

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")

PRELIMINARY AUDITED GROUP RESULTS
 for the year ended 30 June 2016

NORMALISED HEPS	NORMALISED REVENUE	NORMALISED EBITDA	DIVIDENDS PER SHARE FOR THE YEAR
33,8 cents per share	R796,5 million	R253,0 million	30,0 cents per share
UP	UP	UP	UP
4,6%	10,5%	6,9%	42,9%

Summarised consolidated income statement

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Normalised Unaudited 12 months ended 30 June 2016	Normalised Unaudited 12 months ended 30 June 2015
R'000				
Revenue	777 577	701 898	796 497	720 873
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	235 024	218 426	253 045	236 603
Depreciation	(35 737)	(31 636)	(36 362)	(32 320)
Operating profit before finance costs	199 287	186 790	216 683	204 283
Net finance costs	(14 687)	(13 084)	(12 805)	(12 402)
Finance income	4 646	7 492	4 646	7 492
Finance costs	(19 333)	(20 576)	(17 451)	(19 894)
Profit before taxation	184 600	173 706	203 878	191 881
Taxation	(48 949)	(46 244)	(54 347)	(51 333)
Profit for the year	135 651	127 462	149 531	140 548
Attributable to:				
Owners of the parent	130 129	124 620	144 009	137 706
Non-controlling interests	5 522	2 842	5 522	2 842
Profit for the year	135 651	127 462	149 531	140 548
Further information				
Number of ordinary shares in issue	(thousands) 425 084	427 084	425 084	427 084
Weighted average number of ordinary shares in issue	(thousands) 425 944	425 831	425 944	425 831
Basic earnings per ordinary share	(cents) 30,6	29,3	33,9	32,3
Diluted earnings per ordinary share	(cents) 30,6	29,2	33,9	32,3
Headline earnings per ordinary share	(cents) 30,5	29,3	33,8	32,3
Dividend per ordinary share	(cents) 11,0	9,0	11,0	9,0
Interim dividend per ordinary share - paid	(cents) 11,0	9,0	11,0	9,0
Final dividend per ordinary share - proposed/paid	(cents) 19,0	12,0	19,0	12,0

Summarised consolidated
 statement of comprehensive income

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Normalised Unaudited 12 months ended 30 June 2016	Normalised Unaudited 12 months ended 30 June 2015
R'000				
Profit for the year	135 651	127 462	149 531	140 548
Other comprehensive income for the year net of tax*	656	(773)	656	(773)
Hedge accounting for fair value on interest rate swaps	-	133	-	133
Currency movement on translation of foreign subsidiary	656	(906)	656	(906)
Total comprehensive income for the year	136 307	126 689	150 187	139 775
Attributable to:				
Owners of the parent	130 551	123 812	144 431	136 898
Non-controlling interests	5 756	2 877	5 756	2 877

* All items will subsequently be reclassified to profit and loss.

Reconciliation of headline earnings

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Normalised Unaudited 12 months ended 30 June 2016	Normalised Unaudited 12 months ended 30 June 2015
R'000				
Profit attributable to owners of the parent	130 129	124 620	144 009	137 706
Profit on disposal of plant and equipment	(294)	(231)	(294)	(231)
Tax effect of above items	179	205	179	205
Headline earnings	130 014	124 594	143 894	137 680
Headline earning per ordinary share	(cents) 30,6	29,3	33,8	32,3

Summarised segmental information

	Revenue		EBITDA	
	Audited	Audited	Audited	Audited
	12 months ended	12 months ended	12 months ended	12 months ended
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
R'000				
Records Management	612 318	545 217	159 346	145 224
Property Companies				
(Occupied by Records Management businesses)	59 901	53 366	59 901	53 366
CSX Customer Services	95 997	95 975	(1 060)	6 512
Other	79 904	70 992	16 837	13 324
Intergroup	(70 543)	(63 652)	-	-
Total	777 577	701 898	235 024	218 426

	Operating profit		Tangible assets	
	Audited	Audited	Audited	Audited
	12 months ended	12 months ended	12 months ended	12 months ended
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
R'000				
Records Management	131 438	121 423	339 755	405 372
Property Companies				
(Occupied by Records Management businesses)	59 901	53 366	294 785	259 106
CSX Customer Services	(1 647)	5 788	23 590	22 346
Other	9 595	6 213	67 088	56 555
Total	199 287	186 790	725 218	743 379

"Other" includes Metrofile Holdings, Rainbow Paper Management, Global Continuity, Cleardata and Lexie Legal Services.
"Records Management" represents the global document storage and management and scanning business units which are managed and operated geographically.

