UNAUDITED SUMMARISED GROUP INTERIM RESULTS

Restated

for the six months ended 31 December 2018





EBITDA

Unaudited

Audited

SUMMARISED CONSOLIDATED INCOME STATEMENT

		Unaudited six months	Unaudited six months	Audited 12 months
R'000	Note	ended 31 Dec 18	ended 31 Dec 17	ended 30 Jun 18
Revenue		490 197	456 050	952 988
Earnings before interest, taxation, dep amortisation (EBITDA) Depreciation and amortisation	reciation and	123 747 (22 575)	127 573 (20 376)	270 175 (42 506)*
Operating profit Net finance costs		101 172 (33 554)	107 197 (15 781)	227 669 (46 241)
Finance income Finance costs Acquisition-related expenses		850 (34 404) -	825 (16 606) –	1 502 (47 743) (15 495)
Profit on sale of a subsidiary Profit before taxation Taxation		67 618 (26 885)	12 544 103 960 (25 975)	7 592 173 525 (49 671)
Profit for the year Attributable to:		40 733	77 985	123 854
Owners of the parent Non-controlling interests		42 343 (1 610)	77 474 511	127 613 (3 759)
Profit for the year		40 733	77 985	123 854
Further information Number of ordinary shares in issue (excluding treasury shares)	(thousands)	416 191	416 164	416 164
Weighted average number of ordinary s in issue	hares (thousands)	416 173	417 233	417 233
Basic earnings per ordinary share Basic earnings per ordinary share	(cents)	10.2	18.6	30.6
Diluted earnings per ordinary share Diluted earnings per ordinary share	(cents)	10.2	18.6	30.6
Headline earnings per ordinary share Headline earnings per ordinary share	(cents)	10.2	15.6	28.9
Dividend per ordinary share Interim scrip dividend/dividend per ordinary share – proposed/paid Final dividend per ordinary share –	(cents)	5.0	13.0	13.0
paid	(cents)	-	-	8.0
* Restated – refer to note in commentary.				

SUMMARISED SEGMENTAL INFORMATION

R'000	ended 31 Dec 18	ended 31 Dec 17	ended 30 June 18	ended 31 Dec 18	ended 31 Dec 17	ended 30 June 18
Records Management	344 322	321 744	671 673	78 420	85 484	162 191
CSX Customer Services Property Companies (Occupied by Records Management	52 517	40 058	79 457	5 213	(613)	(1 514)
businesses)	41 693	36 689	73 853	41 693	36 689	73 853
Tidy Files	71 381	72 195	158 928	4 250	8 520	19 656
Other Intergroup	28 423 (48 139)	27 760 (42 396)	55 014 (85 937)	(5 829) -	(2 507)	15 989 -
Total	490 197	456 050	952 988	123 747	127 573	270 175
South African operations Non-South African	417 317	409 117	842 238	105 930	122 418	254 931
operations	72 880	46 933	110 750	17 817	5 155	15 244
	Op	erating profi		Та	ngible assets	S
R'000	Unaudited six months ended 31 Dec 18	Unaudited six months ended 31 Dec 17	Restated Audited 12 months ended 30 June 18	Unaudited six months ended 31 Dec 18	Unaudited six months ended 31 Dec 17	Audited 12 months ended 30 June 18
Records Management CSX Customer Services Property Companies (Occupied by Records Management	63 402 4 608	71 703 (3 568)	134 194 (2 794)	433 600 28 920	346 636 33 469	411 637 37 453
businesses) Tidy Files Other	41 693 1 702 (10 233)	36 689 5 705 (3 332)	73 853 14 236 8 180	349 277 43 034 65 488	341 398 38 617 65 024	343 971 41 984 58 131
Total	101 172	107 197	227 669	920 319	825 144	893 176
South African operations Non-South African	87 028	104 869	218 408	799 000	747 245	772 960
operations	14 144	2 328	9 261	121 319	77 899	120 216

"Records Management" represents the global document storage & management and scanning business units which are managed and operated geographically

