



REVIEWED GROUP RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

Condensed income statement

	Reviewed 6 months ended 31 Dec 2006	Reviewed 6 months ended 31 Dec 2005	Audited 12 months ended 30 June 2006
R'000			
Revenue	149 912	136 626	276 246
Operating income before foreign exchange gains	47 707	42 397	87 057
Foreign exchange gains		37	
Operating income before depreciation and exceptional items	47 707	42 434	87 057
Depreciation	(5 709)	(5 574)	(13 306)
Capital profit on sale of equity instruments	2 994		
Exceptional gains	38	3 706	2 121
Operating profit before finance costs	45 030	40 566	75 872
Income from investments			2 077
Finance income	571	398	1 072
Fair value adjustments on financial instruments	(1 935)	(3 993)	1 568
Finance costs	(28 403)	(28 635)	(49 335)
Profit before taxation	15 263	8 336	31 254
Taxation	242	(4 492)	(3 843)
Profit for the year	15 505	3 844	27 411
Attributable to:			
– Equity holders of the parent	10 787	1 545	18 461
– Minority interest	4 718	2 299	8 950
Attributable profit	15 505	3 844	27 411
Earnings per ordinary share			
Earnings per ordinary share (cents)	11,9	2,3	27,5
No dilution effect has been calculated as all the convertible loans have been settled or refinanced without any conversion rights			

Further information

Number of ordinary shares in issue (thousands)	393 997	74 077	74 077
Number of ordinary shares in treasury (thousands)		6 877	6 877
Number of ordinary shares in issue after deducting treasury shares (thousands)	393 997	67 200	67 200
Weighted average number of ordinary shares in issue (thousands)	90 282	67 200	67 200

Condensed balance sheet

	Reviewed as at 31 Dec 2006	Reviewed as at 31 Dec 2005	Audited as at 30 June 2006
R'000			
ASSETS			
Non-current assets			
Property, plant and equipment	167 671	153 351	167 836
Long-term prepayments and receivables	5 037	614	
Goodwill	156 872		
Current assets	93 167	65 020	67 481
Inventories	10 272	8 814	9 248
Trade receivables	46 044	40 875	36 193
Other receivables	5 422	5 613	8 145
Bank balances	31 429	9 718	13 895
Total assets	422 747	218 985	235 317
EQUITY AND LIABILITIES			
Equity capital and reserves	42 283	(291 755)	(265 270)
Equity attributable to equity holders of parent	42 283	(297 266)	(277 432)
Minority interest		5 511	12 162
Non-current liabilities	330 492	441 163	430 787
Interest-bearing provisions	11 179	42 522	32 981
Interest-bearing subordinated redeemable convertible loans		206 121	219 522
Interest-bearing liabilities	311 495	187 650	171 531
Deferred taxation liability	7 818	4 870	6 753
Current liabilities	49 972	69 577	69 800
Trade payables	5 290	8 379	10 266
Other payables	19 771	20 364	24 681
Deferred revenue	3 772	5 337	3 374
Provisions	4 224	4 762	5 073
Taxation	5 974	9 480	8 944
Interest-bearing liabilities	10 941	21 255	17 462
Total equity and liabilities	422 747	218 985	235 317
Net asset/(liability) per ordinary share (cents)	46,8	(442,4)	(412,8)

Notes:

- The finance costs for the six months include R1,5 million of interest provisions relating to potential claims that still need to be finalised.
The capital profit on sale of equity instruments of R2,99 million relates to the gain on the sale of equity instruments linked to treasury shares held by a subsidiary and which have now been cancelled.
- 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.
- Trade receivables include an amount of R9,1 million for equipment sold in December 2006. The equipment was imported and paid for before the reporting date and the proceeds from the sale were received during January 2007.
- Long-term interest-bearing provisions include possible claims in certain dormant subsidiaries from the old "MGX" Group. The claims should be resolved before the end of the current financial 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 cash flow statement

