

Condensed consolidated income statement

R'000	Note	Reviewed 12 months ended 30 June '07	Audited 12 months ended 30 June '06
Revenue		299 740	276 246
Operating income before depreciation and exceptional items		102 068	86 511
Depreciation		(11 144)	(12 760)
Exceptional gains		1 486	2 121
Operating profit before finance costs		92 410	75 872
Income from investments		2 077	2 077
Net finance costs		(44 838)	(46 695)
Finance income		2 709	1 072
Fair value adjustments on financial instruments		3 892	1 568
Finance costs	1	(51 439)	(49 335)
Profit before taxation		47 572	31 254
Taxation	1	(8 362)	(3 843)
Profit for the year		39 210	27 411
Attributable to:			
– Equity holders of the parent		35 261	18 461
– Minority interest		3 949	8 950
Attributable profit		39 210	27 411
Earnings per ordinary share			
Earnings per ordinary share (cents)		13,9	27,5
Further information			
Number of ordinary shares in issue (thousands)		393 997	74 077
Number of ordinary shares in treasury (thousands)			6 877
Number of ordinary shares in issue after deducting treasury shares (thousands)		393 997	67 200
Weighted average number of ordinary shares in issue (thousands)		252 337	67 200

Condensed consolidated balance sheet

R'000	Note	Reviewed as at 30 June '07	Audited as at 30 June '06
ASSETS			
Non-current assets			
Property, plant and equipment		174 708	167 836
Goodwill	2	160 499	
Current assets		110 478	67 481
Inventories		12 034	9 248
Trade receivables		46 640	36 193
Other receivables		11 673	8 145
Bank balances		40 131	13 895
Total assets		445 685	235 317
EQUITY AND LIABILITIES			
Equity capital and reserves		70 084	(265 270)
Equity attributable to equity holders of parent		70 084	(277 432)
Minority interest			12 162
Non-current liabilities		312 996	430 787
Interest-bearing provisions	3	11 669	32 981
Interest-bearing subordinated redeemable convertible loans			219 522
Interest-bearing liabilities	4	292 666	171 531
Deferred taxation liability		8 661	6 753
Current liabilities		62 605	69 800
Trade payables		10 580	10 266
Other payables		14 883	24 681
Deferred revenue		4 028	3 374
Provisions		4 829	5 073
Taxation		5 582	8 944
Interest-bearing liabilities	4	22 703	17 462
Total equity and liabilities		445 685	235 317
Net asset/(liability) per ordinary share (cents)		17,8	(412,8)

Notes:

- The finance costs for the year include R2,1 million of interest provisions relating to potential claims that still need to be finalised and R5,7 million interest on Metrofile Holdings Limited Loan notes, which were settled by way of the rights issue.
The low taxation charge is the result of reversing a provision of R6 million which is no longer required.
- Goodwill arose from the acquisition of the 35% minority shareholding in Metrofile (Pty) Limited.
- Long-term interest-bearing provisions include possible claims related to certain dormant subsidiaries from the old MGX Group.
The possible claims should be resolved before the end of the current calendar year.
- 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.
- No segmental analysis has been reported as the group trades in only one segment and only in South Africa.
- All the assets have been pledged as security against certain loans to the group.

Condensed consolidated cash flow statement

R'000	Reviewed 12 months ended 30 June '07	Audited 12 months ended 30 June '06
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations before net working capital changes	102 734	84 814
(Increase)/decrease in net working capital	(25 836)	9 260
Cash generated from operations	76 898	94 074
Net finance costs	(44 838)	(46 695)
Dividends received		2 077
Normal taxation paid – current year	(15 890)	(7 806)
Taxation settlements paid – prior year	(17 344)	(5 616)
Net cash (outflow)/inflow from operating activities	(1 174)	36 035
Net cash outflow from investing activities	(24 482)	(29 243)
Net cash inflow/(outflow) from financing activities		
Net cash inflow from rights issue	138 503	
Loans repaid	(317 168)	(30 160)
Loans raised	5 656	27 893
Proceeds from new financing facilities	320 000	
Convertible loan notes repaid	(95 099)	
Net increase in cash and cash equivalents	26 236	4 524
Cash and cash equivalents at the beginning of the year	13 895	9 371
Cash and cash equivalents at the end of the year	40 131	13 895
Represented by:		
Bank balances	40 131	13 895

