

metr@file

Unaudited group results for the six months ended 31 December 2011

- Revenue up **14,8%**
- EBITDA up **19,6%**
- HEPS and EPS up **21,7%**
- Interim dividend up **50%**

Condensed income statement

R'000	Note	Unaudited 6 months ended 31 December 2011	Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011
Revenue		252 593	220 045	460 552
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		81 621	68 250	146 200
Depreciation		(10 879)	(9 070)	(19 076)
Operating profit before finance costs		70 742	59 180	127 124
Net finance costs		(11 305)	(12 630)	(23 642)
Finance income		706	541	1 588
Finance costs		(12 011)	(13 171)	(25 230)
Profit before taxation		59 437	46 550	103 482
Taxation	1	(17 032)	(12 191)	(29 541)
Profit for the period		42 405	34 359	73 941
Attributable to:				
Owners of the parent		41 564	34 045	73 874
Non-controlling interests		841	314	67
Attributable profit		42 405	34 359	73 941
Further information				
Number of ordinary shares in issue (thousands)		412 168	408 085	408 085
Weighted average number of ordinary shares in issue (thousands)		409 741	408 085	408 085
Diluted earnings per ordinary share				
Diluted earnings per ordinary share (cents)		10,1	8,3	18,1
Headline earnings per ordinary share				
Headline earnings per ordinary share (cents)		10,1	8,3	18,1
Dividend per ordinary share				
Interim dividend per ordinary share – proposed/paid (cents)		3,0	2,0	–
Final dividend per ordinary share – paid (cents)		–	–	2,5

Condensed statement of comprehensive income

R'000	Unaudited 6 months ended 31 December 2011	Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011
Profit for the period	42 405	34 359	73 941
Other comprehensive income for the period net of tax	(864)	(2 145)	103
Hedge accounting for fair value on interest rate swaps	(990)	(2 125)	(542)
Currency movement on translation of foreign subsidiary	126	(20)	645
Total comprehensive income for the period	41 541	32 214	74 044
Attributable to:			
Owners of the parent	40 638	31 900	73 731
Non-controlling interests	903	314	313

Condensed statement of financial position

R'000	Note	Unaudited as at 31 December 2011	Unaudited as at 31 December 2010	Audited as at 30 June 2011
ASSETS				
Non-current assets		500 998	467 137	485 572
Property, plant and equipment		329 139	294 129	313 094
Goodwill		169 943	169 943	169 943
Deferred tax asset		1 916	3 065	2 535
Current assets		122 503	101 840	120 834
Inventories		14 802	11 857	12 343
Trade receivables		74 408	62 141	66 144
Other receivables		8 484	4 799	4 637
Bank balances		24 809	23 043	37 710
Total assets		623 501	568 977	606 406
EQUITY AND LIABILITIES				
Equity and reserves		343 169	275 594	310 443
Equity attributable to owners of the parent		340 623	273 950	308 800
Non-controlling interests		2 546	1 644	1 643
Non-current liabilities		197 689	219 600	208 154
Interest-bearing liabilities	2	186 150	210 480	198 734
Deferred taxation liability		11 539	9 120	9 420
Current liabilities		82 643	73 783	87 809
Trade and other payables		46 702	39 322	49 710
Deferred revenue		9 600	8 298	10 000
Bank overdraft		–	81	129
Provisions		56	196	1 779
Taxation		101	2 377	515
Interest-bearing liabilities	2	26 184	23 509	25 676
Total equity and liabilities		623 501	568 977	606 406
Net asset value per ordinary share (cents)		82,6	67,1	75,7

Notes:

- The taxation charge includes Secondary Taxation on Companies amounting to R1,0 million (30 June 2011: R0,8 million and 31 December 2010: R Nil).
- Long-term interest-bearing liabilities include the Metrofile (Pty) Limited amortising and bullet loans which have a remaining 52-month tenure as well as loan agreements entered into by Cleardata (Pty) Limited in order to finance mobile shredding units. Short-term interest-bearing liabilities include the portions of the Metrofile (Pty) Limited amortising loan and Cleardata (Pty) Limited loan agreements payable within one year. (The Metrofile (Pty) Limited borrowings are JIBAR linked and were 69% hedged by way of the interest rate swaps at the year-end (30 June 2011: 80%), whilst the Cleardata (Pty) Limited borrowings are prime linked and unhedged.)
- The majority of the group's assets have been pledged as security against certain loans to the group.

