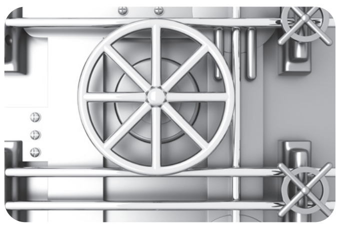
metrofile

Audited group results
for the year ended 30 June 2011


- Revenue up **12,4%**
- EBITDA up **15,6%**
- Cash generated from operations up **15,1%**
- Normalised HEPS up **24,0%**
- Maiden dividends per share for the year of **4,5 cents**

Condensed income statement

R'000	Note	Audited 12 months ended 30 June 2011	Audited 12 months ended 30 June 2010
Revenue		**460 552**	409 563
Earnings before interest, taxation and depreciation and amortisations (EBITDA)		**146 200**	126 434
Depreciation		**(19 076)**	(14 792)
Operating profit before finance costs		**127 124**	111 642
Net finance costs		**(23 642)**	(34 953)
Finance income		**1 588**	380
Finance costs		**(25 230)**	(35 333)
Profit before taxation		**103 482**	76 689
Taxation		**(29 541)**	(23 433)
Profit for the year		**73 941**	53 256
Attributable to:			
Owners of the parent		**73 874**	52 945
Non-controlling interests		**67**	311
Attributable profit		**73 941**	53 256
Further information			
Number of ordinary shares in issue (thousands)		**408 085**	408 085
Weighted average number of ordinary shares in issue (thousands)		**408 085**	403 868
Earnings per ordinary share			
Earnings per ordinary share (cents)		**18,1**	13,1
Headline earnings per ordinary share			
Headline earnings per ordinary share (cents)		**18,1**	13,1
Normalised headline earnings per ordinary share			
Normalised headline earnings per ordinary share (cents)		**18,1**	14,6
Dividend per ordinary share			
Interim dividend per ordinary share – paid (cents)		**2,0**	–
Final dividend per ordinary share – proposed (cents)		**2,5**	–

Condensed statement of comprehensive income

R'000	Note	Audited 12 months ended 30 June 2011	Audited 12 months ended 30 June 2010
Profit for the year		**73 941**	53 256
Other comprehensive income for the year net of tax		**103**	(1 184)
Hedge accounting for fair value on interest rate swaps	1	**(542)**	(1 041)
Currency movement on translation of foreign subsidiary		**645**	(143)
Total comprehensive income for the year		**74 044**	52 072
Attributable to:			
Owners of the parent		**73 731**	51 761
Non-controlling interests		**313**	311

Condensed statement of financial position

R'000	Note	Audited as at 30 June 2011	Audited as at 30 June 2010
ASSETS			
Non-current assets		**485 572**	460 004
Property, plant and equipment		**313 094**	286 466
Goodwill		**169 943**	169 943
Deferred tax asset		**2 535**	3 595
Current assets		**120 834**	86 463
Inventories		**12 343**	10 221
Trade receivables		**66 144**	58 909
Other receivables		**4 637**	3 542
Bank balances		**37 710**	13 791
Total assets		**606 406**	546 467
EQUITY AND LIABILITIES			
Equity and reserves		**310 443**	242 259
Equity attributable to owners of the parent		**308 800**	240 929
Non-controlling interests		**1 643**	1 330
Non-current liabilities		**208 154**	228 476
Interest-bearing liabilities	2	**198 734**	221 784
Deferred taxation liability		**9 420**	6 692
Current liabilities		**87 809**	75 732
Trade and other payables		**49 710**	40 726
Deferred revenue		**10 000**	7 065
Bank overdraft		**129**	–
Provisions		**1 779**	1 683
Taxation		**515**	3 992
Interest-bearing liabilities	2	**25 676**	22 266
Total equity and liabilities		**606 406**	546 467
Net asset value per ordinary share (cents)		**75,7**	59,0

Notes:

1. During April 2010 the existing interest rate swaps, which were due to expire in March 2011, were closed out and new swaps were entered into in order to align to the new debt package. The new swaps comply with hedge accounting requirements and, as a result all movements, are accounted for directly through other comprehensive income.
2. Long-term interest-bearing liabilities include the Metrofile (Pty) Limited amortising and bullet loans which have a remaing five-year tenor as well as instalment sale agreements entered into by Cleardata (Pty) Limited ("Cleardata") in order to finance mobile shredding units. Short-term interest-bearing liabilities include the portions of the Metrofile (Pty) Limited amortising loan and Cleardata instalment sale agreements payable within one year. (This amount excludes any voluntary prepayments). The Metrofile (Pty) Limited borrowings are JIBAR linked and were 80% hedged by way of the interest rate swaps at the year-end (30 June 2010 – 76%), whilst the Cleardata borrowings are prime linked and uncovered.
3. The majority of the group assets have been pledged as security against certain loans to the group.

