UNAUDITED SUMMARISED GROUP INTERIM RESULTS

for the six months ended 31 December **2018**

Metrofile Group

REVENUE	EBITDA	EPS	HEPS	DPS
R490.2m	R123.7m	10.2c	10.2c	5.0c
7.5%	(3.0%)	(45.2%)	(34.6%)	(61.5%)

SUMMARISED CONSOLIDATED INCOME STATEMENT

R'000	Note	**Unaudited six months ended 31 Dec 18**	Unaudited six months ended 31 Dec 17	Restated Audited 12 months ended 30 Jun 18
Revenue		**490 197**	456 050	952 988
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**123 747**	127 573	270 175
Depreciation and amortisation		**(22 575)**	(20 376)	(42 506)*
Operating profit		**101 172**	107 197	227 669
Net finance costs		**(33 554)**	(15 781)	(46 241)
Finance income		**850**	825	1 502
Finance costs		**(34 404)**	(16 606)	(47 743)
Acquisition-related expenses		**–**	–	(15 495)
Profit on sale of a subsidiary		**–**	12 544	7 592
Profit before taxation		**67 618**	103 960	173 525
Taxation		**(26 885)**	(25 975)	(49 671)
Profit for the year		**40 733**	77 985	123 854
Attributable to:				
Owners of the parent		**42 343**	77 474	127 613
Non-controlling interests		**(1 610)**	511	(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 shares in issue	(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	(cents)	**5.0**	13.0	13.0
Final dividend per ordinary share – paid	(cents)	**–**	–	8.0

** Restated – refer to note in commentary.*

SUMMARISED SEGMENTAL INFORMATION

R'000	Revenue: **Unaudited six months ended 31 Dec 18**	Revenue: Unaudited six months ended 31 Dec 17	Revenue: Audited 12 months ended 30 June 18	EBITDA: **Unaudited six months ended 31 Dec 18**	EBITDA: Unaudited six months ended 31 Dec 17	EBITDA: Audited 12 months ended 30 June 18
Records Management	**344 322**	321 744	671 673	**78 420**	85 484	162 191
CSX Customer Services	**52 517**	40 058	79 457	**5 213**	(613)	(1 514)
Property Companies (Occupied by Records Management 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	**28 423**	27 760	55 014	**(5 829)**	(2 507)	15 989
Intergroup	**(48 139)**	(42 396)	(85 937)	**–**	–	–
Total	**490 197**	456 050	952 988	**123 747**	127 573	270 175
South African operations	**417 317**	409 117	842 238	**105 930**	122 418	254 931
Non-South African operations	**72 880**	46 933	110 750	**17 817**	5 155	15 244

R'000	Operating profit: **Unaudited six months ended 31 Dec 18**	Operating profit: Unaudited six months ended 31 Dec 17	Operating profit: Restated Audited 12 months ended 30 June 18	Tangible assets: **Unaudited six months ended 31 Dec 18**	Tangible assets: Unaudited six months ended 31 Dec 17	Tangible assets: Audited 12 months ended 30 June 18
Records Management	**63 402**	71 703	134 194	**433 600**	346 636	411 637
CSX Customer Services	**4 608**	(3 568)	(2 794)	**28 920**	33 469	37 453
Property Companies (Occupied by Records Management businesses)	**41 693**	36 689	73 853	**349 277**	341 398	343 971
Tidy Files	**1 702**	5 705	14 236	**43 034**	38 617	41 984
Other	**(10 233)**	(3 332)	8 180	**65 488**	65 024	58 131
Total	**101 172**	107 197	227 669	**920 319**	825 144	893 176
South African operations	**87 028**	104 869	218 408	**799 000**	747 245	772 960
Non-South African 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)			(19 937)		(19 937)
IFRS 2 Equity reserve relating to share schemes				5 076	5 076		5 076
Share scheme settlement				(6 498)	(6 498)		(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
Balance 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	**40 733**	77 985	123 854
Other comprehensive income for the period net of tax*			
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	**43 681**	76 205	133 030
Non-controlling interests	**(546)**	(493)	(2 742)

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Notes	**Unaudited as at 31 Dec 18**	Unaudited as at 31 Dec 17	Restated Audited as at 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		**488 052**	287 963	484 437*
Intangible assets		**60 298**	–	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		**1 015**	899	4 093
Taxation		**1 985**	–	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

** Restated – refer to note in commentary.*

Notes:

1. The majority of the groups properties have been pledged as security against certain loans to the group.
2. 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 Bomela* (Deputy Chairman), PG Serima (CEO), MZ Abdulla*, P Langeni†*, LE Mthimunye^*, GD Wackrill*, SV Zilwa^*, L Rood^* (Alternate)

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

RECONCILIATION OF HEADLINE EARNINGS

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 attributable to owners of the parent	**42 343**	77 474	127 613
Profit on disposal of subsidiary	**–**	(12 544)	(7 592)
Loss (profit) on disposal of plant and equipment	**139**	71	48
Tax effect of above items	**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 six months ended 31 Dec 18**	Unaudited six months ended 31 Dec 17	Restated Audited 12 months ended 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 and Zambia.

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 June 2018.

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 1 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.

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

IMPACT OF RESTATEMENT ON STATEMENT OF FINANCIAL POSITION

Carrying value of acquiree's net assets at the acquisition date	30 June 2018 R'000 Restated	30 June 2018 R'000 Previously reported
Non-current assets		
Goodwill	**484 437**	**527 621**
Intangible assets	**59 636**	**–**
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 Restated	30 June 2018 R'000 Previously 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.

Dividend

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 intend to accept the scrip alternative.

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 directors.

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

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.

Value creation strategy

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 Storage
- Business 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.

Christopher Seabrooke
Non-executive Chairman

Pfungwa Serima
Group Chief Executive Officer

Senderwood, Gauteng
15 March 2019

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