Summarised consolidated statement of financial position

	Notes	Audited	Audited
		as at 30 June 2016	as at 30 June 2015
R'000			
ASSETS			
Non-current assets		722 858	660 262
Property	1	292 835	258 349
Plant and equipment		204 317	202 051
Goodwill		218 573	194 615
Intangible assets		1 868	-
Investment in associate		449	-
Long-term receivable		559	1 574
Deferred tax assets		4 257	3 673
Current assets		227 506	281 405
Inventories		19 443	14 549
Trade receivables		136 293	121 245
Other receivables	2	46 053	25 094
Bank balances		25 717	120 517
Total assets		950 364	941 667
EQUITY AND LIABILITIES			
Equity and reserves		660 341	630 407
Equity attributable to owners of the parent		643 398	617 520
Non-controlling interests		16 943	12 887
Non-current liabilities		144 942	175 160
Interest-bearing liabilities	3	123 297	156 125
Deferred taxation liability		21 645	19 035
Current liabilities		145 081	136 100
Trade and other payables		69 658	71 305
Deferred revenue		13 427	12 331
Bank overdraft		345	49
Provisions		2 678	2 436
Taxation		9 768	2 616
Interest-bearing liabilities	3	49 205	47 363
Total equity and liabilities		950 364	941 667
Net asset value per ordinary share	(cents)	151,4	144,6

Notes:

- The majority of the group's properties have been pledged as security against certain loans to the group.
- Other receivables includes a prepayment on land acquired for which transfer had not been registered at 30 June 2016.
- Long-term interest-bearing liabilities represent the Metrofile (Pty) Ltd amortising and revolving facilities. Short-term interest-bearing liabilities include the portions of the Metrofile (Pty) Ltd amortising loan facility and group company loan agreements payable within one year. The Metrofile (Pty) Ltd borrowings are JIBAR linked, whilst the other borrowings are prime linked.

Summarised consolidated statement of cash flows

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015
R'000		
Cash generated from operations before net working capital changes	229 066	222 315
(Increase)/decrease in net working capital	(41 208)	38 211
Increase in normal net working capital	(41 208)	(25 823)
Decrease in net normal working capital due to insurance claim	-	64 034
Cash generated from operations	187 858	260 526
Net finance costs paid	(14 687)	(13 084)
Dividends paid	(97 835)	(72 297)
Normal taxation paid	(39 724)	(58 568)
Net cash inflow from operating activities	35 612	116 577
Net cash outflow from investing activities		
Investment in property: expansion	(21 786)	(6 354)
Investment in plant and equipment: expansion	(44 578)	(35 536)
Investment in property: replacement	-	(17 322)
Investment in plant and equipment: replacement	(7 192)	(7 952)
Proceeds on disposal of property, plant and equipment	1 506	1 684
Additions to Intangible assets	(1 967)	-
Investment in associate company	(449)	-
Acquisition of subsidiary	(25 256)	(28 575)
Net cash outflow from financing activities		
Loans repaid	(30 986)	(35 253)
Loans drawn down	-	97 919
Net (decrease)/increase in cash and cash equivalents	(95 096)	85 188
Cash and cash equivalents at the beginning of the year	120 468	35 280
Cash and cash equivalents at the end of the year	25 372	120 468
Represented by:		
Bank balances	25 717	120 517
Bank overdrafts	(345)	(49)

