarterly ("NACQ"), subject to a pricing ratchet.

R40 million – Termination date 21 November 2009 fixed at rate of 8,89% and payable quarterly in arrears. This agreement is linked to the R45 million Metrofile B facility, accruing interest at a rate per annum equal to a three-month JIBAR plus 3,50% all-in-rate Nominal Annual Compounded Quarterly ("NACQ").

An aggregate amount of R0,459 million was received from (2006: R1,567 million paid to) financial institutions, being the net difference between the higher swap rates and the interest rates of the loans linked to these swap agreements.

18. RETIREMENT BENEFIT PLANS

All the retirement benefit plans operated by group companies domiciled in the Republic of South Africa are governed by the Pension Funds Act, 1956 (Act No 24 of 1956) ("the Act").

Defined contribution plans

Of the group's employees, certain are members of two defined contribution retirement benefit plans administered by Pioneer Employee Benefits (Pty) Limited and Sanlam Life Assurance Limited. Both the group and the employees are required to contribute to the retirement benefit scheme to fund the benefits.

The only obligation of the group with respect to the retirement benefit scheme is to make the specified contributions. The total cost charged to income of R7,2 million (2006: R7,4 million) represents contributions paid to the scheme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

19. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors and senior management. The group and its subsidiaries in the ordinary course of business, enter into various transactions with entities in which the group has an interest. These transactions are entered into on an arm's length basis. Significant related party transactions are detailed below.

Inter-company trading and group management fees

There was no inter-company revenue between subsidiaries during the year (2006: Nil).

During the year, management fees in the amount of R6,5 million (2006: R6,0 million) were charged to subsidiaries.

Loans

Inter-company loans are repayable on demand unless subordinated. Interest is charged at market rates where applicable.

Compensation of key management personnel

Messrs GD Wackrill and RM Buttle, executive directors of Metrofile Holdings and Mr SR Midlane, non-executive director of Metrofile Holdings, earned interest on the portion of the Metrofile "C" facility which they acquired during 2005. The outstanding capital and accrued interest on the Metrofile "C" facility were settled in August 2006.

The following directors and officers acquired Metrofile Holdings Limited ordinary shares at 126 cents per share in terms of the approved share swap transaction whereby Metrofile Holdings Limited acquired the 35% minority interest in Metrofile (Pty) Limited.

		Number of shares
GD Wackrill	*Chief executive officer*	9 849 915
RM Buttle	*Chief financial officer*	2 757 976
SR Midlane	*Non-executive director*	787 993
LM Thompson	*Company secretary*	393 996

During the financial year Sabvest Financial Services (Pty) Limited ("Sabvest") performed certain services to the value of R0,4 million (2006: R0,7 million) for the Metrofile Group. In addition Sabvest also earned R3,9 million in underwriting fees during the rights issue (before sub-underwriting and other costs incurred by Sabvest). During December 2006 Sabvest Investments (Pty) Limited acquired 19 699 830 Metrofile Holdings Limited ordinary shares (equal to 5% of its issued share capital) at 126 cents per share in terms of the approved share swap transaction whereby Metrofile Holdings Limited acquired the 35% minority interest in Metrofile (Pty) Limited. Sabvest Finance & Guarantee Corporation Limited earned interest on the Metrofile "B" and "C" loans which it acquired during 2005. During August 2006 Sabvest Finance & Guarantee Corporation Limited acquired R10 million Metrofile Holdings Limited loan notes from an external source. The outstanding capital and accrued interest on the Metrofile "B" and "C" loans were settled in August 2006 and the Metrofile Holdings Limited loan notes were settled in December 2006.

Chris Seabrooke ("Seabrooke"), non-executive chairman of Metrofile, is also CEO of Sabvest. The Seabrooke family trust has a voting interest of 67% and an economic interest of 32% in the shares of Sabvest. Mr Seabrooke also serves on the board of Mineworkers Investment Company ("MIC") as an independent non-executive director. MIC holds 25% of the issued share capital of Metrofile Holdings Limited.