"Other" includes Metrofile Holdings, Global Continuity, Cleardata and Dexterity

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Share premium	Restated Accumulated profits/(losses)	Other reserves	Total equity before minority apportionment	Non-controlling	Total
Balance at 30 June 2017	2 675	559 811	49 566	11 955	624 007	23 636	647 643
Purchase of Treasury Shares		(19 937)		F 076	(19 937)		(19 937)
IFRS 2 Equity reserve relating to share schemes				5 076	5 076		5 076
Share scheme settlement			(4.04.6)	(6 498)	(6 498)	(7.70.4)	(6 498)
Purchase of remaining non-controlling interest of subsidiary			(1 016)		(1 016)	(7 724)	(8 740)
Dividends declared			(125 979)		(125 979)		(125 979)
Total comprehensive income for the period ended 30 June 2018			127 613	5 417	133 030	(2 742)	130 288
Balance at 30 June 2018	2 675	539 874	50 184	15 950	608 683	13 170	621 853
Share scheme settlement				(86)	(86)		(86)
Sale of non-controlling interest of subsidiary			5 976	()	5 976	(5 228)	748
Dividends declared			(34 522)		(34 522)	(====)	(34 522)
Total comprehensive income for the period ended 31 December 2018			42 343	1 338	43 681	(546)	43 135
Ralance at 31 December 2018	2 675	539 874	63 981	17 202	623 732	7 396	631 128

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited six months ended 31 Dec 18	Unaudited six months ended 31 Dec 17	Restated Audited 12 months ended 30 June 18
Profit for the period Other comprehensive income for the period net of tax*	40 733	77 985	123 854
Currency movement on translation of foreign subsidiary	2 402	(2 273)	6 434
Total comprehensive income for the period	43 135	75 712	130 288
Attributable to: Owners of the parent Non-controlling interests	43 681 (546)	76 205 (493)	133 030 (2 742)
* All items will subsequently be reclassified to profit and loss.			

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

				Restated
		Unaudited	Unaudited	Audited
		as at	as at	as at
R'000	Notes	31 Dec 18	31 Dec 17	30 June 18
ASSETS				
Non-current assets		1 165 874	878 588	1 155 118
Property	1	359 213	341 069	359 213
Plant and equipment		240 064	229 590	230 605
Goodwill Intangible assets		488 052 60 298	287 963	484 437* 59 636*
Investment		9 331	8 796	9 353
Long-term receivable		1 977	2 528	2 419
Deferred tax asset		6 939	8 642	9 455
Current assets		327 072	251 957	300 939
Inventories		32 948	27 267	34 747
Trade receivables		185 954	155 508	184 726
Other receivables		50 180	35 241	29 135
Taxation		-	2 436	
Bank balances		57 990	31 505	52 331
Total assets		1 492 946	1 130 545	1 456 057
EQUITY AND LIABILITIES				
Equity and reserves	'	631 128	625 633	621 853
Equity attributable to owners of the parent		623 732	610 215	608 683
Non-controlling interests		7 396	15 418	13 170
Non-current liabilities		660 549	348 602	640 877
Interest-bearing liabilities	2	613 107	321 948	597 118
Deferred taxation liability		47 442	26 654	43 759
Current liabilities		201 269	156 310	193 327
Trade and other payables		99 356	84 954	101 765
Deferred revenue		18 058	13 986	13 661
Bank overdraft		10 405	15 616	3 288
Provisions Taxation		1 015 1 985	899	4 093 3 786
Interest-bearing liabilities	2	70 450	40 855	66 734
Total equity and liabilities		1 492 946	1 130 545	1 456 057
* Postated - refer to note in commentary				

* Restated – refer to note in commentary.

 The majority of the groups properties have been pledged as security against certain loans to the group.
 Long-term interest-bearing liabilities represent the Metrofile Proprietary Limited amortising and revolving facilities. Short-term interest-bearing liabilities include the portions of the Metrofile Proprietary Limited amortising loan facility and Group company loan agreements payable within one year. The Metrofile Proprietary Limited borrowings are JIBAR linked, whilst the other borrowings are prime linked.

Corporate information

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: 41 Wordsworth Avenue Senderwood Bedfordview 2007 www.metrofilegroup.com

Sponsor: The Standard Bank of South Africa Limited

Transfer secretaries: Computershare Investor Services (Pty) Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

Directors: CS Seabrooke^* (Chairman), MS Bornela* (Deputy Chairman), PG Serima (CEO), MZ Abdulla*, P Langeni+*, LE Mthimunye^*, GD Wackrill*, SV Zilwa^*, L Rood^* (Alternate)