Summarised consolidated statement of changes in equity

R'000	Share capital	Share premium	Accumulated profits/(losses)	Total equity before			Total
				Other reserves	Non-controlling interest	Non-controlling interest	
Balance at 30 June 2014 (audited)	2 601	570 893	(21 889)	10 189	561 794	6 028	567 822
Shares issued in terms of share schemes	24	18 043			18 067		18 067
IFRS 2 Equity reserve relating to share schemes				4 211	4 211		4 211
Share scheme settlement			(12 474)	(5 593)	(18 067)		(18 067)
Minority contribution on acquisition of subsidiary						3 982	3 982
Dividends declared			(72 297)		(72 297)		(72 297)
Total comprehensive income for the year ended 30 June 2015			124 620	(808)	123 812	2 877	126 689
Balance at 30 June 2015 (audited)	2 625	588 936	17 960	7 999	617 520	12 887	630 407
Purchase of treasury shares		(9 577)			(9 577)		(9 577)
IFRS 2 Equity reserve relating to share schemes				4 440	4 440		4 440
Share scheme settlement				(1 494)	(1 494)		(1 494)
Minority contribution on acquisition of subsidiary						(1 700)	(1 700)
Dividends declared			(98 042)		(98 042)		(98 042)
Total comprehensive income for the year ended 30 June 2016			130 129	422	130 551	5 756	136 307
Balance at 30 June 2016 (audited)	2 625	579 359	50 047	11 367	643 398	16 943	660 341

Commentary on the results

Profile

Metrofile is the dominant service provider in both physical and digital information and records management in Africa. The group is represented in the six major provinces of South Africa, Botswana, Mozambique, Nigeria, Zambia, the United Arab Emirates, Qatar, Oman and, through subsidiary CSX Customer Services, undertakes contracts in various other African countries. The Metrofile Records Management division operates from 44 facilities, at 21 locations, covering more than 87 136 square metres of warehousing and office space. In accordance with its owner/lessee model, 68% of these facilities are owned by the group. The rest of the group's divisions lease their premises. In order to optimise operational efficiency, Metrofile has a long-term target of owning approximately 70% of the properties from which the Metrofile Records Management division operates.

Services include physical and digital Records Storage and Management, Image Processing, Backup Storage and Management, Records Management Software and Records Management Consultancy, Business Continuity and IT Continuity, 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. Metrofile is a black-owned company with black ownership amounting to 53,36% whilst its largest shareholder is its empowerment partner, Mineworkers Investment Company ("MIC") which owns 34,41% of Metrofile's equity.

Strategy

Metrofile will continue to expand its services in the information management sector, through both innovation and acquisition. The continued focus on cross-selling the group's diverse range of services to both new and existing customers remains a key part of the group's international strategy. The necessity for businesses to not only archive but manage all types of records, whether they be in physical or digital format, positions the group well to assist companies with their record-keeping requirements, thereby mitigating risk to the organisation.

The group's expansion strategy continues to take cognisance of potential target countries' business and political environment, governance, market attractiveness, language, infrastructure, logistics, education and labour force, potential client industries and overall risk.

Financial review

IFRS required that 36 months' business interruption insurance proceeds relating to a fire at a facility in 2013 be recognised in full in the 2014 financial year. Normalised results are accordingly presented again, recognising this receipt over 36 months in order to present more representative results for each affected reporting period.

Normalised revenue increased by 10,5% to R796,5 million, whilst normalised EBITDA increased by 6,9% to R253,0 million.

Normalised headline earnings increased by 4,5% to R143,9 million.

Normalised basic earnings per share ("EPS") increased by 5,0% to 33,9 cents and normalised headline earnings per share ("HEPS") increased by 4,6% to 33,8 cents. It should be noted that during the period the group incurred non-recurring costs of R8,7 million after tax equal to 2 cents per share arising from Head Office restructuring and one-off CEO transition costs.

Cash generated from operations before net working capital changes increased by 3,0% whilst the cash generated from operations decreased by 27,9%.

Capital investments of R73,6 million were effected mainly for expansion and included the development of new facilities in Mbombela and Cape Town, and the purchase of racking, equipment and mobile shredding units of R44,6 million required for growth.

The group's total interest bearing debt amounted to R172,5 million at the year end, which equates to a Debt: Normalised EBITDA ratio of 0,68 times.

Dividend policy

The Board has targeted maintaining debt levels at least at 1,5 times EBITDA. However, continued strong cash generation has resulted in leverage remaining below this level. The Board has accordingly resolved to reduce dividend cover from 1,5 times to a target range of 1,25 to 1,5 times with effect from the 2016 financial year. In addition, until the minimum debt levels are achieved, the Board has further resolved to pay dividends with cover below the target range. The dividend for 2016 has accordingly been increased by 42,9% to 30 cents per share representing cover of 1,1 times.

