

metr@file

Integrated
Annual Report 2012



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Integrated Annual Report
for the year ended **June 2012**



For more information



Go online at: www.metrofileholdings.com

OUR COMPANY

29 years of constant growth in revenue and profit at operating company level

Metrofile is the market leader in information management and records storage in Africa and is represented in the six major provinces of South Africa, Mozambique and through the CSX Customer Services brand has contracts in numerous other African countries. Metrofile operates from 28 facilities covering more than 89 000 square metres of warehousing and office space and manages more than 21 billion records on behalf of its customers. In accordance with its owner/lessee model, 56% of its facilities are owned by the Group.

Services include Active Records Management, Image Processing, Hosting, Data Backup (both vault and online), Archive Storage and Management, File Plan Development, Confidential Records Destruction, Paper Recycling as well the sale and maintenance of a wide range of business equipment, including scanners, library security systems, mailing and packaging machines. With the acquisition in March 2012 of Global Continuity SA, the Group also can now offer its customers business and IT continuity services.

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. Its largest shareholder is its empowerment partner, Mineworkers Investment Company ("MIC"), which owns 34,7% of Metrofile's equity.

OUR VISION

To be our customers' trusted information and records management partner.

OUR MISSION

To enable organisations and their people to manage their records and information securely, rapidly, intelligently and cost-effectively.

OUR VALUES

Metrofile is built on four promises:

Commitment – we are dedicated to serving our customers.

Integrity – we act in the best interests of our stakeholders.

Reliability – we deliver on our promise.

Resourceful – we find ways to work smarter.



ABOUT THIS REPORT

This integrated report, which is targeted at Metrofile's shareholders, potential investors and the Group's stakeholders, covers the activities and performance of the Group and its operating subsidiaries for the period 1 July 2011 to 30 June 2012. The report has been prepared so as to assist the Group's stakeholders to make an informed assessment of the Group and its ability to create and sustain value over the short- medium- and long-term.

The financial reporting contained in this report complies with International Financial Reporting Standards ("IFRS"), as applied to the annual financial statements. The principles of King III relating to integrated reporting have also been applied, as well as the provisions of the new Companies Act (71 of 2008, as amended) of South Africa.

The directors of Metrofile acknowledge their responsibility to ensure the integrity of the report and have collectively assessed the content of the Integrated Annual Report and believe it addresses the material issues, based on the recommendation of the Audit, Governance and Risk Committee and is a fair representation of the integrated performance of the Group. The board has therefore approved the 2012 Integrated Annual Report to the Group's stakeholders, based on the recommendation of the Audit, Governance and Risk Committee.

OUR SERVICES

metro@file

Working to internationally recognised standards and best practices, Metrofile offers a truly national footprint, modern purpose-built facilities and scalable capacity capable of dealing with all requirements.

The integrated solutions offered by Metrofile cover all elements relating to the storage and management of both active and inactive records as well as the protection of data.

ACTIVE RECORDS MANAGEMENT

Metrofiler

A sophisticated software suite that facilitates access to the storage and management of both imaged and physical records. Solutions offered include file planning and training as well as on- and off-site active filing utilising proprietary software with modules being:

- enterprise manager, document manager, warehouse manager, eRecords and image manager, all of which are structured with server client or web client access.

Imaging

A legally compliant digitising solution that aids operating efficiency and customer service through the conversion of paper and analogue records into searchable, digital images. Solutions offered include on- and off-site conversion of paper records (all shapes and sizes including A0), the digitisation of analogue records (Microfiche, film, OCR, ICR and OMR) and the hosting of image repositories.

DATA PROTECTION

Data Safe

A unique 24/7 service offering which is integral in supporting customers' business continuity plans and disaster recovery processes. This highly dependable scheduled rotation service caters for storage of backup tapes, hard drives and other media in secure and environmentally controlled facilities. There are several tailored offerings available to meet all customers' needs regardless of size or complexity.

Backup Pro

A full data protection solution effective in minimising the risks and losses associated with hardware and software failure, data theft and leakage. Solutions offered include automated intelligent backup software (laptop/desktop and server applications). Customers, irrespective of size and complexity, are able to utilise one of the many tailored offerings available.

ARCHIVE STORAGE AND MANAGEMENT

A total records management solution that ensures your records are efficiently and cost-effectively managed off-site using reliable proprietary systems allowing for integration of active records management and web enabled access. The solutions offered include file plan development and implementation, packing and upliftment, off-site storage, project management as well as a full range of archival boxes and filing stationery. Access to customer records is controlled through pre-identified, authorised users and can be requested through a number of channels. Deliveries and collections are effected through an extensive fleet of vehicles which are tracked and monitored via satellite.



CSX is a specialist third-party sales and service business that has been in existence since 1969. CSX specialises in the sale, installation and support of business solutions in various niche markets in Africa. Products sold and serviced cover a broad spectrum of business equipment, which includes high-speed scanners, library security systems, packaging equipment, microfilm equipment, specialised optical mark reading equipment, certain medical equipment as well as mailing and forms equipment. The service division provides technical assistance of the highest quality assuring a combination of thorough preventative maintenance plus timely and efficient remedial maintenance. The technicians and service engineers are highly mobile and travel throughout Africa.

rainb@w

paper management

An environmentally-conscious paper collection and destruction service, which ensures that paper is gathered and sorted into different grades in order to promote recycling of paper for use in large paper mills. These mills in turn manufacture recycled paper products.



Cleardata is South Africa's first nationwide provider of secure, on-site document destruction solutions for the corporate environment. Clients are provided with secure consoles around their offices, the contents of which are then emptied and shredded on the clients' premises using custom-built shredding vehicles. Metrofile's equity stake in Cleardata was increased from 55% to 70% in April 2012.

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Training Academy

Established in 2007 and in response to customer demand, the academy was set up as an Enterprise Development initiative with the former head of the Limpopo Department of Health and Social Development's records management service. The Academy assists customers with the development of strategy, file plans, policies and procedures, training in basic and advanced records management, training in the management of personnel, financial and patient records as well as information security. The Metrofile Training Academy is the only company accredited by SETA i.r.o. Archive and Records Management.



In March 2012 the Global Continuity business was acquired by the group. The business provides innovative Business Continuity Management ("BCM") and Information Technology Service Continuity ("ITSC") solutions and is a logical extension to the Metrofile Records Management data protection services.

OUR MARKET

Metrofile is focused on cementing its role as the only records and information management partner, thereby playing a crucial role in our clients' risk mitigation programmes. This makes Metrofile's offering far beyond the simple supply of document management services which was traditionally the industry's focus. Metrofile's offerings deliver efficiency and cost savings for clients and also mitigate risks associated with the retention, confidentiality and destruction of business records whether in their physical or digital form.

With the introduction of new legislation, such as the Companies Act, the Consumer Protection Act and the anticipated Protection of Personal Information Act, along with the increased focus on governance and compliance, the requirement to properly manage records and data in both active and archive state is imperative.

The market place in which we operate has shown resilience during the economic downturn, fuelled in the main by an escalation in corporate governance requirements and a growing awareness of the need for more effective risk management.

Contributing to the stability of the market is the increasing reliance of businesses, organisations and consumers on information technology that has become more and more accessible. Contrary to predictions that this would lead to a paperless society, volumes of physical records have continued to grow albeit not at the rate currently experienced in the production of electronic information.

Advancements in, and greater access to, information technology has led to an increase in the risks that need to be managed due to mounting demands from increasingly technically savvy users and consumers looking for instant access to records. These demands have led to a growing number of businesses and organisations reviewing the manner in which they make information available and how they manage their records.

These trends are likely to contribute to further growth of the information and records management sector. However, the extent of the opportunity has yet to be quantified given the lack of quality research data. Furthermore, current economic conditions are likely to limit investment in new technology and increase outsourcing of information and records management operations.

Businesses that take compliance and risk mitigation seriously should be operating according to best practice and Metrofile is able to assist in all aspects of records and information management



Over 8 000 customers across all industries, from corporate to sole proprietors

Legislative changes, inclusive of the Companies Act support our business model and create opportunities

OPERATIONAL OVERVIEW



METROFILE RECORDS MANAGEMENT

Business positioning

The undisputed market leader in the supply of on-site and off-site information and records management services, working to internationally recognised standards and using tried and tested methods.

Services

- Active records management
- Data protection
- Archiving storage and management

Operational footprint

- Johannesburg
- Pretoria
- Bloemfontein
- Cape Town
- Port Elizabeth
- East London
- Durban
- Empangeni
- Nelspruit
- Mozambique

METROFILE TRAINING ACADEMY

Business positioning

Helping companies and organisations to develop effective information and records management strategies.

Services

- File plans
- Training on records management
- Policies and procedures

Operational footprint

- Johannesburg (servicing countrywide)

CSX CUSTOMER SERVICES

Business positioning

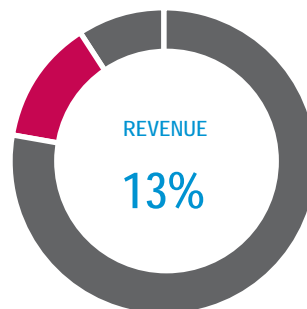
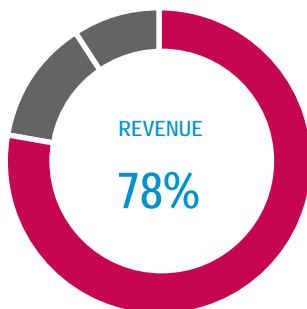
Sales and Services centre that provides exceptional service and high-quality products with its complete range of imaging, bulk mail handling, packaging and security equipment.

Services

- Equipment supply and maintenance scanners, optical mark readers, 3M products, bulk and desk-top mailing systems

Operational footprint

- Johannesburg
- Bloemfontein
- Cape Town
- Port Elizabeth
- Durban
- Across Africa





RAINBOW PAPER MANAGEMENT

Business positioning

Specialises in the efficient collection, sorting and the selling of high-grade paper waste to the manufacturers of recycled paper and other products.

Services

- Paper collection
- Paper recycling

Operational footprint

- Johannesburg (servicing Johannesburg, Pretoria and surrounding areas)
- Port Elizabeth



CLEARDATA

Business positioning

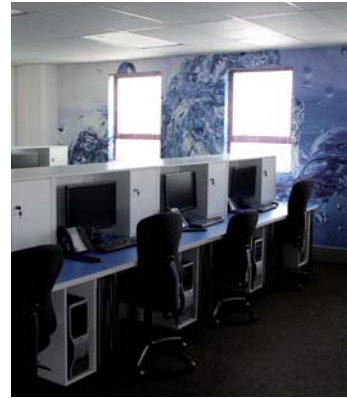
The only national operator providing on-site confidential record destruction

Services

- Confidential record destruction
- Bulk shredding

Operational footprint

- Nationwide (SA) with offices in:
Cape Town
Johannesburg
Durban



GLOBAL CONTINUITY SA

Business positioning

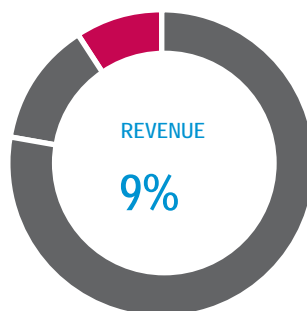
Provides effective Business Continuity and disaster recovery solutions that assist in protecting critical company information against unforeseen Business or IT disruptions, which ensures that businesses are quickly able to recover from business disruptions and survive unforeseen disasters.

Services

- Professional Services
- Continuity and Recovery Services
- Technical Services
- Data Continuity and Protection

Operational footprint

Johannesburg



ANALYSIS OF SHAREHOLDING

The following analysis of shareholders was extracted from the shareholders registers as at June 2012 and June 2011:

	2012				2011			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Portfolio size								
1 – 10 000	2 218	75,9	4 445 475	1,1	2 061	76,1	3 267 198	0,8
10 001 – 50 000	422	14,4	10 556 532	2,5	393	14,5	9 940 507	2,4
50 001 – 100 000	84	2,9	6 370 064	1,5	81	3,0	6 363 041	1,6
100 001 – 250 000	88	3,0	14 141 557	3,4	66	2,4	11 115 990	2,7
250 001 and over	112	3,8	380 656 459	91,5	107	4,0	377 398 510	92,5
	2 924	100,0	416 170 087	100,0	2 708	100,0	408 085 246	100,0
Distribution shareholders								
Directors and officers of the Company	4	0,1	38 851 307	9,3	5	0,2	31 068 127	7,6
Endowment funds	3	0,1	3 019	0,0	7	0,3	115 393	0,0
Medical aid schemes	2	0,1	89 994	0,0	1	0,0	181 866	0,0
Mutual and hedge funds	59	2,0	82 816 613	19,9	37	1,4	77 195 511	18,9
Pension funds	41	1,4	17 389 974	4,2	41	1,5	20 079 654	4,9
Insurance companies	4	0,1	13 882 246	3,3	6	0,2	16 536 465	4,1
Institutions, companies, nominees, trusts and other	410	14,0	216 925 584	52,2	380	14,0	213 599 636	51,7
Individuals	2 401	82,1	46 211 350	11,1	2 231	82,4	49 308 594	12,1
	2 924	100,0	416 170 087	100,0	2 708	100,0	408 085 246	100,0
Public/non-public shareholders								
Non-public shareholders:								
Directors and officers of the Company	4	0,1	38 851 307	9,3	5	0,2	31 068 127	7,6
Management of the Company	5	0,1	1 759 351	0,4	3	0,1	1 382 315	0,3
Mineworkers Investment Company (Pty) Ltd	1	0,0	144 303 051	34,7	1	0,1	132 360 873	32,4
Public shareholders	2 914	99,8	231 103 378	55,6	2 699	99,6	243 273 931	59,7
	2 924	100,0	416 170 087	100,0	2 708	100,0	408 085 246	100,0
Beneficial shareholders holding 5% or more as extracted from the shareholders register as at 30 June								
Mineworkers Investment Company (Pty) Ltd			144 303 051	34,7			132 360 873	32,4
Prudential Maximiser and Optimiser Funds			48 535 064	11,7			55 087 521	13,5
Corocap			44 497 742	10,7			44 497 742	10,9
Sabvest Investments (Pty) Ltd			27 571 496	6,6			20 400 000	5,0
Momentum Asset Managers			18 799 353	4,5			24 228 997	5,9

NON-FINANCIAL HIGHLIGHTS

- More than 8 000 tons of paper recycled per annum.
- Over 120 million images scanned with 58 million lines of data captured.
- Black empowerment partner, MIC, supports over 1 500 000 people.
- More than 68 000 square metres of warehousing.
- Over 1 million document retrievals by clients per annum.
- More than 100 million images, amounting to 7,2 terabytes of data, hosted for clients and accessible via the internet.
- Over 16 million files managed in active environments.
- Proprietary software, which can be adapted to clients' requirements.
- More than 500 000 scheduled deliveries and collections of back-up tapes and drives.
- Over 8 000 clients utilising our variety of services.
- Mobile shredding vehicles can shred over 2 tons of paper per hour.
- The Group employs over 1 200 people at more than 30 facilities nationwide.

