UNAUDITED GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

- Revenue up 9,8%
- EBITDA up 7,3%
- Normalised HEPS up 15,9%

CONDENSED CONSOLIDATED INCOME STATEMENT

R'000	Notes	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
Revenue		**197 286**	179 703	371 097
Operating income before interest, taxation and depreciation (EBITDA)		**62 274**	58 044	118 015
Depreciation		**(6 940)**	(5 880)	(12 039)
Operating profit before finance costs and exceptional items		**55 334**	52 164	105 976
Net finance costs		**(17 603)**	(27 311)	(46 636)
Finance income		**111**	1 744	2 330
Finance costs		**(15 201)**	(19 592)	(37 345)
Interest paid on loans		**(14 836)**	(23 644)	(43 254)
Interest (paid)/received relating to financial instruments	1	**(365)**	4 052	5 909
Fair value adjustments on financial instruments	2		(9 463)	(11 621)
Once-off interest cost	3	**(2 513)**		
Profit before taxation		**37 731**	24 853	59 340
Taxation	4	**(12 122)**	(7 341)	(17 189)
Profit for the period		**25 609**	17 512	42 151
Attributable to:				
Owners of the parent		**25 394**	17 512	42 128
Non-controlling interests		**215**		23
Attributable profit		**25 609**	17 512	42 151
Further information				
Number of ordinary shares in issue (thousands)		**408 085**	393 997	393 997
Weighted average number of ordinary shares in issue (thousands)		**399 719**	393 997	393 997
Earnings per ordinary share				
Earnings per ordinary share (cents)		**6,4**	4,4	10,7
Headline earnings per ordinary share				
Headline earnings per ordinary share (cents)		**6,3**	4,4	10,7
Normalised headline earnings per ordinary share				
Normalised headline earnings per ordinary share (cents)		**7,2**	6,2	12,8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Notes	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
Profit for the period		**25 609**	17 512	42 151
Other comprehensive income for the period net of tax		**(239)**	219	222
IFRS2 Equity reserve relating to share schemes		**519**	192	574
Hedge accounting for fair value on interest rate swaps	6	**(740)**		(330)
Currency movement on translation of foreign subsidiary		**(18)**	27	(22)
Total comprehensive income for the period		**25 370**	17 731	42 373
Attributable to:				
Owners of the parent		**25 155**	17 731	42 350
Non-controlling interests		**215**		23

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Note	Unaudited as at 31 December 2009	Unaudited as at 31 December 2008	Audited as at 30 June 2009
ASSETS				
Non-current assets		**443 998**	395 746	410 553
Property, plant and equipment		**270 469**	235 052	249 868
Goodwill	5	**169 992**	160 499	160 499
Deferred tax asset		**3 537**	195	186
Current assets		**85 847**	83 453	90 580
Inventories		**14 716**	13 250	16 558
Trade receivables		**53 521**	48 976	54 450
Other receivables		**5 085**	6 326	4 109
Financial instruments: Fair value of interest rate swaps	6		2 158	
Bank balances		**12 525**	12 743	15 463
Total assets		**529 845**	479 199	501 133
EQUITY AND LIABILITIES				
Equity and reserves		**214 095**	147 127	171 771
Equity attributable to owners of the parent		**212 901**	147 127	171 746
Non-controlling interests		**1 194**		25
Non-current liabilities		**222 133**	252 157	233 285
Interest-bearing liabilities	7	**214 124**	243 916	226 070
Deferred taxation liability		**8 009**	8 241	7 215
Current liabilities		**93 618**	79 915	96 077
Trade payables		**11 299**	10 406	12 850
Other payables		**19 065**	20 933	23 153
Deferred revenue		**5 093**	4 708	5 491
Financial instruments: Fair value of interest rate swaps	6	**1 070**		330
Bank overdraft		**140**		
Provisions		**4 600**	3 644	5 470
Taxation		**16 408**	9 295	16 150
Interest-bearing liabilities	7	**35 943**	30 929	32 633
Total equity and liabilities		**529 845**	479 199	501 133
Net asset value per ordinary share (cents)		**52,2**	37,3	43,6