Acquisitions

In line with its bolt-on geographical acquisition strategy, the group acquired interests in the following subsidiaries during the period:

- 100% shareholding in Document Bank Botswana (Botswana)
 - effective 1 January 2016;
- 49% shareholding in Al Bidda Metrofile LLC (Qatar) - effective 1 January 2016;
- 40% shareholding in Lexie Legal Services (Pty) Ltd (South Africa)
 - effective 1 January 2016; and
- 51% shareholding in E-File Teejan LLC via E-File Masters LLC (Oman) - effective 1 February 2016.

Where applicable, goodwill has been recognised on the acquisitions as the group's cash-generating units are expected to benefit from the

synergies of the combinations.

Basis of preparation and accounting policies

The directors take full responsibility for the preparation of these Preliminary Audited Group Results. The group results have been prepared, under the supervision of Mr MC McGowan, CA(SA). The summarised financial information has been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines 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 Listings Requirements and the requirements of the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 June 2015.

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 independent auditors, Deloitte & Touche, have issued their unmodified audit opinion, on the consolidated financial statements for 30 June 2016 year-end, in accordance with International Standards on Auditing. These financial statements have been derived from the consolidated financial statements and are consistent in all material respects, with the consolidated financial statements. A copy of the audit report on the summarised financial statements, the audited financial statements and the audit report are available for inspection at the Company's registered office. The auditor's report does not necessarily report on the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a full copy of the auditor's report, together with the accompanying consolidated financial information from the issuer's registered office. 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 a consulting agreement, and as approved at the Annual General Meeting, the MIC fees of R1,44 million (2015: R1,35 million) were paid during the period under review.

Directorate and corporate governance

The Board currently comprises of two executive and six non-executive directors, of whom four are independent directors. Mr IN Matthews remains the lead independent director. As advised previously, Mr P Serima took over as CEO from Mr G Wackrill who retired on 31 March 2016. Mr Wackrill remains on the Board as a non-executive director.

Dividends

As explained under Dividend Policy, the Board has agreed a dividend for the full year of 30 cents per share.

Notice is hereby given that a final gross cash dividend of 19,0 cents per share in respect of the year ended 30 June 2016 has been declared payable to the holders of ordinary shares recorded in the books of the Company on Friday, 7 October 2016. The last day to trade cum-dividend will therefore be Tuesday, 4 October 2016 and Metrofile shares will trade ex-dividend from Wednesday, 5 October 2016. Payment of the dividend will be made on Monday, 10 October 2016. Share certificates may not be dematerialised or rematerialised between Wednesday, 5 October 2016 and Friday, 7 October 2016, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation at a rate of 15% which will result in a final net cash dividend of 16,15 cents per share. The Company's issued share capital remains unchanged at 425 084 010 shares. The Company's tax number is 9375066710.

Commitments

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. Operating lease commitments amount to R104,3 million for the next five years. Capital investment plans for the forthcoming financial year amount to R130,0 million.

Events after the reporting date

There have been no material events after the reporting date.

Outlook

Metrofile anticipates continued growth in the challenging economic and business environments, both locally and on the African continent. The group will continue to seek growth opportunities across all business units, both locally and internationally, in cradle to grave document management solutions. At this stage, Metrofile expects to resume its historic earnings growth profile in the forthcoming financial year.

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

Christopher Seabrooke
Non-executive Chairman

Pfungwa Serima
Chief Executive Officer

29 August 2016
Senderwood
Gauteng

Corporate information

Registered office
41 Wordsworth Avenue
Senderwood
Bedfordview
2007

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Sponsor
The Standard Bank of South Africa Limited

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

Directors
CS Seabrooke^* (Chairman)
MS Bomela* (Deputy Chairman)
PG Serima (CEO)
MC McGowan (CFO)
P Langeni^*
CN Mapaure*
IN Matthews#*
GD Wackrill*
SV Zilwa^*

Lead independent
^ Independent
* Non-executive

Company Secretary
P Atkins