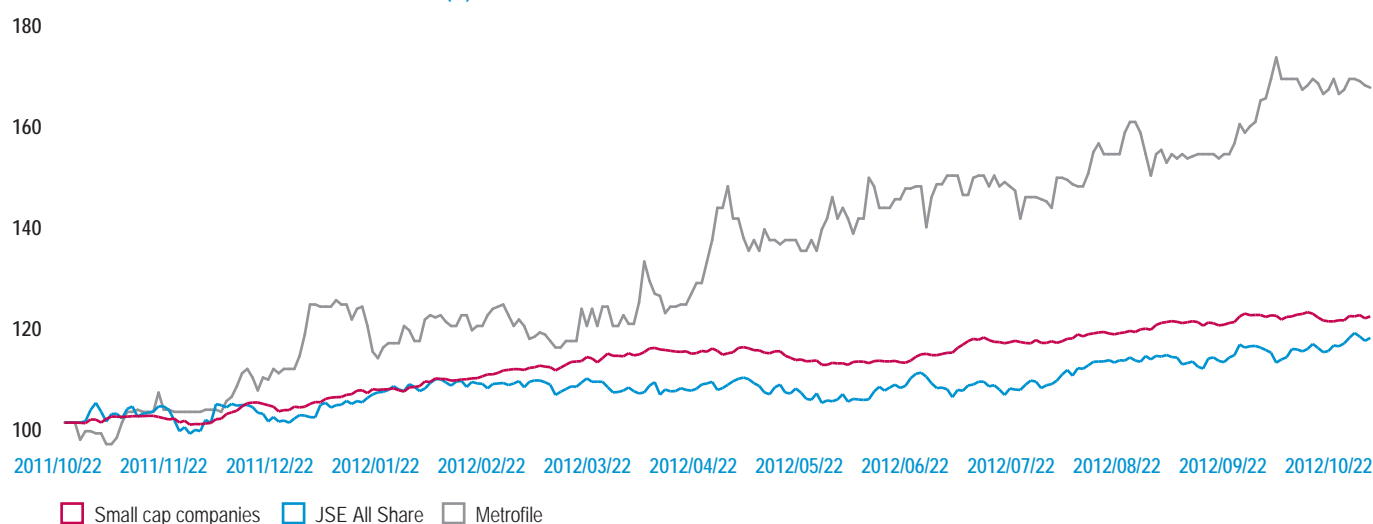
SHARE PRICE AND VOLUMES TRADED

	2012	2011	2010	2009	2008	2007
Market prices (cents per share)						
Closing (30 June)	350	205	145	90	94	184
High	360	225	160	99	186	230
Low	184	138	88	68	80	97
Closing price/earnings ratio	16,1	11,3	11,1	8,4	6,2	13,1
Number of shares in issue						
– at year-end (000)	416 170	408 085	408 085	393 997	393 997	393 997
– weighted average (000)	411 731	408 085	403 868	393 997	393 997	252 337
Volume of shares traded (000)*	36 087	34 761	42 950	95 875	103 329	135 795
Volume of shares traded to number in issue at year-end (%)**	8,7	8,5	10,5	24,3	26,2	53,0
Value of shares traded (R000)*	94 095	61 977	56 279	79 575	130 119	196 014

* Excluding shares issued in terms of the rights offer and acquisition of minorities in Metrofile (Pty) Ltd during the year ended 30 June 2007

** Excluding shares issued in terms of the acquisition of minorities in Metrofile (Pty) Ltd during the year ended 30 June 2007

ONE-YEAR SHARE PERFORMANCE COMPARISON (%)



SHAREHOLDERS' DIARY

Announcement of results	30 August 2012
Publication of annual report	26 October 2012
Last day to lodge the form of proxy for the annual general meeting	Wednesday, 21 November 2012
Annual general meeting	Monday, 26 November 2012
Results of the general meeting published on SENS on	Tuesday, 27 November 2012
Interim results announcement	March 2013
Financial year-end	30 June 2013

CHAIRMAN'S STATEMENT



Christopher Seabrooke Chairman

A continuing trend of steady growth in non-cyclical earnings

In 2011 the Board was pleased to present Metrofile's first integrated report which combined the separate reports of prior years and applies the principles and requirements of the King Code of Governance Principles for South Africa 2009 ("King III") except where specifically stated to the contrary, 2012 sees further enhancements in the report with our approach seeking to add meaningful yet concise information which will benefit stakeholders. The integrated report is presented on behalf of the Board by the CEO and CFO.

STRATEGY AND PERFORMANCE

Metrofile's financial performance in the 2012 financial year once again reflected the soundness of its strategies, the excellence of its management, the stability of its business model and the benefits of its market-dominant position in South Africa.

Basic earnings per share increased by 20% to 21,7 cents per share, continuing the trend of steady growing non-cyclical earnings over the past six years, whilst due to the groups exceptional cash conversion ratio the second year of paying dividends reflects and increase of 67% to 7,5 cents per share.

The increase in CAPEX is mainly for expansion and includes racking of R30,0 million required for growth. Due to the favourable interest rates, commodity prices and the group's increased borrowing capacity, Metrofile intends to accelerate its CAPEX programme, in respect of new buildings, in the 2013 financial year and will reduce its planned investment in the 2014 financial year accordingly.

During the year, Metrofile acquired the business of Global Continuity SA and a further 15% shareholding in Cleardata. These acquisitions were made by way of vendor placements, which resulted in a further 4,0 million shares being issued.

While share prices will obviously vary with market conditions over a period, the average growth in share price should reflect the growth in earnings and market sentiment. Over the past five financial years Metrofile's share price has grown from 94 cents to 350 cents at an annual growth rate of 30%.

GOVERNANCE AND DIRECTORATE

The Board of Metrofile comprises two executive directors and six non-executive directors of whom four are independent, four of whom are black and four of whom are female. With this sound and representative Board in place, governance in the Group is executed well.

Paul Nkuna and Roy Midlane resigned from the Board of Directors ("the Board") in March 2012 and Ndumi Medupe resigned from the Board in October 2012. Their services to the Group were much appreciated.

Phumzile Langeni joined the Board and was appointed to the Audit, Governance and Risk Committee and the Social, Ethics and Transformation Committee in March 2012.

Sindi Zilwa joined the Board and was appointed to the Audit, Governance and Risk Committee in October 2012.

Mary Bomela, the new CEO of MIC and an existing non-executive director, replaced Paul Nkuna as the Deputy Chairperson of the Board, joined the Nomination and Remuneration Committee and Chairs the Social, Ethics and Transformation Committee.

I am pleased to report that the Board and all of its committees functioned well during the year. The non-executive directors have an appropriate mix of business, financial, governance and human capital skills.

The Board regards its key functions as:

- Keepers of strategy;
- Monitors of risk;
- Custodians of management excellence; and
- Overseers of performance of the Company.

I refer stakeholders to the detailed Corporate Governance Review contained in the integrated report.

SHAREHOLDERS

I am pleased to welcome all new shareholders who have invested in the Group during the year. The Group now has 2 924 registered shareholders including 2 401 individuals. The Group has no controlling shareholder but its shareholder of reference and BEE partner is MIC which owns 34,7% of the shares in the Company.

The number of Metrofile shares which traded in the past 12 months was 8,7% of issued share capital. In recent years, institutions have materially increased their holdings in Metrofile. While this is a credit to the Company and its management, one of the side-effects is reduced liquidity in the Company's shares.

OUTLOOK

Being a trusted brand with expanding services and a stable, non-cyclical, business model, Metrofile is well positioned to continue its growth in revenue, EBITDA, earnings and dividends in year ahead.

APPRECIATION

I record my personal appreciation to my colleagues on the Board, to our executive team and to our CEO and CFO in particular for their unfailing support and also to the Group's professional advisors and bankers for their support of, and services to, the Group.

Christopher Seabrooke

FINANCIAL
HIGHLIGHTS

REVENUE

^13,7%

EBITDA

^17,0%

EBIT

^16,3%

NET FINANCE COSTS

v11,1%

PBT

^22,6%

PAT

^23,3%

HEPS

^20,0%

DPS

^66,7%

CASH GENERATED FROM OPERATIONS

^3,3%

NAV

^24,0%

SIX-YEAR REVIEW

	2012	2011	2010	2009	2008	2007
INCOME STATEMENT						
Revenue	523 731	460 552	409 563	371 097	329 935	299 740
Operating income	147 901	127 124	111 642	105 976	95 539	90 924
Net finance cost	(21 026)	(23 642)	(34 953)	(46 636)	(22 638)	(44 839)
Income before taxation and capital items	126 875	103 482	76 689	59 340	72 901	46 085
Taxation	(35 729)	(29 541)	(23 433)	(17 189)	(15 956)	(8 361)
Income after taxation	91 146	73 941	53 256	42 151	56 945	37 724
Non-controlling interests	(1 675)	(67)	(311)	(23)	–	(3 949)
Attributable income before exceptional items	89 471	73 874	52 945	42 128	56 945	33 775
Exceptional items net of non-controlling interests	–	–	–	–	–	–
Attributable income	89 471	73 874	52 945	42 128	59 313	35 261
BALANCE SHEET						
Assets						
Property, plant and equipment	335 699	313 094	286 466	249 868	205 559	174 708
Intangibles	171 666	169 943	169 943	160 499	160 499	160 499
Deferred taxation asset	1 379	2 535	3 595	186	111	–
Financial assets	–	–	–	–	11 621	–
Current assets excluding cash	103 121	83 124	72 672	75 117	63 718	69 264
Cash resources	45 966	37 710	13 791	15 463	28 817	40 131
Total assets	657 831	606 406	546 467	501 133	470 325	444 602
Ordinary shareholders' interest	382 803	308 800	240 929	171 746	129 396	70 083
Non-controlling interests	2 451	1 643	1 330	25	–	–
Deferred taxation liability	11 706	9 420	6 692	7 215	10 306	8 661
Non-interest-bearing liabilities	–	–	–	–	–	–
Short term	62 229	62 133	50 466	63 444	43 951	39 903
Interest-bearing borrowings	–	–	–	–	–	–
Long term	168 485	198 734	221 784	226 070	257 342	304 335
Short term	30 157	25 676	22 266	32 633	29 330	21 620
Total equity and liabilities	657 831	606 406	546 467	501 133	470 214	444 602
Ordinary shares in issue (thousands)	416 170	408 085	408 085	393 997	393 997	393 997
Weighted average ordinary shares in issue (thousands)	411 731	408 085	403 868	393 997	393 997	252 337
Headline earnings/(loss) per ordinary share (cents)	21,7	18,1	13,1	10,7	14,4	13,9
Dividends per share	7,5	4,5	–	–	–	–

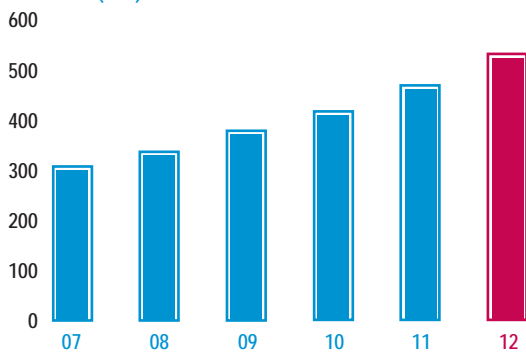
FINANCIAL RATIOS

	2012	2011	2010	2009	2008	2007
Liability	0,7	1,0	1,2	1,9	2,6	5,2
Current	1,6	1,4	1,2	0,9	1,4	1,8
Quick	1,4	1,2	1,0	0,8	1,3	1,6
Interest cover (times)	7,0	5,4	3,2	2,2	4,2	2,0
Dividend cover (times)	2,9	4,0	–	–	–	–
Debt: Equity ratio (%)	51,9	72,7	101,3	150,6	221,5	465,1
Return on property, plant and equipment (%)	27,6	24,6	19,7	18,5	31,2	20,6
Return on capital employed (%)	26,8	25,0	24,1	26,6	24,7	24,3
Return on equity (%)	23,4	23,9	22,0	24,5	45,8	50,3
Profitability						
Operating income to revenue (%)	28,2	27,6	27,3	28,6	29,0	30,3
Operating income to average assets employed (%)	23,4	22,1	21,3	21,8	20,9	26,7
Number of employees	1 285	1 223	1 179	1 030	960	963