Notes:

1. This represents cash (paid)/received on the interest rate swaps.
2. This was the mark to market change in the fair value of the interest rate swap contracts held by the group. This was not a cash flow item and is not regarded as a normal trading item. If the swaps had met the requirements of hedge accounting under International Financial Reporting Standards ("IFRS"), this charge would have gone through reserves. The cash flow cost from the swaps amounted to R0,4 million for the current period.
3. The once off interest cost relates to a SARS liability which arose out of the degrouping which occurred post the Section 311 restructure in 2004. The interest relates to timing differences of the recoupments as well as deemed capital gains.
4. The taxation charge for the period includes a charge relating to deemed capital gains as per note 3. The capital gain amounted to R0,8 million and relates to the 2005 financial year; as a result of this gain the tax bases of the property companies have increased by R16,2 million.
5. Goodwill arose from the acquisition of the 35% minority shareholding in Metrofile (Pty) Limited, 100% of Innovative Document Management (Pty) Limited and 55% of Cleardata (Pty) Limited and is assessed for impairment on an annual basis.
6. During March 2009 the existing interest rate swaps, which were due to expire towards the end of the 2009 calendar year, were closed out and new swaps were entered into. The new swaps comply with hedge accounting requirements and as a result all movements are allocated directly through reserves. The comparative figure was raised and reversed through the income statement.
7. Long-term interest-bearing liabilities include the Metrofile Senior and Mezzanine loans. Short-term interest-bearing liabilities include the portions of the Metrofile Senior and Mezzanine loans payable in one year. All borrowings are JIBAR linked and are approximately 56% hedged by way of the interest rate swaps (30 June 2009: 52%).
8. All the assets have been pledged as security against certain loans to the group.

SEGMENTAL INFORMATION

	Net sales revenue			Gross margin		
R'000	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
Metrofile Records Management	**156 342**	141 208	290 307	**81 255**	76 447	155 364
CSX Customer Services	**31 857**	31 232	66 248	**7 884**	7 315	15 458
Property Companies				**16 186**	13 445	28 134
Other	**9 087**	7 263	14 542	**(1 033)**	(1 161)	(2 196)
Total	**197 286**	179 703	371 097	**104 292**	96 046	196 760
Indirect costs				**(48 958)**	(43 882)	(90 784)
Operating profit				**55 334**	52 164	105 976

"Metrofile Records Management" represents the Metrofile document storage and image processing business units which are managed and operated geographically.

The "Property companies" are all wholly owned subsidiaries of Metrofile (Pty) Limited and charge rentals on owned properties to the Metrofile Records Management segment.

"Other" includes all divisions and entities which are at this stage not material to the group's results; these include Metrofile Holdings Limited, Africa operations, the paper management business and with effect from 1 January 2010 Cleardata (Pty) Limited.

The majority of assets and resultant depreciation relate to Metrofile Records Management, therefore a table has not been prepared in this regard. It should however be noted that the majority of inventory relates to CSX Customer Services.

Interest has not been reflected on the segmental report as the majority of the interest relates to Metrofile (Pty) Limited which includes all material divisions reflected above.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

R'000	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations before net working capital changes	**60 957**	59 049	118 578
Increase in net working capital	**(4 243)**	(4 746)	(1 988)
Cash generated from operations	**56 714**	54 303	116 590
Net finance costs paid	**(15 090)**	(17 848)	(35 015)
Normal taxation paid	**(8 578)**	(4 543)	(10 602)
Net cash inflow from operating activities	**33 046**	31 912	70 973
Net cash outflow from investing activities	**(16 568)**	(35 042)	(56 358)
Net cash outflow from financing activities:			
Loans repaid	**(19 556)**	(13 491)	(27 969)
Loans raised		547	
Net decrease in cash and cash equivalents	**(3 078)**	(16 074)	(13 354)
Cash and cash equivalents at the beginning of the period	**15 463**	28 817	28 817
Cash and cash equivalents at the end of the period	**12 385**	12 743	15 463
Represented by:			
Bank balances	**12 525**	12 743	15 463
Bank overdrafts	**(140)**		

STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Share premium	Accumulated losses	Other reserves	Total equity before minority apportionment	Non-controlling interests	Total
Balance at 1 July 2008	2 421	502 904	(375 929)		129 396		129 396
Total comprehensive income for the period ended 31 December 2008			17 512	219	17 731		17 731
Balance at 31 December 2008	**2 421**	**502 904**	**(358 417)**	**219**	**147 127**		**147 127**
Minority contribution on acquisition of subsidiary						2	2
Total comprehensive income for the period ended 30 June 2009			24 616	3	24 619	23	24 642
Balance at 30 June 2009	**2 421**	**502 904**	**(333 801)**	**222**	**171 746**	**25**	**171 771**
Shares issued in terms of vendor placements for acquisitions	87	15 913			16 000		16 000
Minority portion of reserves relating to acquisition of subsidiary						954	954
Total comprehensive income for the period ended 31 December 2009			25 394	(239)	25 155	215	25 370
Balance at 31 December 2009	**2 508**	**518 817**	**(308 407)**	**(17)**	**212 901**	**1 194**	**214 095**

RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
Profit attributable to owners of the parent	**25 394**	17 512	42 128
(Profit)/loss on sale of plant and equipment	**(135)**	(21)	11
Tax effect of above items	**38**	6	(3)
Headline earnings	**25 297**	17 497	42 136
Headline earning per ordinary share (cents)	**6,3**	4,4	10,7

RECONCILIATION OF NORMALISED HEADLINE EARNINGS

R'000	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
Headline earnings	**25 297**	17 497	42 136
Non-recurring taxation and interest cost	**3 286**		
Fair value adjustments on financial instruments		9 463	11 621
Tax effect of fair value adjustment		(2 650)	(3 254)
Normalised headline earnings*	**28 583**	24 310	50 502
Normalised headline earnings per ordinary share (cents)	**7,2**	6,2	12,8

**Normalised headline earnings are adjusted for non-trading items relating to Financial instruments and MGX legacy issues; these earnings represent the results of the normal business operations and are included to give clarity to investors.*

COMMENTARY ON RESULTS

Profile

Established in 1983, Metrofile is the information and records management market leader in Africa and is represented in all the major provinces of South Africa. Metrofile operates from 20 facilities covering more than 63 000m² of warehousing space and manages more than 18 billion records on behalf of its customers.

Metrofile remains the only company in Africa capable of supporting all its customers' information and records management requirements. Services offered include both in and outsourced solutions designed to help business and government to increase their operating efficiency and customer service, as well as to meet their legislative and corporate governance requirements. These services include file plan development, training in all aspects of records management, the supply of files, active file management (on and off-site), archival of records (on and off-site), image processing, data protection, backup management, paper management and confidential records destruction. Metrofile also supplies and maintains a wide range of business equipment including scanners, library security systems, mailing and packaging machines.

Metrofile has been listed on the JSE Limited ("JSE") since 1995 and its ordinary shares are quoted in the Support Services sector of the JSE. Its largest shareholder "is its empowerment partner, Mineworkers Investment Company (Pty) Limited which owns 32,4% of Metrofile's equity.

Strategy

Metrofile's focus is to continue cross selling the group's diverse range of services whilst expanding its footprint into smaller cities within South Africa, the first of which will be Nelspruit. Government opportunities remain a primary strategic focus and the acquisitions concluded within the reporting period will enhance the group's service offering to all clients.

Metrofile's growth strategy includes continuation of the expansion into Africa where demand is driven by both existing customers that have a need for similar services to those received in South Africa, and the business requirement to improve efficiencies and comply with best practice in terms of international standards. Metrofile is operating ahead of expectations in Mozambique and, notwithstanding delays in the start up process, expect to be established in Nigeria before the end of the current financial year.