The Metrofile B facility accrued interest at the prime overdraft rate of banks ("prime"), the Metrofile C facility accrued interest at a rate of prime plus 2% and the Metrofile Holdings Limited loan notes accrued interest at a rate of prime plus 3% during the year.

	Group		Company	
	2007	2006	**2007**	2006
	R000	R000	**R000**	R000

20. PROVISIONS

	Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
Included in other payables and provisions are the following provisions:				
Opening balance on 1 July 2006	**5 073**	5 902		
Provision for bonuses	**1 379**			
Provision for leave pay	**3 694**	4 148		
Provision for PAYE dispute		1 427		
Provision for insurance claim		250		
Provision for licences		43		
Provision for legal costs		34		
Provisions raised/(decreased)	**(244)**	(829)		
Provision for bonuses	**(50)**	1 379		
Provision for leave pay	**(262)**	(454)		
Provision for PAYE dispute		(1 427)		
Provision for insurance claim		(250)		
Provision for licences		(43)		
Provision for legal costs	**68**	(34)		
Closing balance on 30 June 2007	**4 829**	5 073		
Provision for bonuses	**1 329**	1 379		
Provision for leave pay	**3 432**	3 694		
Provision for legal costs	**68**			

21. CASH FLOW STATEMENT

21.1 Convention

The following convention applies to figures other than adjustments. Outflows of cash are represented by figures in brackets. Inflows of cash are represented by figures without brackets.

21.2 Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations

	Group 2007 R000	Group 2006 R000	Company 2007 R000	Company 2006 R000
Profit/(Loss) before taxation	**47 572**	31 254	**14 798**	(44 697)
Adjusted by:	**55 162**	53 560	**(15 539)**	46 689
Profit on disposal of property, plant and equipment	**(225)**	(90)		
Depreciation	**10 894**	12 760		
Net finance cost	**44 838**	46 695	**5 556**	48 766
Write off of loans payable to group companies			**(48 225)**	
Reversal of impairment to group loans receivable			**27 166**	
Dividends received		(2 077)		(2 077)
Other non-cash flow items	**(344)**	(3 728)	**(35)**	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

		Group		Company	
		2007	2006	**2007**	2006
		R000	R000	**R000**	R000
21. CASH FLOW STATEMENT *(continued)*					
21.2	**Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations** *(continued)*				
	Operating profit/(loss) before working capital changes	**102 734**	84 815	**(740)**	1 992
	Changes in working capital	**(25 836)**	9 260	**(739)**	295
	Increase in inventories	**(2 786)**	(1 219)		
	(Increase)/Decrease in receivables	**(13 616)**	8 361	**20**	780
	(Decrease)/Increase in payables	**(9 434)**	2 118	**(759)**	(485)
	Cash generated by operations	**76 898**	94 075	**(1 479)**	2 287
21.3	**Taxation paid**				
	Taxation balance at beginning of the year	**(8 944)**	(13 600)		
	Current tax expense for the year	**(12 392)**	(2 619)	**6 000**	
	Non-cash flow items	**(138)**	(592)	**(6 000)**	
	Amounts reversed from long-term provisions	**(17 343)**	(5 554)		
	Taxation balance at end of the year	**5 583**	8 944		
	Total taxation paid	**(33 234)**	(13 421)		
21.4	**Acquisition of going concern of Rainbow Waste Paper**				
	Inventories	**15**			
	Accounts receivable	**849**			
	Deferred taxation	**64**			
	Property, plant and equipment	**1 090**			
	Trade payables	**(292)**			
	Bank	**1**			
	Long-term debt	**(605)**			
	Goodwill	**2 378**			
	Trademarks	**30**			
	Total purchase price	**3 530**			
	Less bank	**(1)**			
	Cash flow on acquisition net of cash	**3 529**			

22. Segmental report

No segmental analysis has been prepared as the group's only operating investment carries out trading in a single economic segment in South Africa.