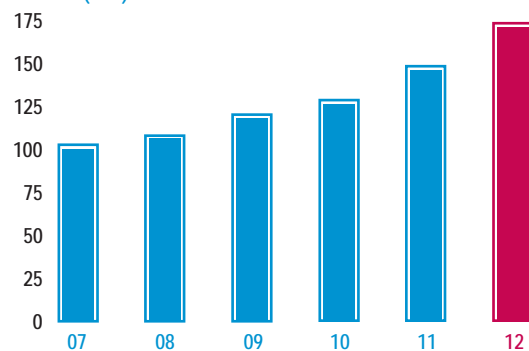
RATIO DEFINITIONS

Liability	Liabilities to ordinary shareholders' interest
Current	Current assets to current liabilities
Quick	Current assets (excluding inventories) to current liabilities
Interest cover	Operating income to net finance costs
Dividend cover	Headline earnings per share to dividend per share for the year
Debt: Equity ratio	Debt (excluding bank and cash) to ordinary shareholders' interest
Return on property, plant and equipment	Attributable income to property, plant and equipment
Return on capital employed	Operating income to ordinary shareholders' interest and interest bearing liabilities
Return on equity	Attributable income to ordinary shareholders' interest
Average assets employed	Average total assets at the beginning and end of the financial year

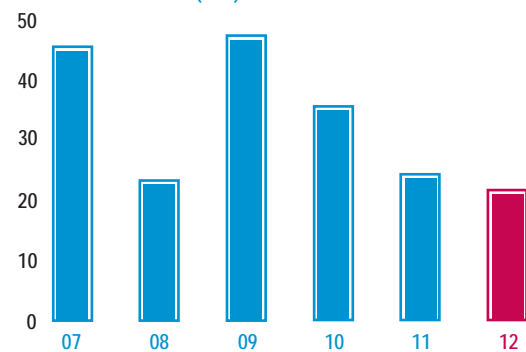
REVENUE (R'm)



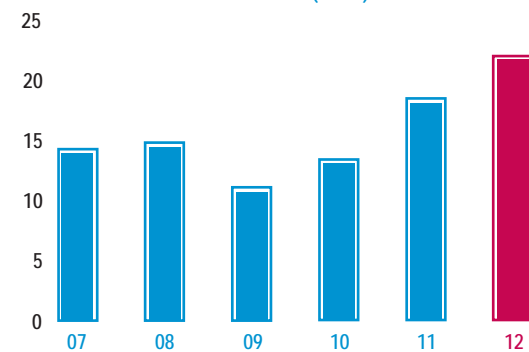
EBITDA (R'm)



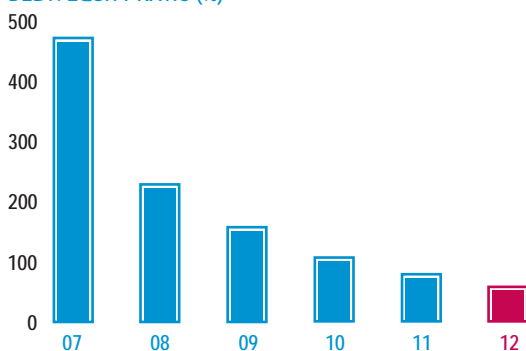
NET FINANCE COSTS (R'm)



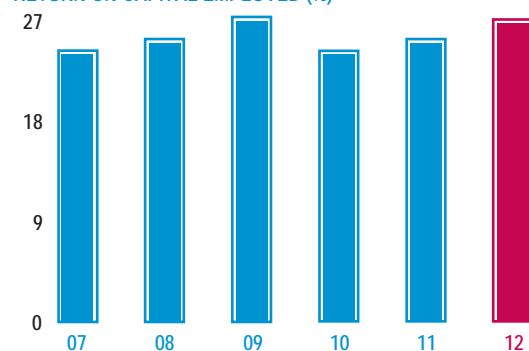
HEADLINE EARNINGS PER SHARE (cents)



DEBT: EQUITY RATIO (%)



RETURN ON CAPITAL EMPLOYED (%)



CHIEF EXECUTIVE OFFICER REPORT



Graham Wackrill Chief Executive Officer

Metrofile is pleased to present its second integrated report to its stakeholders.

The report has been prepared in line with the recommendations of the King III Code and its format and content are based on the discussion paper issued in January 2011 by the Integrated Reporting Committee for South Africa.

Metrofile Holdings Limited ("Metrofile" or "the Company") is a South African company, which owns several subsidiary companies with various divisions. The Company and its subsidiaries together constitute the Metrofile Group ("the Group"). This integrated report covers the operations and activities of the Metrofile Group.

The Group's annual financial statements for the year ended 30 June 2012 are prepared in accordance with the recognition and measurement principles of International Financial Reporting, the AC500 standards issued by the Accounting Practices Board or its successor, the Listings Requirements of the JSE Limited and the Companies Act of South Africa.

The Board of Directors acknowledges its responsibility to ensure the integrity of the integrated report. In the opinion of the Board, the integrated report addresses all material issues of which it is aware and presents fairly the integrated performance of the organisation and its impact on stakeholders. The Board has authorised the integrated report to be presented as part of the 2012 annual report when it is dispatched to shareholders and posted on the Company's website.

BUSINESS REVIEW

Overview

Metrofile is the undisputed market leader in information and records management providing end-to-end outsourced, in-sourced and co-managed solutions. The Company has continued to leverage off its significant products and services and is able to adapt to customers' needs due to the fact that we utilise proprietary systems which are developed internally. The Group has a significant annuity revenue base and is non-cyclical in nature which has resulted in 29 years of year-on-year growth at the operational level. The intellectual property, drive and passion embedded in our management teams across the Group have delivered results despite the challenges inherited due to the MGX collapse. The Metrofile Records Management division, which contributes 79,5% of the Group's revenue, is ideally positioned for continued

growth due to the increased focus by businesses on corporate governance, legal compliance and risk mitigation relating to good record-keeping.

STRATEGY

Metrofile will continue to expand its services in the information management sector through, both innovation and acquisition; whilst a 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 strategy. The storage and management of documents, records and data as well as the controlled and timely access thereof assists clients not only with their archiving and record keeping requirements but also their risk mitigation and legal compliance.

Metrofile's expansion into Africa will be driven by the demand of existing customers that have a need for similar services to those received in South Africa. Metrofile is now established in Mozambique and is committed to commencing operations in Nigeria in partnership with G4S and will expand into other African countries once the Nigerian business is established.

Metrofile will continue to focus on growth from the core as well as opportunity for appropriate acquisitions. We acquired 55% of the Cleardata business in December 2009 and increased our stake to 70% in April 2012. The business is growing extremely well and has secured a number of large national clients on the back of the Metrofile name and customers. In March 2012, we acquired the business of Global Continuity; this business provides customers with business and IT Continuity services and business complements the Metrofile Data Protection offering.

BUSINESS UNIT PERFORMANCE

In the main all divisions performed to our expectations. The Metrofile Records Management division continued to focus on solution selling and cross selling to existing customers, which has delivered the required results. CSX Customer Services continues to trade well in tough conditions and although the revenue growth in the current year was marginal the mix of products lead to significant increase in operating profit. The Cleardata division, although coming off a low base, produced growth of 100% on revenue and 400% on EBITDA. Rainbow Paper Management margins are under pressure due to the world oversupply of waste paper but this is cyclical and we believe will rectify itself in the next 12 to 18 months.

Financial review

Revenue increased by 13,7% to R524 million, EBITDA by 17,0% to R171 million and EBIT by 16,3% to R148 million. Cash generation and working capital management remained positive with increases in inventory and accounts receivable being in line with expectations. Net finance costs reduced by 11% in line with the continued reduction in the group's debt level. Net debt: equity reduced to 40,0% (June 2011: 60,5%).

Expansion

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. The Group will continue to invest in owned premises and due to current market conditions will build warehouses in Johannesburg and Cape Town during the next financial year. Owned premises comprised 50 000 square metres and leased premises 38 900 square metres at year-end.

DIVIDENDS

The improvement in the Group's financial structure and cash flows have enabled the Board to improve the dividend cover, for the full year, from 4,15 times in the comparative year to 3,10 times for the current year, whilst simultaneously reducing net debt.

A final gross cash dividend of 4,5 cents per share in respect of the year ended 30 June 2012 was declared payable to the holders of ordinary shares recorded in the books of the Company on Friday, 5 October 2012, this was in addition to the interim dividend of 3,0 cents per share. Withholding tax on dividends was deducted for all shareholders who are not exempt in terms of the legislation and paid to SARS.

INVESTMENT CASE

Investing in Metrofile means investing in a trusted brand with an annuity based, non-cyclical business, which generates good cash flow and without fail we have grown even through the tough times experienced, due to legacy inherited debt and the economic slump of the last four years.

CHIEF FINANCIAL OFFICER REPORT



Richard Buttle Chief Financial Officer

Metrofile's growth in revenue was the strongest in the last 10 years which reflects both the robustness of the business and the realisation of the strategies relating to the change in approach to solution selling and the acquisitions done in the preceding years.

The conversion of revenue through to EBITDA and EBIT has improved again over the last two years which reflects the efficiencies created and the leveraging of volume.

The statement of comprehensive income reflects the fair valuing of the interest rate swaps and the movement on translation of the foreign subsidiary in Mozambique. The interest rate swaps comply with hedge accounting requirements and therefore don't impact the income statement when fair valuing the remaining portions.

Operating lease commitments amount to R55 million for the next five years. Capital expansions for the 2013 financial year amount to R65 million including the building of warehouses which amounted to R31 million.

Metrofile accounts for its property portfolio on a cost basis. During the current reporting period there were no additions to the portfolio. The properties will be valued again before the calendar year-end and the values reported with the group's interim results.

The statement of changes in equity reflects the shares issued in terms of the vendor placements relating to the acquisitions done, the shares issued to management in terms of the share schemes and the dividends paid during the financial year.

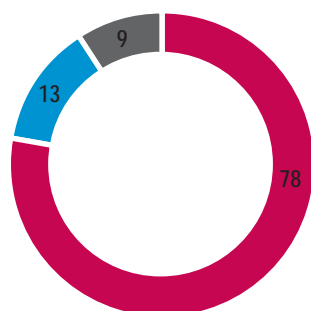
Although the cash generated from operations growth was only 3,3% the increase in working capital of R18 million is in line with expectations; of this amount R9 million is due to revenue growth, R3 million due to the change in the operating environment of Rainbow Paper Management which has resulted in terms needing to be granted to customers and R3 million was invested in inventory for resale on 1 July 2012. The balance of the increase in working capital amounting R3 million is due to a tougher collection environment. It should be noted that in the last 10 years Metrofile has not exceeded a bad debt write off of R300 000 in any year.

The strategic and operational risks are closely as a consequence monitored and issues relating to fluctuating foreign exchange rates and interest rates have, as a consequence, a minimal impact on the group's overall results. Foreign exchange fluctuations mainly impact the CSX Customer Services business due to the import origin of some of the equipment sold, we do however take forward cover on all non-stock purchases at the time of the customer placing the order. The foreign exchange risk therefore mostly impacts the potential sale due to an increased selling price. The interest rate swaps shield the group from interest rate fluctuations, however, in the current economic environment the risk for the uncovered portion of the debt is minimal.

Average senior management service in excess 10 years

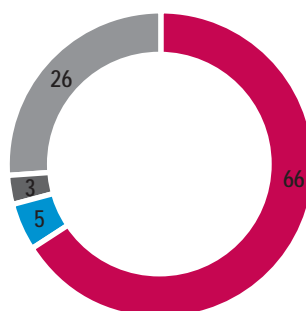
Delivering exceptional shareholder value

REVENUE (%)



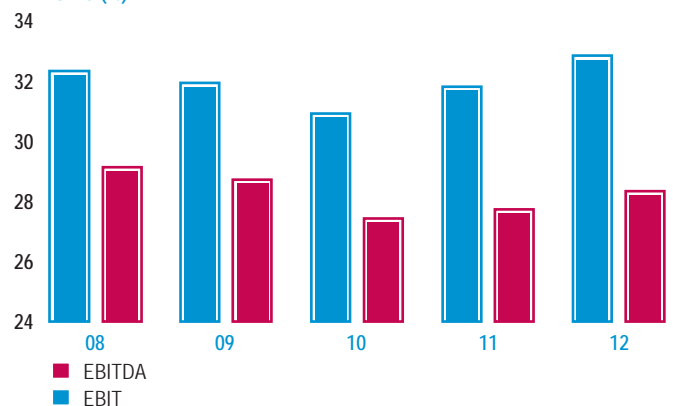
■ Metrofile Records Management
■ CSX Customer Services
■ Other

OPERATING PROFIT (%)



■ Metrofile Records Management
■ CSX Customer Services
■ Other
■ Property companies

MARGINS (%)



BOARD OF DIRECTORS' PROFILES



Christopher Stefan Seabrooke (59)

BCom, BAcc, MBA, FCMA

Independent non-executive chairman

Chairman of the nomination and remuneration committee

Nine years' service

(Appointed 28 January 2003)

Chris has been a director of over 20 stock exchange listed companies over the years. He is currently CEO of Sabvest Limited, chairman of Transaction Capital Limited, deputy chairman of Massmart Holdings Limited and a director of Brait SE, Chrometco Limited, Datatec Limited and Net1 UEPS Technologies Inc. He is a former chairman of The South African State Theatre and was also deputy chairman of the inaugural National Arts Council of South Africa. He is a member of The Institute of Directors.