Financial review

Despite the slowdown in the economy, results for the period were satisfactory with revenue increasing by 9,8% to R197,3 million and EBITDA by 7,3% to R62,3 million. Headline earnings per share ("HEPS") increased by 42,5% to 6,3 cents (2009: 4,4 cents) although the more relevant measure is normalised HEPS, which increased by 15,9% to 7,2 cents (2009: 6,2 cents). These are calculated after adjusting HEPS for once-off items and also for the accounting effects of changes in the fair value of the interest rate swaps.

Cash generated by the business remains strong and continues to be applied to investing in capital items required for growth and the reduction of the group's debt.

The group's gearing has improved with the repayment of loans in line with funding agreements. Metrofile is in compliance with all its bank covenants and current projections indicate that the group will continue to meet the payment schedules as recorded in the six year refinancing agreements concluded in 2006.

Metrofile has chosen to continue to account for the property portfolio on a cost basis with regular valuations performed on an open market basis. Although no valuation was undertaken in the current period, the most recent valuation performed in June 2008 indicated that the fair value of the property portfolio was R78,7 million higher than reflected in the statement of financial position.

During the period Metrofile acquired 100% of Innovative Document Management (Pty) Limited, 100% of Infovault (Pty) Limited and 55% of Cleardata (Pty) Limited. These acquisitions were made by way of vendor placements which resulted in a further 14,1 million shares being issued. The table below represents the "provisional" at acquisition fair value of net assets acquired, in aggregate for all three investments, as no investment is individually considered material.

	Rm
Property, plant and equipment	11,4
Deferred tax asset	3,2
Current assets	2,0
Long-term liabilities	(6,9)
Current liabilities	(2,2)
Non-controlling interests	(1,0)
Net asset value acquired	**6,5**
Paid by way of vendor placements	**16,0**
Net asset value acquired	(6,5)
Goodwill	**9,5**

Accounting policies

Group results have been prepared in accordance with the recognition and measurement principles of IFRS, including IAS 34: Interim Financial Reporting, the requirements of the South African Companies Act of 1973, as amended, and the listing requirements of the JSE. The same accounting policies and methods of computation were applied as in the prior year annual financial statements except for IFRS8: Operating Segments and IFRS3 (Revised): Business Combinations which became effective in the current period.

Certain accounting pronouncements became effective during the prior financial year; however these do not have a material impact on either transactions or disclosures.

Related parties

There have been no changes since the previous financial year to the arm's length consulting agreement with the Mineworkers Investment Company. In terms of the agreement, fees of R0,38 million (December 2008: R0,34 million) were paid to the Mineworkers Investment Company during the period under review.

Directorate and corporate governance

There have been no changes to the board since the 2009 financial year end with composition remaining at two executive and six non-executive directors, of which four are independent.

Dividends

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

Contingent liabilities

During 2006 a number of the group's employees embarked on an illegal strike. The matter came before the labour court in September 2009, however the trial did not proceed as not all the applicants were present. At this stage no future date has been set by the court.

Commitments

Operating lease commitments amount to R12,8 million for the next five years. Metrofile (Pty) Limited had planned capital expansions of R22,7 million and replacement projects of R11,8 million for the 2010 financial year, of which R16,6 million has been incurred for the six month period whilst a further R 2,4 million has been committed for the balance of the year.

Post-balance sheet events

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

Outlook

The recent acquisitions support our growth plans and expand our offering to our customers, the benefits of which will manifest over time. Notwithstanding the challenges in the current economic environment, the group expects steady growth in Revenue, EBITDA and normalised HEPS. Working capital management, cost savings and cash flow remain key focus areas whilst striving to grow revenues in line with our strategic plans. The above information has not been reviewed or reported on by the company's auditors.

CHRISTOPHER SEABROOKE
Non-executive Chairman

GRAHAM WACKRILL
Chief Executive Officer

3 March 2010
Cleveland
Gauteng

METROFILE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1983/012697/06)
Share code: MFL
ISIN: ZAE000061727
("Metrofile" or "the company" or "the group")

Directors:
CS Seabrooke*▲ *(Chairman)*
AP Nkuna* *(Deputy Chairman)*
GD Wackrill *(CEO)*
RM Buttle *(CFO)*
CN Mapaure* IN Matthews*▲, N Medupe*▲, SR Midlane*▲,
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