Reconciliation of headline earnings

R'000	Unaudited 6 months ended 31 December 2011	Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011
Profit attributable to owners of the parent	41 564	34 045	73 874
(Profit)/Loss on sale of plant and equipment	(47)	9	(279)
Tax effect of above item	13	(3)	78
Headline earnings	41 530	34 051	73 673
Headline earnings per ordinary share (cents)	10,1	8,3	18,1

Condensed segmental information

R'000	Unaudited 6 months ended 31 December 2011	Sales revenue		Unaudited 6 months ended 31 December 2011	EBITDA	
		Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011		Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011
Metrofile Records Management	199 702	176 482	366 874	54 109	45 059	98 847
CSX Customer Services	35 166	31 915	70 270	4 306	2 904	7 040
Property Companies	–	–	–	19 573	17 434	34 867
Other	21 980	15 491	31 237	3 633	2 854	5 446
Inter-group	(4 255)	(3 842)	(7 829)	–	–	–
Total	252 593	220 045	460 552	81 621	68 251	146 200

R'000	Unaudited 6 months ended 31 December 2011	Depreciation		Unaudited 6 months ended 31 December 2011	Operating profit before interest	
		Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011		Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011
Metrofile Records Management	8 606	7 372	15 440	45 503	37 687	83 407
CSX Customer Services	263	238	475	4 043	2 666	6 565
Property Companies	–	–	–	19 573	17 434	34 867
Other	2 010	1 460	3 161	1 623	1 394	2 285
Total	10 879	9 070	19 076	70 742	59 181	127 124

Metrofile Records Management represents the Metrofile document storage and management and scanning business units which are managed and operated geographically.

Other includes Metrofile Holdings Limited, Africa operations, the paper management business and Cleardata (Pty) Limited.

Condensed statement of cash flows

R'000	Unaudited 6 months ended 31 December 2011	Unaudited 6 months ended 31 December 2010	Audited 12 months ended 30 June 2011
Cash generated from operations before net working capital changes	80 374	70 134	149 365
(Increase)/Decrease in net working capital	(17 978)	(7 782)	810
Cash generated from operations	62 396	62 352	150 175
Net finance costs paid	(11 305)	(12 630)	(23 642)
Dividends declared	(10 203)	–	(8 162)
Normal taxation paid	(14 708)	(13 807)	(29 229)
Net cash inflow from operating activities	26 180	35 915	89 142
Net cash outflow from investing activities:			
Investment in property, plant and equipment: expansion	(23 745)	(12 533)	(38 164)
Investment in property, plant and equipment: replacement	(3 817)	(4 395)	(8 261)
Proceeds on disposal of property, plant and equipment	685	244	1 008
Net cash outflow from financing activities:			
Loans repaid	(12 075)	(10 060)	(32 935)
Loans raised	–	–	13 000
Net (decrease)/increase in cash and cash equivalents	(12 772)	9 171	23 790
Cash and cash equivalents at the beginning of the period	37 581	13 791	13 791
Cash and cash equivalents at the end of the period	24 809	22 962	37 581
Represented by:			
Bank balances	24 809	23 043	37 710
Bank overdrafts	–	(81)	(129)

Condensed statement of changes in equity

R'000	Share capital	Share premium	Accumulated losses	Other reserves	Total equity before minority apportionment	Non-controlling interest	Total
Balance at 30 June 2010	2 508	518 817	(280 856)	460	240 929	1 330	242 259
IFRS 2: Equity Reserve relating to share schemes	–	–	–	1 121	1 121	–	1 121
Total comprehensive income for the period ended 31 December 2010	–	–	34 045	(2 145)	31 900	314	32 214
Balance at 31 December 2010	2 508	518 817	(246 811)	(564)	273 950	1 644	275 594
IFRS 2: Equity Reserve relating to share schemes	–	–	–	1 181	1 181	–	1 181
Dividends declared and paid	–	–	(8 162)	–	(8 162)	–	(8 162)
Total comprehensive income for the period ended 30 June 2011	–	–	39 829	2 002	41 831	(1)	41 830
Balance at 30 June 2011	2 508	518 817	(215 144)	2 619	308 800	1 643	310 443
Shares issued in terms of share schemes	25	9 774	–	–	9 799	–	9 799
IFRS 2: Equity Reserve relating to share schemes	–	–	–	1 388	1 388	–	1 388
Share scheme settlement	–	–	(7 593)	(2 206)	(9 799)	–	(9 799)
Dividends declared and paid	–	–	(10 203)	–	(10 203)	–	(10 203)
Total comprehensive income for the period ended 31 December 2011	–	–	41 564	(926)	40 638	903	41 541
Balance at 31 December 2011	2 533	528 591	(191 376)	875	340 623	2 546	343 169

Commentary on results

Profile

Metrofile is the market leader in information and records storage management in Africa and is represented in the six major provinces of South Africa, Mozambique and, through the CSX brand, has contracts in numerous other African countries. Metrofile operates from 26 facilities covering more than 73 000 square metres of warehousing space and manages more than 21 billion records on behalf of its customers.