Mr Carl Coultts-Trotter (35) BBusSc (Actuarial Science), SASSA, FZA (UK) was approved by the Board in April 2011 as an alternate to Mr Seabrooke. He is executive deputy chairman of SA Bias Industries (Pty) Ltd, a director of Sabvest Limited and on the boards of a number of unlisted companies in RSA and abroad.



Mary Sina Bomela (39)

CA(SA), MBA

Non-executive director and deputy chairperson

Member of the nomination and remuneration committee

Chairperson of the social, ethics and transformation committee

Two year's service

(Appointed 8 September 2010)

Mary is the CEO of the Mineworkers Investment Company (Pty) Ltd ("MIC") and previously held the positions of chief financial officer at Makhubu Logistics and executive of corporate services at the South African Institute of Chartered Accountants.



Graham Dunbar Wackrill (58)

BCompt

Chief Executive Officer

Member of the social, ethics and transformation committee

Eight years' service

(Appointed 29 January 2004)

Graham is a pioneer of the industry in South Africa with more than 25 years' experience in providing information and records management services. A founding member of South Africa's first records storage company, Graham has played a key role in the industry's development and in Metrofile's rise to its position as the market leader. He has furthermore been instrumental in consolidating the Group and in building its capacity and capability. Graham, who is a director of all Metrofile Group companies, continues to spearhead the Company's development and its expansion into Africa.



Richard Matthew Buttle (40)

CA(SA)

Chief Financial Officer

Member of the social, ethics and transformation committee

Six years' service

(Appointed 4 December 2006)

Richard joined the Metrofile Group in 1996 following the completion of his articles and a one-year stint performing a forensic audit for a major South African concern. A key member of the management team, Richard has held several financial management and director roles within the Group and has played an active role in its development, financial restructuring, capacity building, acquisitions, risk as well as corporate marketing and communications.



Phumzile Langeni (38)

BCom
Independent non-executive director
Member of the audit, governance and risk committee
Member of the social, ethics and transformation committee
First year's service
(Appointed 30 March 2012)

Ms Langeni is the Executive Chairperson of Afropulse Group (Pty) Ltd, an investor relations and corporate advisory house, non-executive chairperson of JSE-listed Astrapak Limited, a non-executive director of Imperial Holdings Limited and Massmart Holdings Limited, a member of the Port Regulator and a non-executive director of a number of unlisted companies.



Cynthia Pongweni (neé Mapaura) (35)

BCompt Hons, CA(SA), CA (Zimbabwe)
Non-executive director
Four years' service
(Appointed 27 February 2009)

Cynthia is a chartered accountant by profession having served articles with Deloitte & Touche (Zimbabwe). In 2000, Cynthia transferred to Deloitte & Touche South Africa where she was appointed as an audit manager and finally an audit partner in 2007. She subsequently left the profession to take up her current role with the Mineworkers Investment Company MIC where she is executive director responsible for finance and strategy. In addition to Metrofile, Cynthia serves on the boards of a number of the MIC group's strategic investments.



Ian Nigel Matthews (67)

MA (Oxon), MBA (UCT)
Lead independent non-executive director
Chairman of the audit, governance and risk committee
Member of the nomination and remuneration committee
Member of the social, ethics and transformation committee
Six years' service
(Appointed 1 June 2006)

Nigel is a skilled campaigner with a long career in owning and managing service-related businesses.

His career started in the hotel and tourism industry where he worked his way up to the post of managing director of Holiday Inns Limited and executive director of Rennies. Nigel left Holiday Inn to start his own business, the Sentry Group Limited, which he later sold to an international group (2001). He is currently a non-executive director of City Lodge Holdings Limited, Sun International Limited and Indian Ocean Real Estate Company Limited.



Sindi Zilwa (44)

BCompt Hons, CTA, CA(SA)
Advanced Taxation Certificate (UNISA)
Independent non-executive director
Member of the audit, governance and risk committee
First year's service
(Appointed 16 October 2012)

Advanced Diploma in Financial Planning (UOFS)
Advanced Diploma in Banking (RAU)

Sindi started practising in 1993 and she is the chief executive officer of Nkonki Inc, a registered firm of auditors and consultants. She is a non-executive director of Woolworths Limited, Discovery Limited, Aspen Pharmacare Holdings Limited, Rebois Property Fund and Air Traffic Navigation Services SOC Limited ("ATNS"). She chairs the Discovery, Aspen and Rebois Limited's Social and Ethics Committees and also chairs the Rebois Audit and Risk Committee. She is a member of the Audit and Risk Committees of Woolworths, Aspen and Discovery, a member of the Discovery Actuarial Committee and a member of the Remuneration Committee of Rebois Property Fund.

Her past directorships include The Transkei National Building Society, The South African Mint, The SARB Cell Captive Insurance Company, WIPHOLD, Telkom, Primedia, Strate Limited, Institute of Directors, Ethos Private Equity and she was the past chairperson of the Board of Airports Company Limited.

CORPORATE GOVERNANCE AND STRUCTURE

Metrofile Holdings Limited and its subsidiaries confirm their commitment to the principles of openness, integrity and accountability as advocated by the King III Code and remain committed to complying with all legislation, regulations and best practices relevant to the business.

Throughout the year ended 30 June 2012 and up to the date of approval of this integrated report and annual financial statements, the principles articulated in the King III Code have been applied or if not applied, explanations are noted in the appropriate section of the Group's integrated report.

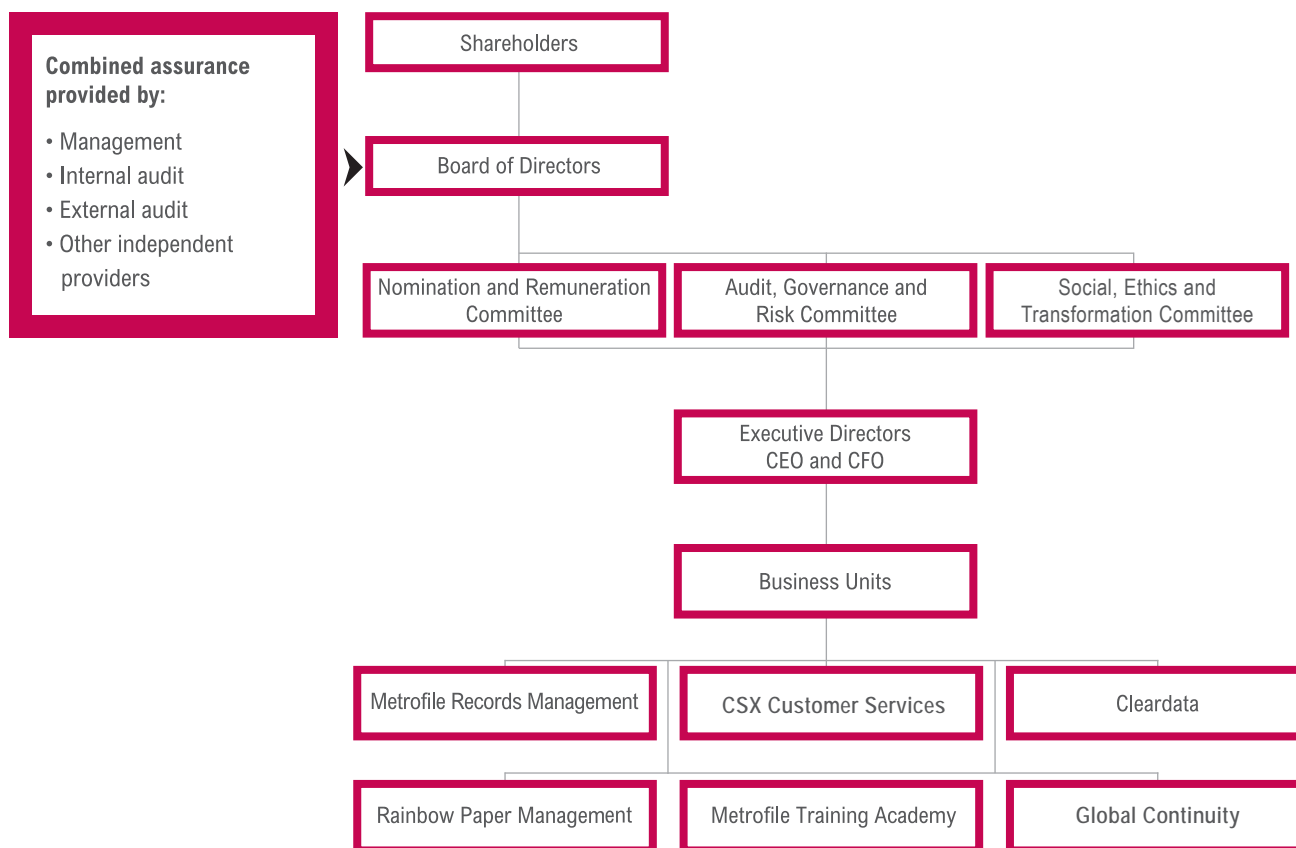
The Group's corporate governance structure is represented in the adjacent diagram:

A strong, experienced Board with the appropriate qualifications and skills



Metrofile has a robust risk management process





Combined assurance provided by:

- Management
- Internal audit
- External audit
- Other independent providers

BOARD OF DIRECTORS

The Board, which is chaired by an independent non-executive director, comprises four independent non-executive directors, two non-executive directors and two executive directors. All director appointments are formal and transparent.

To fulfil their responsibilities, Board members have full and unrestricted access to relevant information and the services and advice of the company secretary. Directors may also obtain independent professional advice at the expense of the Company.

The Board of Metrofile is responsible for directing the Group towards achieving its vision and mission. The Board is ultimately accountable for the development and execution of the Group's strategy, operating performance and financial results, practised within the Group's formal governance authorities. The Board is responsible for its own composition, the appointment of the chairman and chief executive officer and the constitution and composition of its committees.

The role of all directors is to bring independent judgement and experience to Board deliberations and decisions. Mr Christopher Seabrooke continues his role as chairman of the Board and Mr Graham Wackrill is the chief executive officer. The separation of these two roles ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. Brief biographical details of each Board member are reported on pages 14 and 15.

Notwithstanding Mr Seabrooke's tenure of nine years on the board and his family's indirect economic interest of 2.2% in Metrofile (see page 36), the other Board members have unanimously determined that Mr Seabrooke continues to exercise strong independent judgment and leadership in his capacity as chairman of the Group.

The Board meets at least four times a year and is responsible for Group strategy, policy and performance as well as the management, control, compliance and ethical

behaviour of the group of companies under its direction. The executive directors, being involved with the day-to-day business activities of the Group, are responsible for ensuring that decisions, strategies and views of the Board are implemented. During the year, the Board received presentations from management on the strategic plans and budgetary matters as well as any other items requiring in-depth coverage in terms of the Group's authority framework.

The Board works to a formal agenda that covers strategy, structure, information technology, operating performance, growth initiatives and other key activities of the Group. To do so effectively, formal documents and minutes of all Board committees are included in the Board papers.

The Nomination and Remuneration Committee facilitates a comprehensive annual formal performance evaluation of the chief executive officer ("CEO"), comprising a self-evaluation and an evaluation by every non-executive director via a questionnaire that allows for detailed responses and comments. The chairman provides summary and feedback of these exercises to the CEO, and he is encouraged to probe and debate any aspect of the evaluation with the full Board. All Board members complete an evaluation of the effectiveness of the chairman via questionnaire, the results of which are sent directly to the company secretary for assessment and collation. All Board members complete a detailed self-assessment each year probing the composition, duties, responsibilities, process and effectiveness of the Board. All Board committee members complete a detailed self-assessment probing the composition, duties, responsibilities, process and effectiveness of their committees; this self assessment includes comments from permanent invitees as well as the external auditors.

In terms of the Company's Articles of Association, all non-executive directors retire by rotation every three years. In the event that no directors are due for rotation, the two with the longest period since reappointment automatically retire. Retiring directors are proposed for re-election by shareholders.

CORPORATE GOVERNANCE AND STRUCTURE (CONTINUED)

Shareholders must also ratify the initial appointment of each director at the first annual general meeting ("AGM") of shareholders following that director's appointment. At the 2012 AGM, Phumzile Langeni's and Sindi Zilwa's initial appointments will be presented for ratification whilst Mary Bomela and Richard Buttle will retire by rotation and, being eligible, will offer themselves for re-election. On behalf of the Board, the company secretary confirms that on the basis of the annual evaluation of the chairman, the performance and commitment of Mr Seabrooke throughout his period of office have been highly satisfactory. On behalf of the Board, the chairman confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of all directors up for re-election throughout their periods of office, have been highly satisfactory.