SUBSIDIARIES

		Percentage holding		Cost of investment		Net indebtedness	
		2007	2006	**2007**	2006	**2007**	2006
Subsidiary	**Nature of business**	**%**	**%**	**R000**	**R000**	**R000**	**R000**
Infracom (Proprietary) Limited▲	Dormant	**100**	100	**169 500**	169 500	**(231 951)**	(231 951)
Mail Processing Systems (Pty) Limited*	Wound-up		100		10		(10)
Metrofile (Pty) Limited	Off-site document and data storage	**100**	65	**173 753**			5 905
MGX Enterprise Solutions (Pty) Limited	Dormant	**100**	100				(41 275)
MGX Management Services (Pty) Limited*	Management services	**100**	100			**236 660**	209 494
MGX Storage Solutions One (Pty) Limited•	Dormant	**100**	100				(24 192)
				343 253	169 510	**4 709**	(82 029)
Impairment				**(169 500)**	(169 510)	**(236 660)**	(209 586)
				173 753		**(231 951)**	(291 615)
Reflected as:	Amounts owing by subsidiaries						6 659
	Amounts owing to subsidiaries – non-interest-bearing					**(231 951)**	(10)
	Amounts owing to subsidiaries – interest-bearing*						(298 264)

* *At 30 June 2007, Metrofile Holdings Limited had ceded and pledged all material amounts owing to any member of the Metrofile Group to the capital providers.*

• *At 30 June 2007, Metrofile Holdings Limited had ceded and pledged all its interests in the claims and shares of the subsidiaries to the capital providers.*

▲ *Infracom (Proprietary) Limited has agreed to subordinate the loan amount in favour of and for the benefit of the Metrofile creditors.*

It should be noted that throughout the group there are sureties provided to the capital providers in terms of the "common terms agreement", as entered into with the restructure of the group.

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Metrofile Limited ("Metrofile") will be held at 09:30 on Monday, 3 December 2007 at The Park Hyatt, Johannesburg, 191 Oxford Road, Rosebank, Gauteng, for the purpose of considering and, if deemed fit, passing with or without modification the following resolutions and transacting the following business:

1. Consideration of annual financial statements

Ordinary resolution no. 1

"Resolved that the audited annual financial statements of the company and the group and the directors' report for the financial year ended 30 June 2007 be and are hereby approved and confirmed."

2. Confirmation of appointment of directors

Ordinary resolution no. 2

"Resolved that the appointment of Mr AP Nkuna in terms of article 28.2 of the company's articles of association ("the articles"), as a director of the company and for a further term of office be and it is hereby authorised and confirmed."

3. Confirmation of appointment of directors

Ordinary resolution no. 3

"Resolved that the appointment of Mr RM Buttle in terms of article 28.2 of the company's articles of association ("the articles"), as a director of the company and for a further term of office be and it is hereby authorised and confirmed."

4. Re-election of directors

Ordinary resolution no. 4

"Resolved that Mr IN Matthews who retires in terms of article 32.1 of the company's articles of association ("the articles") and who offers himself for re-election, be and is hereby re-elected as a director of the company."

5. Re-election of directors

Ordinary resolution no. 5

"Resolved that Mr CS Seabrooke who retires in terms of article 32.1 of the company's articles of association ("the articles") and who offers himself for re-election, be and is hereby re-elected as a director of the company."

6. Approval of auditors' remuneration

Ordinary resolution no. 6

"Resolved that the directors of the company be and hereby authorised to fix and pay the auditors' remuneration for the year ended 30 June 2007."

7. Re-appointment of auditors

Ordinary resolution no. 7

"Resolved that Messrs Deloitte & Touche be re-appointed as auditors of the company from the conclusion of this meeting to the conclusion of the next annual general meeting."

8. Ratification of directors' remuneration

Ordinary resolution no. 8

"Resolved that the remuneration of the directors of the company for the past financial year as reflected in note 6 to the annual financial statements be and is hereby ratified."

9. Place unissued shares under the control of the directors

Ordinary resolution no. 9

"Resolved that 10 million of the authorised but unissued ordinary shares in the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended (the Act), the articles of association of the company and the JSE Limited (JSE) Listings Requirements, when applicable, such authority to remain in force until the next annual general meeting. Notwithstanding the aforegoing, the directors will only issue these shares (or part thereof) to the extent necessary for the company to fund any liabilities or contingent liabilities that arise from historic MGX Group matters."