†Lead independent *Non-executive Company Secretary: P Atkins

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months ended 31 Dec 18	Unaudited six months ended 31 Dec 17	Audited 12 months ended 30 June 18
Cash generated from operations before net working capital changes (Increase) decrease in net working capital	112 860 (4 908)	129 101 (9 473)	255 577 (24 594)
Cash generated from operations Net finance costs paid Normal taxation paid	107 952 (33 559) (28 175)	119 628 (15 781) (31 595)	230 983 (46 241) (51 361)
Net cash inflow from operating activities Net cash outflow from investing activities:	46 218	72 252	133 381
Investment in plant and equipment: expansion Investment in plant and equipment: replacement Proceeds on disposal of property, plant and equipment Effects of foreign currency differences on fixed assets Acquisition of investment in unlisted associate and	(16 954) (12 874) 583	(45 161) (6 027) 479 450	(64 523) (15 818) 13 623 (2 598)
joint venture Increase in loans to associate company Acquisition of subsidiaries Proceeds on disposal of subsidiary	- (3 616)	(1 500) (77 862) 12 545	(1 500) (335 516) 12 235
Net cash inflow (outflow) from financing activities: Issue of shares in terms of vendor placements Purchase of Treasury shares Dividends paid Loans repaid Long-term liabilities raised	- (34 522) (128) 19 835	- (19 937) (71 214) (2 244) 129 515	- (19 937) (125 682) (14 147) 444 932
Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the year	(1 458) 49 043	(8 704) 24 593	24 450 24 593
Cash and cash equivalents at the end of the year	47 585	15 889	49 043
Represented by: Bank balances Bank overdrafts	57 990 (10 405)	31 505 (15 616)	52 331 (3 288)

RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited	Unaudited	Audited
	six months	six months	12 months
	ended	ended	ended
	31 Dec 18	31 Dec 17	30 June 18
Profit attributable to owners of the parent Profit on disposal of subsidiary Loss (profit) on disposal of plant and equipment Tax effect of above items	42 343	77 474	127 613
	-	(12 544)	(7 592)
	139	71	48
	21	72	194
Headline earnings	42 503	65 073	120 263
Headline earning per ordinary share (cents)	10.2	15.6	28.9

RECONCILIATION OF NORMALISED EARNINGS

R'000	Unaudited	Unaudited	Audited
	six months	six months	12 months
	ended	ended	ended
	31 Dec 18	31 Dec 17	30 June 18
Headline earnings for purposes of headlines earnings per share	-	-	120 263
Adjusted for after tax:	-	-	12 024
Acquisition-related costs	-	-	-
Normalised headline earnings for purposes of normalised headline earnings per share	-	_	132 287
Normalised headline earnings per share (NHEPS) (cents)	-	-	31.8

Commentary on the results

Metrofile is Africa's market leader in records and information management, offering a range of physical storage and digital services, as well as the confidential destruction and recycling of records. Founded and listed in South Africa, the Group is growing steadily in the Middle East and other African countries. The Records and Information Management division operates from 70 facilities (physical box storage warehouses), at 40 locations, covering 122 580 square metres of warehousing space. Metrofile is a 57.4% black-owned company. Its empowerment partner and shareholder of reference, Mineworkers Investment Company ("MIC"), owns 36.95% of Metrofile's equity.

Overview of interim results

Revenue increased 7.5% to R490.2 million mainly due to the Kenya acquisition and good performance by CSX Customer Services. EBITDA declined by 3% to R123.7 million. Basic Earnings Per Share (EPS) decreased by 45.2% to 10.2 cents per share and Headline Earnings Per Share (HEPS) by 34.6% to 10.2 cents per share. The decrease was largely due to the material higher interest charge and the higher effective tax rate of 40% for the period.

Cash generated from operations declined by 9.7%

Capital expenditure incurred to date amounted to R29.8 million, R17.0 million of which was expansion. The Group's gross interest-bearing debt was R694 million, which is higher than the Board's planned maximum debt utilisation. The Board has accordingly declared a scrip dividend with a cash alternative to facilitate the ongoing reduction in debt.

Growth outside of South Africa Markets outside South Africa still offer significant growth opportunities particularly in Kenya, Mozambique

Notwithstanding the unresolved socio-economic and political disruption in the Gulf Cooperation Council (GCC) States of the Middle East, Metrofile recorded revenue growth of 55% from our operations outside of South Africa,

which contributed 14.9% of the total revenue for the period. Corporate activity

The Group disposed of 38% of its shareholding in Nigeria to a local partner in August 2018.

Basis of preparation and accounting policies

The summarised consolidated unaudited interim financial results are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines and AC 500 Standards as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information as required by IAS 34: Interim Financial Reporting, the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. These interim results were prepared using accounting policies that comply with IFRS, and are consistent with those applied in the financial statements for the year ended 30

The Group results have been prepared, under the supervision of Mr Pfungwa Serima BSc (CompSc) and Business Studies.

The accounting policies and basis of preparation for the financial statements are in all material respects consistent with those applied in the 2018 annual financial statements apart from the adoption of new IFRSs that became effective on 1 January 2018. The changes in accounting policies reflected below are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019.