Directors' attendance at Board meetings during the 2012 financial year

Directors	Date appointed	Meeting attendance
CS Seabrooke* #	28/01/03	4/4
MS Bomela*	08/09/10	3/4
GD Wackrill (CEO)	29/01/04	4/4
RM Buttle (CFO)	04/12/06	4/4
P Langeni	30/03/12	1/1
CN Pongweni (néé Mapaure)	27/02/09	3/4
IN Matthews	01/06/06	4/4
S Zilwa	16/10/12	N/A

Directors who resigned	Date resigned	Meeting attendance
N Medupe	12/10/12	4/4
SR Midlane	30/03/12	2/3
AP Nkuna	30/03/12	2/3

* Chairman

+ Deputy Chairperson

Mr Carl Coultis-Trotter was appointed as alternate director to Mr Christopher Seabrooke on 13 April 2011

The Board has established three committees to assist it with its duties namely the Nomination and Remuneration Committee, the Audit, Governance and Risk Committee and the Social, Ethics and Transformation Committee, which was established with effect from November 2011.

The charters for each of these committees are available on the Group's website (www.metrofileholdings.com) or from the company secretary.

The Board is satisfied that it has complied with its legal and regulatory responsibilities throughout the period under review.

AUDIT, GOVERNANCE AND RISK COMMITTEE

The Group's Audit, Governance and Risk Committee comprises three non-executive directors, all of whom are independent and one of whom chairs the committee. These meetings are also attended by representatives of MIC, the executive directors, the external auditors and the internal auditors. The mandated functions of the Audit, Governance and Risk committee are to:

- ensure and report on the integrity, reliability and accuracy of the Group's accounting and financial reporting systems;
- promote the overall effectiveness of corporate governance in the Group;
- review the findings and reports of the external auditors;
- consider and recommend the annual and interim financial statements for approval by The Board;
- consider that the going concern assertion remains appropriate;

- consider the risks in the Group's business environment;
- consider the independence and recommend the re-appointment of the external auditors; and
- ensure that it has oversight of the integrated report and the factors, risks and sustainability matters that may impact the integrity thereof.

The committee reviews the scope, independence and objectivity of the external auditors and agrees on appropriate fees. The nature and extent of non-audit services provided by the external auditors is reviewed annually to ensure that fees for such services do not become significant enough to call into question their independence of Metrofile.

The committee has adopted a guideline that fees paid to the Group auditors for non-audit services should not exceed the level of audit fees charged to the Group. If it appears that this guideline will be breached consistently, non-audit services will be outsourced to third-party auditors. The Audit, Governance and Risk Committee recommends the appointment of the external auditors for Board and shareholder approval.

The Audit, Governance and Risk Committee is responsible for selecting the external auditor and recommending its appointment to the shareholders. The committee monitors the external auditor as described in more detail later in this report.

During the financial year, Deloitte & Touche were the external auditors for all Group companies. During the current and previous financial years, Deloitte & Touche provided certain non-audit services, including tax reviews and advice, as well as reviews of information technology systems and applications.

The external auditors have unrestricted access to the Audit, Governance and Risk Committee and present formal reports to its meetings.

The Audit, Governance and Risk Committee reviews the operation of the Group's internal audit function and annually reviews the internal audit charter and recommends it to the Board.



As required by the JSE Listings Requirements, the Audit, Governance and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the CFO. Furthermore, the committee considers annually the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management responsible for the finance function. For the year under review, the committee has satisfied itself on this point.

The committee assists the Board in reviewing the risk management process and significant risks facing the Group. The committee sets the Group's risk strategy in liaison with the executive directors and senior management, making use of generally recognised risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control as described later in this report.

The committee identifies and monitors, at least annually, key performance indicators and key risks including operational, physical, human resources, technology, continuity, credit, market and compliance risks.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees, which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its charter.

The Audit, Governance and Risk Committee meets at least three times a year.

Attendance at Audit, Governance and Risk Committee meetings

Directors	Date appointed	Meeting attendance
IN Matthews*	01/06/06	4/4
P Langeni	30/03/12	1/1
S Zilwa	16/10/12	N/A

Directors who resigned	Date resigned	Meeting attendance
N Medupe	12/10/12	4/4
SR Midlane	30/03/12	2/3

* *Chairman*

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of three non-executive directors, one of whom chairs the committee.

The committee is responsible for the recruitment and nomination of new non-executive directors and advise on their remuneration and ensure that succession plans are in place for the CEO, CFO, the executive directors and divisional heads of the Group's business units.



The committee is also responsible for formulating a remuneration strategy for senior executives in the Group, inclusive of the determining of any grants to executive directors and other senior employees made pursuant to the Company's share schemes, and satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives. This includes determining incentive pay structures for directors and senior executives in both the short- and long-term and aligning these levels with competitive practice locally and internationally as well as the Company's strategic objectives.

The committee must oversee the setting and administering of remuneration at all levels in the Company, regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules. It must also oversee the preparation of, and recommend to the Board, the remuneration report to be included in the integrated report and ensure that the remuneration policy is put to a nonbinding advisory vote at the general meeting of shareholders once every year.

Metrofile aims to have a remuneration policy that enables it to recruit, retain and motivate executive talent in its primary business units and in its head office.

The committee employs the services of specialist consultants in the field of executive remuneration to assist it when necessary. The consultants who have been retained in this role to date are PricewaterhouseCoopers.

The committee meets at least three times a year.

Attendance of Nomination and Remuneration Committee meetings

Directors	Date appointed	Meeting attendance
CS Seabrooke*	07/10/05	3/3
MS Bomela	30/03/12	1/1
IN Matthews	01/06/06	3/3

Directors who resigned	Date resigned	Meeting attendance
AP Nkuna	30/03/12	1/2

* *Chairman*

The Board has elected not to apply the King III Code recommendation that the chairman of the Board should not also chair the Remuneration Committee.

The Board is of the view that the Company's corporate governance and the effectiveness of the Nomination and Remuneration Committee are best served by the Board chairman also chairing the Nomination and Remuneration Committee in view of the high level of ongoing interaction between the chairman and the CEO and the resultant comprehensive knowledge of the Group's executives and their performance by the chairman.

The CEO and the CFO may be invited to attend meetings of the Nomination and Remuneration Committee but neither may take part in any discussions regarding their own remuneration.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Group previously formed a transformation committee to support the Nomination and Remuneration Committee and the human resources function. The committee was chaired by Mr Paul Nkuna (previous deputy chairman and Mineworkers Investment Company representative) and included Ms Ndumi Medupe (independent non-executive director), Mr Graham Wackrill (chief executive officer) and Mrs Vera Massyn (human resources executive). The committee met as required and fed back information to the Board via the Nomination and Remuneration Committee.

CORPORATE GOVERNANCE AND STRUCTURE (CONTINUED)

The Board noted the requirements for the establishment of a Social and Ethics Committee under the new Companies Act and as a result the Board has formed a new committee, namely the Social, Ethics and Transformation Committee and dissolved the Transformation Committee noted above. The Social, Ethics and Transformation Committee charter was approved in November 2011 and the committee meets at least twice a year.

Attendance at Social, Ethics and Transformation Committee meetings

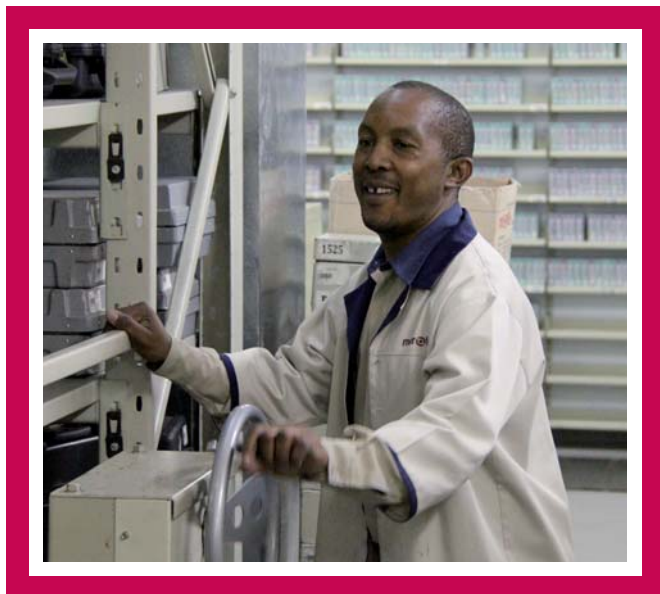
Directors	Date appointed	Meeting attendance
MS Bomela*	28/11/11	1/1
RM Buttle	28/11/11	1/1
P Langeni	28/11/11	1/1
IN Matthews	28/11/11	1/1
GD Wackrill	28/11/11	1/1

* Chairperson

The Group has a code of ethics and the leadership team continually enforces a culture of integrity and conducts itself accordingly. The CEO and CFO lead by example in terms of commitment, hard work, honesty and integrity. The Company previously subscribes to a whistle-blowers hotline, which was established in order to create a channel for anonymous tip-offs relating to any matter of concern impacting the Company or stakeholders.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary and are entitled and authorised to seek independent and professional advice about affairs of the Group at the Group's expense. The company secretary, Mrs Paige Atkins, is responsible for the duties set out in section 88 of the Companies Act of South Africa.



INTERNAL FINANCIAL CONTROL

The Board is responsible for the Group's system of internal control, which is designed to safeguard assets, prevent and detect error and fraud and ensure the accuracy and completeness of accounting records and the reliability of financial statements. The internal audit function, which is outsourced to KPMG, has been in place since 2007, further enhancing the Group's commitment to ensuring adequate internal financial controls are in place at all times. The internal audit function has gained momentum and is covering a broader range of audit assignments than in previous

years. There is also a clear plan which has been designed to cover all major areas of risk over the three-year period; this plan has been presented to and approved by the Audit, Governance and Risk Committee.

While we recognise that systems of internal control can provide only reasonable and not absolute assurance, none of the reviews conducted indicated that the system of internal control was neither appropriate nor functioning unsatisfactorily. Based on the information and explanations given by management and both the internal and external auditors, the directors believe financial records may be relied on for preparing the annual financial statements and maintaining accountability for assets and liabilities.

Representations are made by management at a divisional level and management assurance forms part of the Group's combined assurance plan as disclosed on page 22 and 23.

RISK MANAGEMENT

The appropriate emphasis placed by the King III Code on strategic, operational, financial, information technology and fraud risk management, including whistle-blowing, is fully supported by the board of directors. Comprehensive risk management assessments of the Group's operations take place during each financial year. A comprehensive risk register is in place and constantly managed by the appropriate executive management members. There is no separate risk committee, however, the Audit, Governance and Risk Committee takes responsibility for matters relating to risk and the mitigation thereof.

The risk management process involves the identification of the key risks facing the business and the implementation of controls to mitigate the risks where possible. The Board obtains assurance that the controls over the identified risks are operating effectively by means of external and internal assurance providers including the external auditors, internal auditors and other professional advisers as well as from management itself. During the 2011 financial year, the Board implemented a formal combined assurance framework in order to co-ordinate and monitor the provision of assurance. (More detail is covered on pages 22 and 23 under Combined Assurance.)

The Board sets the level of risk tolerance and limits of risk appetite for Metrofile as part of its strategic direction setting of the Group. In evaluating the risk of acquiring new businesses and entering new geographies as well as directing the development of existing businesses, the Board takes a prudent approach to risk informed by many years of experience in the Group's main business streams. The Board also draws on the experience of its non-executive directors in other fields of business in setting the Group's approach to risk in a wider context.

The Board is responsible for the total process of risk management and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board and the Audit, Governance and Risk Committee monitor risk management activities as a standard item on their agendas and actively participate in discussions around risk topics raised.

Strategic risks are continually reviewed and ranked by inherent risk based on the evaluation of the probabilities and severity for each risk. The mitigation of each risk is assessed based on controls put in place and the resultant residual risk is also calculated.

The different business operations within the Group all have operational risk registers, which are monitored on a daily basis utilising CURA risk management software. Operational risks, along with health and safety requirements, have been identified and within each division risk owners have been assigned and daily, weekly, monthly or annual tasks have been specified along with the responsible person. Risk management has become a part of daily business life for all management and supervisors within the Group.



Risks associated with information technology are specifically identified and the Group has robust business continuity and disaster recovery plans. In addition, a technology report is presented annually to the Audit, Governance and Risk Committee as well as to the Board, identifying key elements within the current structures, areas of concern and initiatives being investigated.

The top five inherent risks, in no particular order, are noted below:

Applicable business strategy and business sustainability

The Group's combined and individual business unit strategies need to be sound and tested. There are numerous challenges and opportunities which arise out of the Group's existing offerings and changes in the environment we deal in. By engaging with our customers as to their requirements and adapting our solutions to meet their needs, we ensure that we are well positioned to evolve our strategy and ensure business sustainability. The Group keeps abreast of legal and regulatory changes, which impact our environment and the strategic vision for the Company is constantly reviewed and actions taken to ensure that it is applicable to current and future market needs and trends.

Systems continuity

The Group is critically dependent on its IT infrastructure and systems. Unexpected failures to the IT systems and infrastructure could cause severe interruptions to the business and result in lost productivity and poor service delivery to clients. Numerous controls are in place to mitigate this risk and ensure business continuity.