10. General authority to issue shares for cash

Ordinary resolution no. 10

"Resolved that the directors of the company be and are hereby authorised by way of a general authority, to issue 10 million of the authorised but unissued ordinary shares in the company, for cash, as and when they in their discretion deem fit, subject to the Companies Act (Act 61 of 1973) as amended (the Act), the articles of association of the company, the Listings Requirements of the JSE Limited (JSE), when applicable, and the following limitations:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not related parties, unless the JSE otherwise agrees;
- this authority be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details (including the impact on the net asset value, net tangible asset value, earnings and headline earnings per share and, diluted earnings and headline earnings per share, if applicable) will be published at the time of any issue representing, on a cumulatative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company.

Notwithstanding the aforegoing, the directors will only issue these shares (or part thereof) for cash to the extent necessary for the company to fund any liabilities or contingent liabilities that arise from historic MGX Group matters.

In terms of the JSE Listings Requirements, 75% (seventy five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 11 for it to be approved."

11. Authority to sign all documents required

Ordinary resolution no. 11

"Resolved that, subject to the passing of terms of the ordinary resolutions 1 to 11, any director of the company or the company secretary will be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary resolutions number 1 to 11 passed at the annual general meeting.

For the purposes of clarity the authority to issue these 10 million shares for cash relates to the same 10 million shares placed under the control of the directors in resolution 10."

VOTING AND PROXIES

Instructions

Shareholders holding certificated Metrofile shares and shareholders who have already dematerialised their Metrofile shares and who have elected "own-name" registration in a sub-register through a CSDP or broker (only shareholders who have dematerialised their Metrofile shares through Computershare Investor Services 2004 (Proprietary) Limited can qualify as having elected "own-name" registration), who are unable to attend the general meeting but wish to be represented thereat complete and return the attached form of proxy, in accordance with the instructions contained therein, to the office of the transfer secretary, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107). The form of proxy must be received by the transfer secretary by no later than 09:30 on Wednesday, 28 November 2007, or if the general meeting is adjourned or postponed, by not later than 24 hours prior to the time of the adjourned or postponed general meeting.

Shareholders who have already dematerialised their Metrofile shares through a CSDP or broker and who have not elected "own-name" registration in the subregister maintained by a CSDP (ie shareholders who have not dematerialised their shareholding through Computershare Investor Services 2004 (Proprietary) Limited can not qualify as having elected "own-name" registration), and who wish to attend the general meeting, must instruct their CSDP or broker to issue them with the necessary authority to attend, or, if they do not wish to attend the general meeting and wish to vote by way of proxy, they may provide their CSDP or broker with their instructions in terms of the custody agreement entered into by them and their CSDP or broker.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Metrofile) to attend, speak and vote in place of that shareholder at the annual general meeting.

By order of the board

Metrofile Holdings Limited

LM Thompson

Company secretary

Johannesburg

6 November 2007

FORM OF PROXY

METROFILE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1983/012697/06)
Share code: MFL – ISIN code: ZAE000010542

("Metrofile" or "the company")

For use **only by** Metrofile shareholders holding certificated shares, nominee companies of Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their Metrofile shares and who have elected "own-name" registration (only shareholders who have dematerialised their Metrofile shares through Computershare Investor Services 2004 (Proprietary) Limited (previously known as Computershare Limited) can qualify as having elected "own-name" registration) at the annual general meeting of shareholders of Metrofile, to be held at 09:30 on Monday, 3 December 2007 at The Park Hyatt, Johannesburg, 191 Oxford Road, Rosebank, Gauteng, or at any adjournment or postponement thereof.