Condensed statement of cash flows

R'000	Audited 12 months ended 30 June 2011	Audited 12 months ended 30 June 2010
Cash generated from operations before net working capital changes	**149 365**	127 412
Decrease in net working capital	**810**	3 051
Cash generated from operations	**150 175**	130 463
Net finance costs paid	**(23 642)**	(34 954)
Dividends declared	**(8 162)**	–
Normal taxation paid	**(29 229)**	(35 591)
Net cash inflow from operating activities	**89 142**	59 918
Net cash outflow from investing activities:		
Investment in property, plant and equipment: expansion	**(38 164)**	(32 044)
Investment in property, plant and equipment: replacement	**(8 261)**	(8 326)
Proceeds on disposal of property, plant and equipment	**1 008**	701
Acquisition of subsidiaries	**–**	(16 000)
Net cash outflow from financing activities:		
Issue of shares in terms of vendor placements	**–**	(16 000)
Loans repaid	**(32 935)**	(30 821)
Loans raised	**13 000**	8 900
Net increase in cash and cash equivalents	**23 790**	(1 672)
Cash and cash equivalents at the beginning of the year	**13 791**	15 463
Cash and cash equivalents at the end of the year	**37 581**	13 791
Represented by:		
Bank balances	**37 710**	13 791
Bank overdrafts	**(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 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						994	994
IFRS 2: Equity reserve relating to share schemes				1 422	1 422		1 422
Total comprehensive income for the year ended 30 June 2010			52 945	(1 184)	51 761	311	52 072
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				2 302	2 302		2 302
Dividends declared and paid			(8 162)		(8 162)		(8 162)
Total comprehensive income for the year ended 30 June 2011			73 874	(143)	73 731	313	74 044
Balance at 30 June 2011	**2 508**	**518 817**	**(215 144)**	**2 619**	**308 800**	**1 643**	**310 443**

Reconciliation of headline earnings

R'000	Audited 12 months ended 30 June 2011	Audited 12 months ended 30 June 2010
Profit attributable to owners of the parent	**73 874**	52 945
Profit on sale of plant and equipment	**(279)**	(152)
Tax effect of above items	**78**	43
Headline earnings	**73 673**	52 836
Headline earning per ordinary share (cents)	**18,1**	13,1

Reconciliation of normalised headline earnings

R'000	Audited 12 months ended 30 June 2011	Audited 12 months ended 30 June 2010
Headline earnings	**73 673**	52 836
Non-recurring taxation	**–**	773
Non-recurring finance charges	**–**	6 614
Tax effect of above adjustments	**–**	(1 174)
Normalised headline earnings*	**73 673**	59 049
Normalised headline earnings per ordinary share (cents)	**18,1**	14,6

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

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 online), Archive Storage & Management, File plan development, Confidential Records Destruction, Paper Recycling as well 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. Its largest shareholder is its empowerment partner, Mineworkers Investment Company (Pty) Limited ("MIC") which owns 32,4% of Metrofile's equity.

Strategy

Metrofile will continue to expand its services in the information management sector with continued focus on cross-selling the group's diverse range of solutions and services to both new and existing customers. With legislative changes, including the Consumer Protection Act, the New Companies Act (which has amended the generic retention periods of documents from five to seven years) and the proposed Protection of Personal Information Act, 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, driven by the demand of existing customers, has been slow due to the finalisation of partners and management's strategy of ensuring that the expansion will be at minimal risk to shareholders. Metrofile has finalised terms with the G4S group as our partner with respect to a Nigerian operation which is expected to trade with effect from October 2011 and the expansion into other African countries will commence once the Nigerian business is fully operational. G4S is the world's leading security solutions group and is listed on the London Stock Exchange.

Financial review

Revenue increased by 12,4% to R460,6 million and EBITDA by 15,6% to R146,2 million. Cash generation from operations of R150,2 million represents an 15,1% growth on the comparative year. Reduced finance costs further add to the increased profit after tax. Currently 80% of the group's debt is covered by interest rate swaps.

Headline earnings per share ("HEPS") increased by 38,2% to 18,1 cents (2010: 13,1 cents) while normalised HEPS increased by 24,0% to 18,1 cents (2010: 14,6 cents). Normalised HEPS are calculated after adjusting HEPS for non-recurring items which impacted the comparative figures; it is expected that this is the last year for which we will need to report normalised earnings for comparative purposes.

Despite the high capex programme, overall gearing has continued to improve leading to a debt/equity ratio of 72,7% (2010: 101,3%).