Fire damage

The Group faces permanent loss of business revenue and potential damage to the corporate image if a fire was to occur and destroy a warehouse. The Board and management have various processes, personnel, policies and equipment in place in order to mitigate the risk of fire. These include preventative measures with respect to lighting, shutting down facilities as well as the installation of both fire detection and fire suppression systems of various forms. Fire-fighting teams have been appointed and receive regular training specific to our environment.

Cross border expansion

The incorrect assessment of a foreign country, the risks and implementation of new operations/projects as well as unknown legislation and/or change in legislation and possible asset seizure by foreign authorities could result in material financial losses.

HIV/AIDS infections and staff wellness

The business is labour-intensive and the risk of employees being in poor health is high on a general basis as well as with respect to HIV/ AIDS. The Group has had a strategy for a number of years to combat this risk both for the benefit of our employees and the business. There are tests and counselling offered to all employees, free of charge on a continual basis. (Further detail is disclosed under the Employee Wellness section of the sustainability report on page 25.)

Richard Buttle, the CFO, assumes the role of chief risk officer.

INFORMATION TECHNOLOGY

Part of the risk management process includes identifying technology related risks and mitigating them as best possible. Systems continuity is of critical importance to the operations of the Group and as such it appears in the top five risks for the Group. The use of technology and the evolution thereof within the business in order to streamline processes, save power and maximise efficiency is a case of continuous improvement. Technology changes also create opportunities for the Group to offer additional services to our clients. The group utilises DELL hardware with full support and appropriate maintenance agreements, which further support the business continuity effort. Microsoft is the Groups' choice with regards to core software and all proprietary software is developed on the SQL platform. As a Group our information technology adoption is good and we are quick to implement the latest version released.

MANAGEMENT REPORTING

The Group has established management reporting disciplines, which include the preparation of annual budgets by operating entities. Monthly results and the financial status of operating entities are reported against approved budgets. Financial forecasting, inclusive of revenue, profit, interest, capital expenditure, cash flows and dividends, are reviewed regularly while working capital, borrowing facilities and bank covenant compliance are monitored on an ongoing basis. All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from the same financial systems, which are subject to the internal controls and risk management procedures described above.

SHARE DEALINGS

All share dealings by a director or prescribed officer must be authorised by either the chairman or CEO. Any dealings by the CEO are authorised by the chairman and dealings by the chairman are authorised by the CEO. A formal share dealing guideline has been adopted by the Board. Restrictions are imposed upon directors and senior management in the trading of Metrofile shares and upon all employees regarding the exercising of Metrofile share-based incentives during certain "closed periods". In light of the JSE Listings Requirements, the insider trading laws and good corporate governance, the Metrofile Nomination and Remuneration Committee has advised that employees are not permitted to exercise their share options during closed periods or when in possession of unpublished price-sensitive or inside information relating to Metrofile. The closed periods begin the day after each reporting date (these reporting dates being 31 December and 30 June) and end on release of Group results. A closed period also applies whenever Metrofile issues a cautionary announcement until it is withdrawn.



CORPORATE GOVERNANCE AND STRUCTURE (CONTINUED)

STAKEHOLDER COMMUNICATION AND INVESTOR RELATIONS

Metrofile has identified its stakeholders and has several channels for engagement and communication. The Group is currently expanding its engagement with customers and suppliers with regards to issues of mutual importance inclusive of sustainability and transformation.

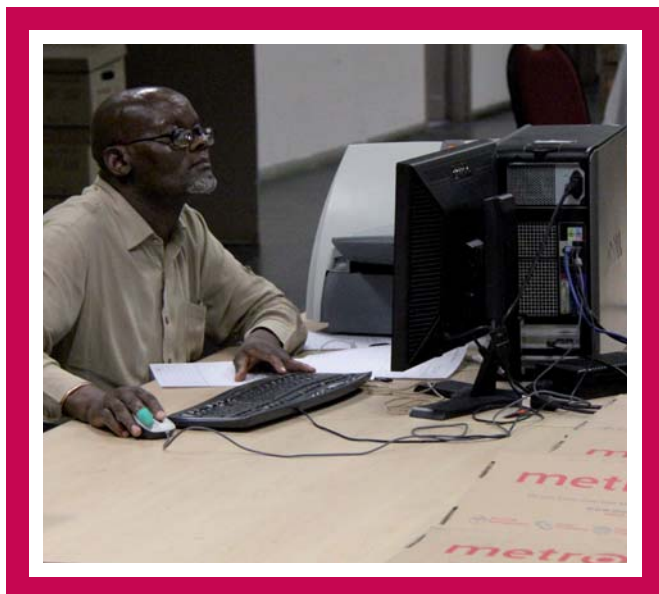
The following stakeholder groups have been identified:

- Analysts
- Board of Directors
- Clients
- Communities in which the Group operates
- Employees
- Executive management
- Financiers
- Regulators
- Senior and junior management
- Shareholders
- Unions

Employees are engaged with “Metrofile Employee Representative committees” as well as the “Employment Equity committees” and through divisional and departmental management structures.

The Group strives to provide generous and frequent disclosure to all stakeholders. Metrofile reports formally to shareholders twice a year (in February and August) when half-year and full-year results, together with an executive review, are announced and issued to shareholders and the media. Presentations are done annually to analysts and shareholders after the release of the full-year results. During the year, apart from closed periods, the CEO and CFO meet regularly, but never alone, with institutional shareholders and are available for meetings with analysts and any existing or prospective shareholder. All formal announcements, financial and services information are also available on the Group’s websites.

Shareholders and their appointed representatives are encouraged to attend Metrofile’s AGM to vote on the resolutions placed before the meeting and to conduct relevant discussions with the Group’s directors. As noted above, the chairmen of the Audit, Governance and Risk Committee and Nomination and Remuneration Committee attend the AGM and are available to answer questions on the activities of the committees.



BUSINESS CONDUCT

The Group’s business philosophy requires that directors and employees conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour.

COMBINED ASSURANCE PLAN

A Combined Assurance Plan aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the company. The Board has chosen to initially target a negative combined assurance outcome i.e. that nothing has come to the attention of the Board or committees indicating that there is not appropriate assurance. Collectively the activities of these assurance providers are referred to as the combined assurance model. As part of the combined assurance model, as recommended by the King III Code, an internal financial control review was performed in June 2011 and all processes were found to be functioning at an acceptable level; this review will be performed every three year.



The objectives of the combined assurance framework are to:

- Identify and specify all the sources of assurance over Metrofile’s risks.
- Provide the Board of Directors, Audit, Governance and Risk Committee and management with information and comfort on the completion and efficiency of the assurance being obtained from all the assurance parties.
- Demonstrate good governance through the linking of risk management with assurance. This will also assist the Board of Directors in forming their opinion on the effectiveness of the risk management system.
- Provide a basis for identifying any areas where additional assurance may be required.
- Allow for the elimination of duplicated and/or excessive assurance where this is not considered cost-efficient.

The combined assurance framework is designed to highlight, for Metrofile’s key risks, the assurance provided by management, internal audit, external audit and other external parties in order for the Board and sub-committees to be apprised of the risk management efforts undertaken to mitigate risks to an acceptable level.

The risk register updated by management formed the basis for determining the combined assurance framework for Metrofile. The framework was developed through:

- Analysis of the top 12 key risks facing Metrofile.
- Interviews with management, risk and control owners and assurance providers.
- To determine the existing controls, key risk indicators, tolerance limits, reporting forums and the assurance provided for each of the identified risks.

- Identified control gaps and possible “to be” key risk indicators.
- Identify areas where internal audit could provide assurance.



The combined assurance framework was prepared in order to achieve the objectives above and to ensure that Metrofile obtains a high level of assurance coverage over its key risks. Within Metrofile, there are a number of assurance providers that either directly or indirectly provide the Board and management with certain assurances over the effectiveness of those controls that mitigate the risks as identified during the risk assessment process described under risk management earlier in this report. The primary assurance provider is Metrofile management, supported by independent parties as well as the internal audit function (operational risks).

Based on the information obtained and subject to the effective provision of assurance by all the parties, it can be seen that Metrofile has a comprehensive and robust assurance framework in place.

INTERNAL AUDIT FUNCTION

The objective of an internal audit is to assist the Board, through the Audit, Governance and Risk Committee, to effectively discharge its responsibilities. An internal audit is a key assurance provider and provides the Board with a report of its activities which, along with other sources of assurance, is used by the Board in making its report on its assessment of the Company's system of internal controls and risk management.



Metrofile has outsourced the internal audit function of the Group to KPMG. The purpose of the internal audit is to have an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance processes. The internal audit operates within defined terms of reference as set out in its charter and authority granted to it by the Audit, Governance and Risk Committee and the Board and reports to the Audit, Governance and Risk Committee. Audit plans are presented in advance to the Audit, Governance and Risk Committee and are based on an assessment of risk areas involving an independent review of the Group's own risk assessments. The KPMG audit team reports to the CFO on day-to-day matters.

The Audit, Governance and Risk Committee is satisfied that the internal audit has met its responsibilities for the year with respect to its terms of reference.

EXTERNAL AUDIT

The Audit, Governance and Risk Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent. Shareholders ratified the appointment of Deloitte & Touche as external auditors to the Group at the previous annual general meeting and their reappointment will be sought at the annual general meeting on 26 November 2012.

The external auditor carries out an annual audit of all the Group's subsidiaries in accordance with international auditing standards and reports in detail on the results of the audit to the Audit, Governance and Risk Committee. The external auditor is thus the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

The Audit, Governance and Risk Committee regularly reviews the external auditor's independence and maintains control over the non-audit services provided by the external auditors. Pre-approved permissible non-audit services performed by the external auditors include taxation and due diligence services. The external auditors are prohibited from providing non-audit services including valuation and accounting work where their independence might be compromised by later auditing their own work. Other non-audit services provided by the external auditors are required to be specifically approved by the chairman of the committee or by the full committee if the fees are likely to be in excess of R200 000 in aggregate.

The external auditor has the policy of rotating the lead audit partner every five years, since the transition rules effective date of the new Companies Act.



SUSTAINABILITY

The Board acknowledges its responsibility to consider the impact of the Group's operations, decisions made, on the environment and the communities in which it operates. The Group is committed to the principles of sustainability in achieving Metrofile's strategy to deliver long-term, sustainable returns to shareholders. Sustainability encompasses social and environmental responsibility as well as corporate governance and ethics and the principles of sustainability are fundamental to the way in which Metrofile interacts with all its stakeholders.

POLICY STATEMENT

The Metrofile Group is fully committed to the principles of sustainable enterprise development and corporate social responsibility. There is specific focus on the implementation of sustainable business practices, minimising our impact on the environment and developing our local communities.

Metrofile's sustainability policy, which is overseen by the Board and implemented by the management team, encompass a broad range of principles that includes the need to encourage suppliers and customers to adopt the same standards in the operation of their businesses. The policy is as follows:

Metrofile, its subsidiaries and staff are directed and encouraged at all times to:

- Pursue ethical business practices;
- Operate within the bounds of the law;
- Comply with international best practice;
- Conduct its business in an environmentally sensitive manner;
- Re-use or recycle waste generated on all our sites;
- Play an active role in the development, health and well-being of our staff; and
- Use our resources to develop our communities.

Furthermore, Metrofile will actively encourage customers, suppliers and partners to adopt similar practices and to use its know-how, technology and resources to:

- Encourage customers to adopt environmentally friendly practices;
- Develop and offer products and services that reduce paper wastage;
- Offer paper recycling services; and
- Assist charitable institutions in building capacity to support their communities.

CARING FOR OUR COMMUNITIES

Metrofile's sustainability initiatives are covered under three main headings, namely "Economic", "Social" and "Environmental".

ECONOMIC

The Company strives to continuously improve its quality of services to clients with a desire to partner rather than merely be a source of supply. Over the years, Metrofile has engaged more with clients through our management, account executives, records management consultants and customer services consultants so as to deliver quality services through understanding the client's needs and striving for improved efficiencies and responsiveness. Innovation and cross-selling of the Group's offerings is an ongoing process, which the Company strives to maximise benefits for all stakeholders thus delivering growth to the shareholders, better value to clients, career advancement opportunities for employees and sound partnerships for suppliers.

The security of client information is of utmost importance to the Group and as such the expansion of the businesses continually takes this into account. Metrofile is a key part of the client's governance and risk mitigation process when it comes to records and information management. The Metrofile environment is governed through numerous access and user controls inclusive of authorised users as predefined by clients so as to maximise the safeguarding of clients' information. This is further enhanced through barcoding of records so as to assist in the track and trace thereof and reduce information disclosure through user authority levels.



The Group continually reviews the regulatory environment for threats and opportunities to both its own business operations as well as the offerings it takes to market.

The Group has adequate access to funding and comfortably complies with the banking covenants linked to its loan agreements. The debt within the Group is mostly inherited and the business operations have continued to deliver year-on-year growth for 29 years.

The Group maintains its position as the market leader in records management and its services cover the information lifecycle with the key areas being as follows:

- Define records structures, retention periods and train all employees;
- Manage all active records, inclusive of authorised access;
- Protect all data;
- Archive records in a structured manner so as to enable easy, timely retrieval; and
- Destroy records confidentially at the end of the retention period.