I/We (BLOCK LETTERS please)

Of

Telephone work (   )   Telephone home (   )

being the holder/s or custodians of   Metrofile shares, hereby appoint (see note 1 overleaf):

1.   or failing him/her,

2.   or failing him/her,

the chairman of the general meeting of shareholders, as my/our proxy to act for me/us at the general meeting of shareholders for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for or against such resolutions or abstain from voting in respect of the Metrofile ordinary shares registered in my/our name (see note 2 overleaf) as follows:

	In favour of resolution	Against resolution	Abstain from voting
Ordinary resolution no. 1 – Acceptance of annual financial statements			
Ordinary resolution no. 2 – Confirmation of appointment of AP Nkuna			
Ordinary resolution no. 3 – Confirmation of appointment of RM Buttle			
Ordinary resolution no. 4 – Re-election of IN Matthews			
Ordinary resolution no. 5 – Re-election of CS Seabrooke			
Ordinary resolution no. 6 – Authorisation of auditors' remuneration			
Ordinary resolution no. 7 – Re-appointment of auditors			
Ordinary resolution no. 8 – Ratifying directors' remuneration for the past financial year			
Ordinary resolution no. 9 – Placing 10 million of the unissued shares under the control of the directors			
Ordinary resolution no. 10 – General authority to issue 10 million shares for cash			
Ordinary resolution no. 11 – Authority to sign all documents required			

and generally to act as my/our proxy at the said general meeting of shareholders. *(Tick whichever is applicable. If no directions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit.)*

Signed at   on this   day of   2007

Signature

Assisted by *(where applicable)*

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Metrofile) to attend, speak and vote in place of that shareholder at the general meeting of shareholders.

Please read the notes and instructions on the overleaf.

Notes and instructions

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting of shareholders", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the general meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.

1. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. So as to provide for voting on a show of hands or on a poll, as the case may be, shareholders are requested to complete the form of proxy by stating the number of shares held by them. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting of shareholders as he deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
2. The completion and lodging of this form of proxy by shareholders holding certificated shares, nominee companies of CSDPs or brokers and shareholders who have dematerialised their shares or who have elected "own-name" registration (only shareholders who have dematerialised their Metrofile shares through Computershare Investor Services 2004 (Proprietary) Limited can qualify as having elected "own-name" registration) will not preclude the relevant shareholder from attending the general meeting of shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. Shareholders who have dematerialised their shares through a CSDP or broker and who have not elected "own-name" registration in the subregister maintained by the CSDP, and who wish to attend the general meeting of shareholders, must instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the general meeting, must provide their CSDP or broker with their instructions in terms of the custody agreement entered into by them and their CSDP or broker.
3. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as a power of attorney, resolution or extract from the minutes of an authorised meeting or other written authority) must be attached to this form of proxy.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
5. On a show of hands, every shareholder shall have only one vote, irrespective of the number of shares they hold or represent, provided that a proxy shall, irrespective of the number of shareholders they represent, have only one vote.
6. On a poll, every shareholder present in person or represented by proxy shall have one vote for every Metrofile share held by such shareholder.
7. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by the chairman of the general meeting of shareholders or any person entitled to vote at such meeting.
8. If a poll is demanded, the resolutions put to the vote shall be decided on a poll.
9. The chairperson of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a member wishes to vote.
10. To be valid, the completed form of proxy must be lodged with the transfer secretary of the company, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by no later than 09:30 on Wednesday, 28 November 2007, or if the general meeting is adjourned or postponed, by not later than 24 hours prior to the time of the adjourned or postponed general meeting.

ADMINISTRATION

Secretary and registered office

LM Thompson
3 Gowie Road, The Gables, Cleveland, 2049
PO Box 40264, Cleveland, 2022
Telephone +27 11 677 3000
Facsimile +27 11 622 9085

Business unit telephone numbers

Metrofile Holdings Limited	+27 11 677 3000
Metrofile (Proprietary) Limited	+27 11 677 3000

Websites

www.metrofileholdings.com
www.metrofile.co.za

Company registration number

1983/012697/06

Date of incorporation of Metrofile

18 November 1983

Transfer secretaries

Computershare Investor Services 2004 (Proprietary) Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 5000
Facsimile +27 11 370 5487

Auditors

Deloitte & Touche Registered Auditors
The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146
Private Bag X6, Gallo Manor, Sandton, 2052

Bankers

The Standard Bank of South Africa Limited

Merchant bank and sponsor

The Standard Bank of South Africa Limited
5th Floor, 3 Simmonds Street, Johannesburg, 2001
PO Box 61344, Marshalltown, 2107

Attorneys to Metrofile

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