Consolidated statement of changes in equity

	Share capital R'000	Share premium R'000	Non- distributable reserves R'000	Attributable loss R'000	Minority shareholder interest R'000	Total R'000
Balance at 1 July 2005	408	195 656	(2 918)	(491 957)	3 212	(295 599)
Profit for the year				18 461	8 950	27 411
Foreign currency reserve			2 918			2 918
Balance at 30 June 2006	408	195 656		(473 496)	12 162	(265 270)
Profit for the year				35 261	3 949	39 210
Rights offer	1 163	134 343				135 506
Minority acquisition	848	172 905			(16 111)	157 642
Treasury shares cancelled	2	2 994				2 996
Balance at 30 June 2007	2 421	505 898		(438 235)		70 084

Reconciliation of headline earnings

R'000	Reviewed 12 months ended 30 June '07	Audited 12 months ended 30 June '06
Profit to ordinary shareholders	35 261	18 461
Capital (profit)/loss on sale of investments	(38)	3 084
Negative goodwill on acquisitions	(480)	
Net recovery of loans previously impaired		(5 259)
Loss/(profit) on sale of plant and equipment	225	(89)
Headline earnings	34 968	16 197
Headline earning per ordinary share (cents)	13,9	24,1

Commentary on results

Metrofile Holdings profile

Metrofile Holdings is quoted in the "Support Services – Business Support Services" sector of the JSE Limited (JSE).

Metrofile is the South African market leader in the management of business records through its 16 storage centres and locations throughout South Africa. It provides full life cycle paper and electronic records management on-site or off-site, including collation, scanning, digital conversions, physical or electronic preservation and destruction services.

Building on 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 (Pty) Limited, Metrofile has the empowerment credentials to operate successfully across the private and public sectors.

Metrofile's aim is to capitalise on the value and growth potential for shareholders and stakeholders of our group by entrenching our position as the most trusted provider of content management services in South Africa through innovation, proven systems and expanding our network of storage centres and locations to ensure that our clients comply with legal and corporate governance requirements.

Restructuring

The year under review was the final step in a five-year recovery plan that has seen the group return to its core skills and business of document management, as results for the year clearly demonstrate. The convertible debt of R320 million in its operating subsidiaries has been refinanced and rescheduled over six years to be in line with its projected cash flows. The debt in the holding company and its subsidiaries was settled through a rights issue which raised a net amount of R135 million. In addition, the group acquired all of the minority interests in Metrofile (Pty) Limited in exchange for holding company shares.

The holding company now has sufficient cash on hand 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.

With thorough knowledge of the changing corporate landscape and responsibilities that determine our customers' needs, a clear understanding of our organisational strengths and potential, and the commitment of all our

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

Financial review

The results for the year were pleasing. Revenue increased by 8,5% to R299,7 million and EBITDA increased by 16,8% to R103,5 million.

We do not believe it is useful to comment on actual HEPS or EPS 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 the claims concerned have not yet been finally determined, and the reversal of a R6 million 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, HEPS and EPS on the full number of shares now in issue would have been 9,5 cents for the year under review. The results for the second six months were significantly better than the interim results, due to reversal of provisions which were provided for in prior periods.

Accounting policies

In terms of the Listings Requirements of the JSE, the group results have been prepared in accordance with IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE and the South African Companies Act. The same accounting policies and methods of computation were applied as in the prior year annual financial statements.

Auditors' review opinion

The results have been reviewed by Deloitte & Touche whose review report is available for inspection at the company's registered office. The report no longer contains a matter of emphasis with regard to going concern.

Directorate and corporate governance

Danisa Baloyi resigned as a director and Messers Paul Nkuna and Richard Buttle were appointed to the board of directors during the year under review. The board currently comprises two executive and five non-executive directors.

Dividends

No dividends have been declared for the current year and it is not the intention that any dividends will be declared or paid in the foreseeable future.

Contingent liabilities

MGX/Eureka Pension Fund

The trustees are in the process of transferring the assets of this pension fund to other funds subject to approval from the Financial Services Board. The company is of the view that there will be no shortfalls for which it is liable. It is expected that this matter will be resolved before the end of this financial year.

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.

Commitments

– Operating lease commitments for the next five years amount to R12,1 million.

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

Government business

Shareholders are referred to the announcement that was released at the end of May 2007. The final terms have still not been forwarded to the company and shareholders will be advised further in due course.

Post-balance sheet events

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

Prospects

The year ahead is one of consolidation and includes expansion of storage capacity and enhancement of systems. Prospects for this coming year are satisfactory. Reported HEPS and EPS are again likely to be distorted by movements in provisions, interest and taxation arising from historic MGX matters.

Christopher Seabrooke

Non-executive Chairman

Graham Wackrill

Chief Executive Officer

30 August 2007

Cleveland
Gauteng

METROFILE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1983/012697/06)

Share code: MFL ISIN: ZAE000061727

(Metrofile Holdings or "the company" or "the group")