The Group has several offerings which it is finalising to take to market that are not commented about in this report due to the risk of negating the competitive advantage they create.

Metrofile is committed to a process of transformation that will, with the support of, the Mineworkers Investment Company, result in greater opportunities for all staff members and at all levels. The Group is committed to the seven pillars of BEE and is working hard at identifying and growing the skills of our people to achieve their goals and further their careers. This philosophy will, over time, improve our employment equity ratios and the representation by PDIs at management and supervisory levels within the organisation.

The Mineworkers Investment Company increased its ownership percentage during the year at 34,7% and their directors are members of our Board, Audit, Governance and Risk Committee, Nominations and Remuneration Committee and Social, Ethics and Transformation Committee.

The Group remains committed to procuring services and supplies from BEE-compliant businesses and are targeting improvement of spend with black-owned and black woman-owned businesses.

The Company has several different BBBEE scorecards for the different entities within the Group with the main businesses of Metrofile Records Management, CSX Customer Services and Rainbow Paper Management forming part of Metrofile (Pty) Ltd. Both Metrofile Holdings Limited and Metrofile (Pty) Ltd currently have Level 3 scorecards and are also defined as value adding contributors, which allow customers to claim 137,5% of spend for procurement purposes.

SOCIAL

Overview

Metrofile, being a provider of services and solutions, regards people as central to the success of the organisation and the delivering of our promises to our clients. More specifically, the standard of service that we provide to customers is reliant on the commitment, quality and capability of our team members, as is the overall effectiveness and efficiency of the organisation. As such, the welfare and development of team members is of utmost importance to us and attention is therefore given to the constant enhancement of the support we provide to staff in their growth and development. The Group is pleased to note that although we continually strive for efficiency and cost reduction we have still managed to grow our permanent staff complement from 960 in 2008 to 1 285 in 2012 representing a 34,1% increase despite the general depressed economic climate.



Employment equity

Metrofile recognises the importance of the abilities and contributions made by employees in the development and achievements of its businesses and achieving their goals. The Group's employees are seen as important stakeholders in the business and their training and development is an important aspect of the Group's sustainability.

The Group is an equal opportunity employer and its training and development initiatives are structured so as to realise employees' full potential and advance their careers, preferably within the organisation. All business units have committed to a transformation process designed to minimise barriers to employment equity and this is tied into a portion of the short-term incentive portion of remuneration for the executive directors and senior management.

The Company is verified against the generic BEE scorecard and the business focuses on seven pillars which takes into account all aspects of employment equity and transformation. Over the last few years a job grading system has been introduced and although some of our employees' progression does not reflect in the employment equity statistics the improvement and consistent advancing of identified talented employees reflects within the band and can be seen when specific job functions are reviewed.

The Group is committed to a working environment that is free from any discrimination and seeks to develop skills and talent inherent in its workforce.

Succession planning

Succession planning is required to be structured within the Group and driven by The Board, the Nomination and Remuneration Committee and through management. Both long-term and emergency succession plans are in place.

Health and safety

A formal health and safety policy is in place and the areas covered under this section are entrenched within the risk management process as the Group wishes to mitigate its risk of injury to all employees as much as is feasible. During the past financial year Metrofile has recorded 12 injuries on duty ("IOD") which is a reduction of eight from the previous year. The Group aims to maintain or reduce the quantity and severity in future years. It should be noted that no major injuries were experienced over this period.

Employee wellness

Metrofile's employee health awareness programme takes employees' knowledge of their health beyond only HIV/AIDS. The programme ensures assessment for many conditions, which are often not tested for due to cost or reliance on the public health system. Metrofile is pleased that the programme has been appreciated by employees and has made a difference in many lives in that it has identified staff's risk with respect to potentially fatal conditions in addition to HIV/AIDS. On-site counselling sessions help to further educate staff on any conditions they may have thereby giving them the power to act.

All Metrofile facilities continue to be visited, on a monthly basis, by a registered nurse who provides staff with basic health checks and advice, guidance and counselling. The service, which is also available to family members, is available both on-site and telephonically during and after office hours and includes guidance on how to work or live with family members, friends and colleagues who have been diagnosed as HIV-positive. Assistance is also provided to staff with treatment and in obtaining the required medication. The statistics have improved since the inception of this programme in 2006 and the infection rate expressed as a percentage of our employees has reduced from 12% to 9% over the period. In addition 57% of our employees infected with HIV are on the employee support programme which includes assistance with anti-retroviral medication, this is a reduction when compared to the previous year and as such the education and training programme, has been enhanced.

Corporate social responsibility has become a part of everyday life for both the Group as a corporate citizen and our staff.

Training and development

Our talent management programme and training initiatives are gathering momentum into its second year. We have been overwhelmed by the dedication of our staff in relation to the courses they are participating in. Attendance is high and commitment to submitting assignments and contributing during work group sessions has been exceptional to say the least.

The Group's training facilities and induction programmes have been improved and training for the period under review also continued to focus on adult basic skills and computer literacy courses.

The following key programmes were also continued with:

- Learnership Programmes, these have been expanded and covered General Education and Training Certificates in:
 - o Business Practice (NQF Level 1);
 - o Business Administration (NQF Level 3); and
 - o General Management (NQF Level 4).

These are generally 12-month programmes and during the current financial year 50 out of 55 participants completed the courses, whilst 51 new participants have commenced the courses.

- Adult Basic Education Training ("ABET") at various levels for both literacy and numeracy are run on a continual basis.
- Supervisory Training: this programme was run for supervisors currently employed so as to identify potential candidates for growth into the next level of management. Selected individuals are fast-tracked by participating in a one-year programme, the completion of which will give them a management qualification at an NQF 4 level.
- Management Development: certain general management and operational courses have been identified in order to grow the skills of general managers through to junior managers, some of these courses are currently running, whilst some have been completed with the results being of a generally high standard.
- Sales training: all general managers, sales managers, account executives, records management consultants and customer service consultants are embarking on detailed sales training courses so as to enhance their skills and ensure that we engage appropriately with our customers so as to maximise our delivery to the customers, evolve them into partner relationships and grow the business and returns for shareholders.
- Interns and unemployed learnerships: over the past year, at any one time, the Company has had in excess of 50 interns and/or unemployed learners obtaining workplace experience. Many of the participants have subsequently been placed on contract for specific projects. This initiative assists both the communities we operate in and improves our pool of possible individuals for recruitment purposes.

The learnership and intern programmes initially covered Gauteng, Western Cape and KwaZulu-Natal and have been further expanded to cover the Eastern Cape.

During the financial year ended 30 June 2012, the Group's training spend, as recognised for BEE scorecard purposes, was in excess of R7 million.

Our communities

Support is provided to charities within the communities from which we draw staff and in which we do business. These organisations are provided with free services or assistance with building their capacity or overcoming major obstacles. Collections are also undertaken on behalf of charities who require transport to collect donated goods received from other corporate donors.



The following areas were focused on during the year:

- Assisting hospitals, community support centres other non-profit organisations in establishing or improving their records management processes.
- The donation of Metrofile's proprietary records management software, the continuation of free services and assistance in sorting and indexing existing filing.
- Free records management and system training.
- From a funding perspective we focus on sustainable initiatives of an educational nature with the following being our three main initiatives for 2012:
 - o iKwezi, the flagship education development project hosted by the Schools Development Unit at the University of Cape Town, has received financial support to assist in the second phase of its early childhood development ("ECD") and primary school intervention aimed at improving educational outcomes of disadvantaged children in the Western Cape.
 - o In an effort to raise awareness of the importance of providing sound education to children with Down Syndrome and other special educational needs in South Africa Metrofile decided to contribute towards the education of one girl with special educational needs, who cannot attend a conventional mainstream school but requires a play based kinaesthetic approach to learning.
 - o St Peter's Preparatory School has been offering bursaries for the last 20 years in order to make quality education available to the less advantaged and also ensuring diversity in their learner body. Metrofile has contributed to the bursary fund which will ensure that 2 students school fees, uniform, participation at school outings, and any other necessary expenses are covered.

These initiatives support the Group's desire to focus on children's education. In the period ahead the Group is looking to enhance its contribution to education in whatever way possible. The Group is cognisant of the challenges facing communities and is conscious that all initiatives need to be sustainable and add value rather than simply being a form of donation.



ENVIRONMENTAL

The Company is extremely aware of the need to establish more efficient ways of conducting business from both process and resource utilisation perspectives.

The business units have been structured over the years to use less resources whilst delivering exceptional service and minimising impact on employee working environments.

The following are areas of key focus within the Group:

- Minimum power is used within warehouses so as to reduce cost and also the risk of fire. This is done by utilising natural light as much as possible through the use of translucent sheeting during construction.
- In conjunction with natural light, employees working within warehouses utilise headlamps so as to ensure that their safety is optimised at all times whilst reducing the requirement and risk of powered lighting.
- The temperatures of geysers are managed and are switched off when not required.
- Lights are switched off when offices and meeting rooms are not in use and low-energy bulbs are being implemented where possible.
- The Group has monitored ways in improving the efficiency of the use of its fleet of vehicles and has managed to reduce the number of vehicles utilised. We also have a maintenance and replacement policy which ensures that both economically and environmentally, vehicles are replaced timeously.
- Recycling is an inherent part of the Metrofile records management, Rainbow Paper Management and Cleardata business units and the Group recycles hundreds of tons of paper on a monthly basis.

The Cleardata business unit is currently carbon-neutral and over the coming year, the Group will look into establishing what its carbon footprint is as a whole, how to further reduce our carbon dioxide emissions and whether a target of being carbon-neutral for the Group is attainable.



REMUNERATION POLICY

The Nomination and Remuneration Committee ensures that the remuneration of executives and staff is competitive.

The Nomination and Remuneration Committee seeks to ensure that executive directors and senior managers are rewarded for their contribution to the Group's operating and financial performance at levels which take into account country benchmarks. There are no direct industry comparisons to be made but comparisons are also made with other service businesses. In order to promote a common interest with shareholders, performance-linked variable pay and share-based incentives are considered to be important elements of executive incentive policy.

The objective of the remuneration policy is that the executive directors and senior management should receive remuneration which is appropriate to their scale of responsibility and performance and which will attract, motivate and retain individuals of the necessary calibre.

The remuneration policy distinguishes between three main classes of remuneration:

- Basic annual total cost package.
- Short-term incentives (annual performance bonuses).
- Long-term incentives (share-linked remuneration plans).

The remuneration of executives, directors and prescribed officers is set out in note 5 of the annual financial statements attached. It should, however, be noted that the salaries of the three highest-paid employees, as recommended by the King III Code, and the names of the prescribed officers have not been disclosed due to the risk associated with such disclosure.

This remuneration policy will be put before shareholders for an advisory vote at the AGM.

REMUNERATION SUMMARY

Metrofile's policy is to pay cost to company packages at the median for comparable positions.

Executive directors and senior management's remuneration consists of three components designed to balance short-term and long-term objectives and align to shareholders' interests.

A high-performance environment supported by the group remuneration a basic annual total cost package is paid as well as performance-related variable pay, which are linked to short-term and long-term performance requirements. The main objective of the basic annual total cost package is to provide individuals with a fixed income to represent the job they do. The performance-related remuneration is designed to encourage and reward superior performance and to align the interests of the executive directors and senior executives as closely as possible with the interests of the shareholders. Long-term incentives are inherently retentive but there are no schemes specifically in place for the sole purpose of the retention of key employees. In addition to these main ingredients, the executive directors and senior executives also receive retirement and other benefits as outlined below.

BASIC PACKAGE

The basic annual total cost package of the executive directors and senior management is subject to an annual review by the Nomination and Remuneration Committee and is set with reference to individual performance and external market data relating to comparable local service businesses. For this benchmarking process, the committee has determined to set a basic annual cost package for executive directors at the median of comparator groups because, in its view, this is essential to attract and retain the calibre of management necessary. Included in the basic annual total package are compulsory contributions to the company's retirement schemes and voluntary participation in the company's medical schemes. In addition to the basic annual total cost package, allowances are paid with respect to cell phones and fuel for the purpose of business travel whilst no company cars exist.

SHORT-TERM INCENTIVES

Annual performance bonuses are paid based on the achievement of short-term performance targets set out for each individual. The bonuses are directly linked to the performance achieved during a financial year and are determined by the Nomination and Remuneration Committee and include measures of corporate or divisional financial performance and individual objectives which are aligned to the business strategy.

The elements making up the performance targets include financial elements and vary depending on the individual's business division, job role and function and are payable on outperforming budgeted targets. Qualitative elements are included; in addition to financial outperformance these elements are at least partially dependent on the financial targets being met. The main elements of the annual performance bonus are the following:

- Revenue targets.
- Gross margin targets.
- EBIT targets.
- Accounts receivable management.
- Transformation targets being achieved.
- Other strategic targets as set out on an individual basis.

Each individual is allocated a base incentive, which becomes payable on a sliding scale once financial budgets have been achieved. This base incentive increases based on a predefined formula and is limited to two times the defined base incentive.

At the end of each financial year, the achievement of the corporate financial targets are measured utilising the audited results and the achievement of qualitative targets are assessed by the Nomination and Remuneration Committee. The bonuses payable to the executive directors in respect of the year ended 30 June 2012 are disclosed later in this report.