Services include: Active Records Management, Image Processing, Hosting, Data backup (both vault and on-line), Archive Storage & Management, File plan development, Confidential Records Destruction, Paper Recycling as well as the sale and maintenance of 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 lists. Its largest shareholder is its empowerment partner, Mineworkers Investment Company (Pty) Limited ("MIC"), which owns 32,9% of Metrofile's equity.

Strategy

Metrofile continues to expand its services in the information management sector with a focus on cross-selling the group's diverse range of solutions and services to both new and existing customers. The group is well-positioned to partner with its customers with regard to good record keeping, legal compliance and risk mitigation.

Metrofile's expansion into Africa has been frustrating with numerous factors delaying the commencement of operations in Nigeria. Management remain committed to this expansion whilst managing the risk so as not to negate the continued growth in South Africa. Mozambique continues to contribute positively but remains a relatively small market place. Several other African countries remain on the Metrofile radar.

Financial review

Revenue increased by 14,8% to R252,6 million and EBITDA by 19,6% to R81,6 million. Cash generation from operations of R62,4 million is equal to the comparative period due an increase in working capital which was mainly due to lower than expected accounts receivable collections. Net finance costs reduced by 10,5% in line with the further reduction in debt and the taxation rate was higher than previous periods due to the payment of Secondary Tax on Companies relating to the dividends paid.

Diluted earnings per share ("EPS") and headline earnings per share ("HEPS") increased by 21,7% to 10,0 cents (2010: 8,3 cents) whilst the interim dividend per share, declared after period-end, was increased by 50,0% to 3,0 cents (2010: 2,0 cents).

The increase in capex is in line with expectations and is mainly for expansion and includes racking of R12,5 million required to service the new CIPC contract which began in January 2011. Despite the high capex programme, overall gearing has continued to improve leading to a debt/equity ratio of 62,3% (2010: 85,4%).

Metrofile continues to account for its property portfolio on a cost basis and will have a formal valuation done in June 2012 so as to establish the latest excess value over the carrying value.

Basis of preparation and accounting policies

The group results have been prepared, under the supervision of Mr RM Buttle, CA(SA), in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including the information required by IAS 34: Interim Financial Reporting, the AC 500 standards issued by the Accounting Practices Board or its successor, and the Listings Requirements of the JSE. The same accounting policies and methods of computation were applied as in the prior year annual financial statements.

Certain accounting pronouncements became effective during the current financial period, however these do not have an impact on either transactions or disclosures.

Related parties

In terms of the consulting agreement with the MIC, fees of R0,50 million (2010: R0,42 million) were paid during the period under review.

Directorate and corporate governance

The structure and membership of the Board remains unchanged whilst the addition of the Social, Ethics and Transformation Committee came into effect in November 2011; this committee will meet twice per year. The Board comprises two executive and seven non-executive directors, of whom four are independent directors.

Dividends

The improvements in the group's financial structure and continued strong cash flows have enabled the Board to improve the dividend cover from 4,15 times in the comparative period to 3,33 times for the current period whilst the target remains a cover of three times.

Notice is hereby given that an interim cash dividend of 3,0 cents per share in respect of the period ended 31 December 2011 has been declared payable to the holders of ordinary shares recorded in the books of the company on Friday, 23 March 2012. The last day to trade cum-dividend will therefore be Thursday, 15 March 2012, and Metrofile shares will trade ex-dividend from Friday, 16 March 2012. Payment of the dividend will be made on Monday, 26 March 2012. Share certificates may not be dematerialised or rematerialised between Friday, 16 March 2012 and Friday, 23 March 2012, both days inclusive.

Commitments and expansion

The group continues to monitor and optimise its balance of owned and leased premises to ensure the continued availability of space to meet expansionary demand relative to the cost of unutilised facilities. Owned premises comprised 50 000 square metres and leased premises 34 600 square metres at period-end. Lease commitments over the next five years amount to R41,4 million (2010: R35,1 million). Capex for the 2012 financial year is planned at R58,4 million of which R49,9 million is for new capacity; this amount includes additional premises. (2011 spend: R46,4 million of which R38,2 million was for new capacity).

Post reporting date events

There have been no material post reporting date events.

Outlook

The continued need for reliable and cost effective records management, the group's unique capacity to handle volume requirements in storage and access, the widening range of related services offered (such as on-site confidential destruction) and the market requirements for solution orientated integrated offerings are all factors in our optimism for continued future growth in earnings, dividends and cash flows.

This interim statement has not been reviewed or audited by Metrofile's auditors.

CHRISTOPHER SEABROOKE

Non-Executive Chairman

16 February 2012

Cleveland

Gauteng

GRAHAM WACKRILL

Chief Executive Officer

METROFILE HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1983/012697/06)

Share code: MFL

ISIN: ZAE000061727