Metrofile continues to account for its property portfolio on a cost basis. During the current reporting period, as part of the group's capacity building, the Pretoria facility was extended and purpose-built third party facilities were occupied in Johannesburg and Bloemfontein.

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 year, however these do not have an impact on either transactions or disclosures.

Audit opinion

The auditors, Deloitte & Touche, have issued their opinion on the group's annual financial statements for the year ended 30 June 2011. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised provisional financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements. A copy of their audit report is available for inspection at the company's registered office, and is incorporated in the full annual financial statements.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

Related parties

In terms of the consulting agreement with the MIC, fees of R0,84 million (2010: R0,72 million) were paid during the year under review.

Directorate and corporate governance

Mrs Mary Bomela, CEO Designate of MIC, joined the Board in September 2010 as a non-executive director and Mr Carl Coutts-Trotter was appointed as an alternate non-executive director to Mr Christopher Seabrooke in April 2011. 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 cash flows have enabled the Board to introduce a policy of paying interim and final dividends for the first time. These will be calculated on a minimum of four times cover, with an ultimate target of three times cover.

Notice is hereby given that a final cash dividend of 2,5 cents per share in respect of the year ended 30 June 2011 has been declared payable to the holders of ordinary shares recorded in the books of the company on Friday, 14 October 2011. The last day to trade *cum*-dividend will therefore be Friday, 7 October 2011 and Metrofile shares will trade *ex*-dividend from Monday, 10 October 2011. Payment of the dividend will be made on Monday, 17 October 2011. Share certificates may not be dematerialised or rematerialised between Monday, 10 October 2011 and Friday, 14 October 2011, 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 comprises 50 000 square metres and leased premises 32 000 square metres at year-end. The carrying value of fixed property was R179,9 million which had an approximate market value of R287,9 million at year-end. Lease commitments over the next five years amount to R38,0 million. Capex for 2012 is budgeted as R58,4 million of which R49,9 million is for new capacity (2011 spend: R46,4 million of which R38,2 million was for new capacity).

Post-balance sheet events

There have been no material post-balance sheet events.

Outlook

The partial recovery in the economy, the growing 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 opportunities to partner existing customers as the basis of expansion across Africa are all factors in our optimism for continued future growth in earnings, dividends and cash flows. Further, our pattern of growth continues to reflect the largely non-cyclical nature of our primary business units.

CHRISTOPHER SEABROOKE
Non-Executive Chairman

GRAHAM WACKRILL
Chief Executive Officer

31 August 2011
Cleveland
Gauteng

Condensed segmental information

R'000	Sales revenue: Audited 12 months ended 30 June 2011	Sales revenue: Audited 12 months ended 30 June 2010	EBITDA: Audited 12 months ended 30 June 2011	EBITDA: Audited 12 months ended 30 June 2010	Depreciation: Audited 12 months ended 30 June 2011	Depreciation: Audited 12 months ended 30 June 2010	Operating profit before interest: Audited 12 months ended 30 June 2011	Operating profit before interest: Audited 12 months ended 30 June 2010
Metrofile Records Management	**366 874**	325 753	**98 847**	84 900	**(15 440)**	(13 572)	**83 407**	71 328
CSX Customer Services	**70 270**	70 146	**7 040**	6 597	**(475)**	(226)	**6 565**	6 371
Property Companies	**–**	–	**34 867**	32 372	**–**	–	**34 867**	32 372
Other	**31 237**	20 995	**5 446**	2 566	**(3 161)**	(994)	**2 285**	1 571
Inter-group	**(7 829)**	(7 331)	**–**	–	**–**	–	**–**	–
Total	**460 552**	409 563	**146 200**	126 435	**(19 076)**	(14 792)	**127 124**	111 642

"Metrofile Records Management" represents the Metrofile document storage and scanning divisions which are managed and operated geographically.

"Other" includes Metrofile Holdings Limited, Africa operations, the paper management business and, with effect from 1 January 2010, Cleardata.

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")

Registered office:
3 Gowie Road, The Gables, Cleveland
Johannesburg
www.metrofile.com

Sponsor:
The Standard Bank of South Africa Limited

Transfer secretaries:
Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001

Directors:
CS Seabrooke▲ *(Chairman)*
AP Nkuna* *(Deputy Chairman)*
GD Wackrill *(CEO)*
RM Buttle *(CFO)*
MS Bomela*, CN Mapaure*, IN Matthews▲
N Medupe▲, SR Midlane▲, CP Coutts-Trotter■
*Non-executive
▲Independent
■Alternate to CS Seabrooke

Company Secretary:
LM Thompson