	Reviewed 6 months ended 31 Dec 2006	Reviewed 6 months ended 31 Dec 2005	Audited 12 months ended 30 June 2006
R'000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations before net working capital changes	50 738	42 146	84 814
(Increase)/decrease in net working capital	(18 490)	44	9 260
Cash generated from operations	32 248	42 190	94 074
Net finance costs	(29 767)	(28 237)	(46 695)
Dividends received			2 077
Normal taxation paid – current year	(7 744)	(5 905)	(7 806)
Taxation paid – prior years	(17 344)	(3 365)	(5 616)
Net cash (outflow)/inflow from operating activities	(22 617)	4 683	36 035
Net cash outflow from investing activities	(5 458)	(8 270)	(29 243)
Net cash inflow/(outflow) from financing activities			
Net cash inflow from rights issue	135 174		
Loans repaid	(343 515)	(27 729)	(30 160)
Loans raised	25 801	31 663	27 892
Proceeds from new financing facilities	320 000		
Convertible loan notes repaid	(91 861)		
Net increase in cash and cash equivalents	17 534	347	4 524
Cash and cash equivalents at the beginning of the period	13 895	9 371	9 371
Cash and cash equivalents at the end of the period	31 429	9 718	13 895
Represented by:			
Bank balances	31 429	9 718	13 895

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 2004	408	195 656	(2 918)	(491 957)	3 212	(295 599)
Profit for the six months ended 31 December 2005				1 545	2 299	3 844
Balance at 31 December 2005	408	195 656	(2 918)	(490 412)	5 511	(291 755)
Profit for the six months ended 30 June 2006				16 916	6 651	23 567
Foreign Currency reserve			2 918			2 918
Balance at 30 June 2006	408	195 656		(473 496)	12 162	(265 270)
Profit for the six months ended 31 December 2006				10 787	4 718	15 505
Rights offer	1 163	134 011				135 174
Minority acquisition	848	172 904			(16 880)	156 872
Treasury shares cancelled	3			(1)		2
Balance at 31 December 2006	2 422	502 571		(462 710)		42 283

Reconciliation of headline earnings

	Reviewed as at 31 Dec 2006	Reviewed as at 31 Dec 2005	Audited as at 30 June 2006
R'000			
Profit to ordinary shareholders	10 787	1 545	18 461
Capital (profit)/loss on sale of investments	(38)		3 084
Capital profit on sale of equity instruments	(2 994)		
Net recovery of loans previously impaired			(5 259)
Loss/(profit) on sale of plant and equipment	5	24	(89)
Headline earnings	7 760	1 569	16 197
Headline earning per ordinary share (cents)	8,6	2,3	24,1

Commentary on results

METROFILE HOLDINGS PROFILE

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 or offsite, including collation, scanning, digital conversions, physical or electronic preservation and destruction services that satisfy legislative and corporate governance requirements.

Restructuring

During the period under review, the group completed its restructuring programme. The debt of R320 million in its operating subsidiaries has been refinanced and rescheduled over six years. 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.

The group has a wide spread of shareholders. Its shareholder of reference with 25% is Mineworkers Investment Company (Pty) Limited.

Financial review

The results for the period were in line with expectations. Revenue increased by 9,6% to R149,9 million and EBITDA increased by 12,5% to R47,7 million.

We do not believe it is useful to comment on actual headline earnings per share ("HEPS") or earnings per share ("EPS") for this reporting period 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, 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 3,5 cents for the six month period.

Accounting policies

In terms of the Listing Requirements of the JSE, the group results have been prepared in accordance with the International Financial Reporting Standard ("IFRS") IAS34 – Interim Financial Reporting, the Listing Requirements of the JSE and the South African Companies Act. The accounting policies and methods of computation are consistent with those used in the prior financial year and comparative period.

Auditors' review opinion

The results have been reviewed by Deloitte & Touche whose unqualified 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

Messrs. Paul Nkuna and Richard Buttle were appointed to the board of directors during the period under review and the board currently comprises two executive and six non-executive directors, of which three are independent directors.

Dividends

No dividends have been declared for the current period 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. However, it should be noted that one of the actuarial opinions relating to this fund, is of the opinion that the company may have a contingent liability of up to R9 million.

Other

The company has no contingent liabilities remaining from past disposals.

Commitments

– Operating lease commitments for the next five years amount to R9,4 million.

– Metrofile (Pty) Limited has committed to certain capital expansion and replacement projects of R7,7 million. This will be funded from free cash flows generated by operating activities.

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 the report.

Prospects

The group expects improved revenue and operating results in the current financial year. However, HEPS and EPS are unlikely to be comparable with the previous year or with a normalised year due to the matters referred to above and due to additional reversals of provisions which may be possible in the second half.

Christopher Seabrooke

Non-executive Chairman

Graham Wackrill

Chief Executive Officer

28 February 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")