The Group adopted IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial Instruments from 1 July 2018. A number of other new standards and emendments to existing standards became effective from January 2018, but these do not have a material impact on the Group's financial statements. The effect of initially applying these standards is mainly follows:

IFRS 15: Revenue from Contracts with Customers

Apart from providing more extensive disclosure on the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial perfomance of the Group as described above and, accordingly, no adjustment was made on the opening reserves.

IFRS 9 Financial Instruments

The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39: Financial Instruments: Recognition and measurement.

The principles with regards to the classification and measurement of financial assets and liabilities, measuring impairment allowances for financial assets have been amended due to the implementation of the new accounting standard, IFRS 9: Financial Instruments, applicable to all accounting periods beginning on or after 1 January 2018. IFRS 9 has had no material impact on the financial results.

Restatement in terms of IFRS 3

Acquisition of Metrofile Records Management (Kenya), formerly G4S

In January 2018, the Group acquired a 100% shareholding in Metrofile Records Management (Kenya) Proprietary Limited Kenya for a purchase consideration of R259.4 million which was paid in cash. In terms of the agreement, a further payment of R3.6 million was made in December 2018 following a purchase price adjustment, bringing the total consideration paid to R263 million. The purchase price allocation for the identifiable assets acquired and the liabilities was provisional as at 30 June 2018. Subsequent to year-end, the assessment of fair values allocated to the individual components and the purchase price allocation was finalised, resulting in a revised allocation to the fair values of assets, liabilities and goodwill as reflected below.

In terms of IFRS 3: Business Combinations, the Group restated the 2018 statement of financial position, statement of comprehensive income and statement of changes in equity and accompanying notes to reflect the abovementioned changes as if they had occurred as at the acquisition date.

	30 June	2018
	R'000	R'000 Previously
Carrying value of acquiree's net assets at the acquisition date	Restated	reported
Net identifiable assets and liabilities at 30 June Value of customers acquired	21 583 61 692	21 583 -
Deferred tax liability (on value of customers)	(18 508)	
Net identifiable assets and liabilities acquired Goodwill on acquisition	64 767 194 633	21 583 237 817
Net consideration paid	259 400	259 400

IMPACT OF RESTATEMENT ON STATEMENT OF FINANCIAL POSITION

30 June 2018

Carrying value of acquiree's net assets at the acquisition date	Restated	reported
Non-current assets Goodwill Intangible assets	484 437 59 636	527 621 -
Non-current liabilities Deferred tax liabilities	43 759	25 867

IMPACT OF RESTATEMENT ON INCOME STATEMENT FOR THE PERIOD **ENDED 30 JUNE 2018**

	30 June 2018		
	R'000	R'000 Previously	
	Restated	reported	
Amortisation of the value of customers acquired	(2 056)	-	
Taxation	617	_	
Impact on net profits	(1 439)	-	

Related parties

In terms of a consulting agreement, and as approved at the Annual General Meeting, fees of R0.98 million (2017: R0.81 million) were paid to MIC during the period under review.

Restated

Restated

Shareholders are informed that the Board has resolved to declare an interim scrip dividend of 5 cent, with a cash alternative. A further announcement setting out the full terms and salient dates will be published in due course. Metrofile directors have advised that, to the extent they or any of their associates have shares in the Company, they

Directorate and Corporate Governance Mr L Rood was appointed alternate to Mr C Seabrooke, effective 1 February 2019. Mrs PK Dludla resigned, effective

8 March 2019 and, as announced, Mr S Mansingh will be appointed as CFO, effective 1 April 2019, which will result in the board comprising of two executive and seven non-executive directors, of which four are independent **Commitments**Metrofile owns or leases premises based on the prevailing economic realities in each country where we operate.

Operating lease commitments amount to R87.6 million for the next five years. Capital investment plans for the full financial year amount to R84.6 million. Share issues and buy-backs

Value creation strategy

There were no share buy-backs during the period under review. There are accordingly 416 164 210 shares in issue, net of treasury shares, at 31 December 2018.

Metrofile intends to enhance its growth prospects and expansion by: restructuring our operating model;

strategic acquisition and expansion; enhancing our client relationships; and

 nimble and tailor-made solutions. These will be achieved through the following key strategic pillars:

Secure StorageBusiness Support Services

· Products and Solutions

 Digital Services **Prospects**

Trading conditions remain difficult, but we anticipate a better second half.

Our digital services strategy continues to progress and will grow through co-innovation with existing and new customers as well as selected joint ventures with specialised digital solution providers.

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

Pfungwa Serima Group Chief Executive Officer

Senderwood, Gauteng