For the financial year ended 30 June 2012 the on-target bonus level was set at 50% of the basic annual total cost package for both the chief executive officer and the chief financial officer. The bonuses were capped at 100% of basic annual total cost package for both the chief executive officer and the chief financial officer. The Nomination and Remuneration Committee has determined that the on-target bonus level will increase with effect from 1 July 2012 to 75% of the basic annual total cost package for the chief executive officer and to 60% of the basic annual total cost package for the chief financial officer.

Annual performance bonuses are paid in cash, less appropriate income tax, after the release of the Group's audited results and are subject to a portion being used by individuals to purchase shares in the Company in accordance with the Metrofile Holdings Limited Deferred Bonus Plan which is referred to below under "Long-term incentives".

LONG-TERM INCENTIVES

The company operates the following equity settled share based incentive schemes for executive directors and senior management:

- Share appreciation rights scheme; and
- Deferred bonus plan.

Both schemes were voted for by shareholders at a general meeting on 9 October 2008 with the first issue to participants taking place directly thereafter.

The scheme rules were amended at the annual general meeting on 30 November 2009 and again on 28 November 2011 in order to ensure compliance with the changes to Schedule 14 of the JSE Listings Requirements. The 2009 amendments a relevant to all grants in existence and all future grants whilst the 2011 amendments a only relevant to future grants.

The 2009 changes included:

- Specifying scheme limits in terms of a fixed number of shares.
- Removing Board/Nomination and Remuneration Committee discretion in certain areas such as the treatment of leavers.

The 2011 changes included:

- In line with King III Code, the abolition of any retesting of the performance condition four and five years after grant, if the condition is not met on first testing three years after grant.
- The performance condition ("hurdle") was changed from a basis of earnings before interest and taxation ("EBIT") basis to one linked to headline earnings per shares ("HEPS").
- The required hurdle rate was increased from Consumer Price Index ("CPI") Inflation +2% compound over three years to CPI inflation + 3% compound for the same period.
- The vesting was changed from 100% at the end of the three year period to a third at the end of year three, a third at the end of year four and a third at the end of year five.
- The exercise date was amended from anytime after vesting to a single date set by The Board at least 30 days in advance of the exercise date; the reason for this amendment is due to the lack of liquidity with regard to the trading of the shares and possible price fluctuations.
- Furthermore, due to possible price fluctuations the exercise price was changed from a spot price to a 30 day volume weighted average price.

SHARE APPRECIATION RIGHTS SCHEME

Eligible employees may receive annual grants of Share Appreciation Rights ("SARs"), which are rights to receive shares equal to the value of the difference between the exercise price and the grant price. Eligible employees are executive directors and managers employed within the Group. The number of SARs granted is proportional to the base salary of the recipient. The face value of an SAR is taken to be the 30-day volume weighted Metrofile Holdings Limited share price on the grant date and recipients are granted SARs with a face value in the range of 50% to 100% of their basic annual total cost package.

Vesting of the SARs is subject to performance conditions. The duration and specific nature of the performance conditions and performance period are stated in the letter of grant. The condition that have been imposed for grants of SARs prior to 2012 was that EBIT must increase by 2% per annum above CPI inflation over a three-year performance period. Retesting of the performance conditions is permitted on the first and second anniversary of the end of the performance period i.e. years four and five). If the condition is not satisfied after the end of the performance period or after retesting, the SARs will lapse. This means that vesting is either 100% if the condition is met or nothing at all if it is not met after retesting.

For the 2009 SARs awards the EBIT growth performance condition was met in September 2012 and accordingly the SARs awards vested. After vesting, the SARs become exercisable. Upon exercise by a participant, the Company will settle the value of the difference between the exercise price and the grant price by delivering shares. SARs not exercised within the period specified in the letter of grant, will lapse.

Details of the grants under the Metrofile Holdings Limited SAR Scheme, made to date, are as follows:

Metrofile Holdings Limited Share Appreciation Rights Scheme

DEFERRED BONUS PLAN ("DBP")

Eligible employees are permitted to use a portion of the after-tax component of their annual bonus to acquire shares ("pledged shares"). A matching award will be made to the participant after a three-year pledge period on the condition that the participant remains in the employ of the company and retains the pledged shares over the period. In this context, a matching award means a conditional right to receive shares at nil cost

to the employee at the end of the three-year pledge period subject to the employment condition being satisfied. The number of shares which can be acquired under the matching award is equal to the number of pledged shares i.e. a 1:1 match. Currently the employees eligible for the DBP are the executive directors and the purchase of the pledged shares is limited to 50% of after-tax value of the short-term incentives.

The participant remains the full owner of the pledged shares for the duration of the pledge period and will enjoy all shareholder rights in respect of the pledged shares. Pledged shares can be withdrawn from the pledge at any stage, but the matching award is forfeited in this case. The shares subject to the matching award are only acquired by the eligible employee at the end of the pledge period and he has no shareholder rights in respect of those shares before then.

Pledged shares have been acquired under the terms of the DBP by eligible employees as follows:

In October 2008: 264 176 (two participants)

In September 2009: 312 546 (two participants)

In September 2010: 182 519 (two participants)

In September 2011: 278 210 (three participants)

LIMITS APPLICABLE TO THE SAR SCHEME AND DBP

The aggregate number of shares which may be issued under the SAR Scheme and the DBP will be limited to 19 699 830 (5% of Metrofile's ordinary shares in issue at 9 October 2008).

The maximum number of new shares, which can be issued to any single participant under the SAR Scheme and the DBP is 9 849 915 (2,5% of Metrofile's ordinary shares in issue at 9 October 2008).

The face value of the grants made to an employee in any financial year under the SAR Scheme should not exceed 100% of his/her base salary at the date of the offer.

DIRECTORS' SERVICE CONTRACTS

In order to properly reflect their spread of responsibilities, executive directors have employment contracts as follows: Graham Wackrill (CEO) and Richard Buttle (CFO) both have contracts with Metrofile Holdings Limited.

The employment contracts of both executive directors are terminable at six months' notice by either party.

All the non-executive directors have letters of appointment with Metrofile Holdings Limited. Under these contracts, non-executive directors retire in accordance with the articles of association of the Company, which is at least every three years. Retiring directors may offer themselves for re-election.

DIRECTOR'S EMOLUMENTS

The table of the remuneration, including bonuses, for individual directors and prescribed officers who held office during the financial years ended 30 June 2012 and 30 June 2011 are reflected on page 51. The Nomination and Remuneration Committee has approved the executive directors' emoluments.

King III Code recommends that the remuneration paid to the three most highly paid employees (other than the executive directors) of the Group be disclosed in the integrated report but the Nomination and Remuneration Committee has decided not to apply this recommendation because it is not in the interests of the Company to do so as there would potentially be a negative impact competitively.

DIRECTOR'S SHARE INTEREST

The directors who held office at 30 June 2012 and 30 June 2011 are reflected as part of the Report of directors on page 36.

REMUNERATION POLICY (CONTINUED)

Details of the grants, issued to date, under the Metrofile Holdings Limited SAR Scheme are as follows:

Metrofile Holdings Limited Share Appreciation Rights scheme

Grant date	12 September 2012	9 September 2011	7 September 2010	4 September 2009	10 October 2008
Number of SARs granted	3 714 085	6 487 796	4 080 852	5 510 734	7 377 604
Number of SARs exercised	–	–	–	5 108 984	6 780 305
Number of SARs lapsed	–	385 633	158 773	401 750	597 299
Number of SARs remaining in issue at 30 June 2012	3 714 085	6 102 163	3 922 079	–	–
Number of eligible employees to whom SARs were issued	14	15	12	13	15
Number of employees who have exercised SARs	–	–	–	12	13
Number of lapsed holdings of SARs	–	1	1	1	2
Number of employees remaining entitled to SARs at 30 June 2012	14	14	11	–	–
Grant price (Rand)	R3,58	R1,96	R1,42	R1,03	R0,89
Life	5 years	7 years	7 years	Exercised	Exercised

Directors holding office at 30 June 2012 held the following share appreciation rights under the rules of the SAR scheme:

	Grant date	Grant price	SARs held at beginning of year	Granted during the year	Exercised during the year	SARs held at year-end
Graham Wackrill	10 October 2008	89 cents	835 690	–	835 690	–
	4 September 2009	103 cents	931 471	–	–	931 471
	7 September 2010	142 cents	736 228	–	–	736 228
	9 September 2011	196 cents	–	1 224 490	–	1 224 490
Sub-total			2 503 389	1 224 490	835 690	2 892 189
Richard Buttle	10 October 2008	89 cents	576 703	–	576 703	–
	4 September 2009	103 cents	562 450	–	–	562 450
	7 September 2010	142 cents	485 724	–	–	485 724
	9 September 2011	196 cents	–	816 327	–	816 327
Sub-total			1 624 877	816 327	576 703	1 864 501
Total			4 128 266	2 040 817	1 412 393	4 756 690

Directors holding office at 30 June 2012 held the following Metrofile shares acquired and pledged under the terms of the DBP:

	Date of purchase of pledged shares	Share price	Pledged shares held at beginning of year	Pledged shares purchased during the year	Matched during the year	Pledged shares held at year-end
Graham Wackrill	October 2008	85 cents	120 000	–	120 000	–
	September 2009	117 cents	203 674	–	–	203 674
	September 2010	161 cents	113 735	–	–	113 735
	September 2011	217 cents	–	121 000	–	121 000
Sub-total			437 409	121 000	120 000	438 409
Richard Buttle	October 2008	84 cents	144 156	–	144 156	–
	September 2009	109 cents	109 872	–	–	109 872
	September 2010	153 cents	68 784	–	–	68 784
	September 2011	214 cents	–	102 220	–	102 220
Sub-total			322 812	102 220	144 156	280 876
Total			760 221	223 220	264 156	719 285

The pledged shares shown above are included in the directors' share interests.

Directors holding office at 30 June 2012 held the following share appreciation rights under the rules of the SAR Scheme:

The pledged shares shown above are included in the directors' share interests.

NON-EXECUTIVE DIRECTOR'S REMUNERATION

Non-executive directors receive annual fees for their roles as directors and as Board committee members. The Board does not regard separate attendance fees as appropriate or necessary unless the time allocation to meetings expected of directors is materially more than normal in a particular year.

The committee did not consider it necessary to split directors' fees into a base fee and attendance fee components, as recommended by the King III Code, because of the satisfactory attendance record of directors at Board meetings and time spent outside these on request from the company secretary.

Non-executive directors are reimbursed for travel costs necessary for attending Board meetings and do not receive any employment benefits.

The terms and conditions of the appointment of non-executive directors are available on request from the company secretary. Non-executive directors are not eligible to participate in the annual bonus plan or any of the long-term incentive plans.

	30 June 2012	30 June 2013
	R	R
Approved non-executive directors fees		
Chairman	550 000	590 000
Deputy chairman	*	*
Non-executive directors	210 000	225 000
Chairman of Audit, Governance and Risk Committee	240 000	257 000
Chairman of Nomination and Remuneration Committee	155 000	166 000
Social, Ethics and Transformation member	50 000	54 000
Committee members/invitees	80 000	86 000
Mineworkers Investment Company *	1 000 000	1 055 000

* For the services of the Deputy Chairman and one other director on the board and as committee members and in their capacities as such outside of Board and committee forums

The proposed fees for 2014 will be tabled at the annual general meeting for shareholder approval as well as the following amendments to the 2013 financial year:

- The inclusion of a lead independent director position to which Mr Nigel Matthews has been appointed: fee R100 000.
- The amendment of the Mineworkers Investment Company: fee from R1 055 000 to R1 200 000.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF METROFILE HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Metrofile Holdings Limited set out on pages 39 to 63, which comprise the statements of financial position as at 30 June 2012, and the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Metrofile Holdings Limited as at 30 June 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2012, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



Deloitte & Touche
Registered Auditor

Per: Grant Krog
Partner
30 August 2012

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Risk Advisory NB Kader Tax TP Pillay Consulting K Black Clients & Industries
JK Mazzocco Talent & Transformation CR Beukman Finance M Jordan Strategy S Gwala Special Projects
TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

BBBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

for the year ended 30 June 2012

The Audit, Governance and Risk Committee (the "committee") comprised the following independent non-executive directors during the year and to the date of this report:

Nigel Matthews – Chairman

Phumzile Langeni

Sindi Zilwa – appointed 16 October 2012

Ndumi Medupe – resigned 12 October 2012

The committee reports that it has adopted appropriate formal terms of reference as its Charter, and has regulated its affairs in compliance with this Charter, and has discharged all of the responsibilities set out therein.

The committee considered the matters set out in section 94(7) of the Companies Act 71 of 2008 and is satisfied with the independence and objectivity of Deloitte & Touche as external auditors and Mr Grant Krog as the designated auditor. The Audit, Governance and Risk Committee further approved the fees to be paid to Deloitte & Touche and its terms of engagement and pre-approved any proposed contract with Deloitte & Touche for the provision of non-audit services to the Company.

As required by the JSE Listings Requirement 3.84(h), the Audit, Governance and Risk Committee has satisfied itself that the chief financial officer has the appropriate expertise and experience.

The committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year. This is based on the information and explanations given by management and the outsourced internal audit function as explained more fully in the risk management section of the integrated report.

The committee has evaluated the financial statements of Metrofile Holdings Limited and the Group for the year ended 30 June 2012 and, based on the information provided to the committee, considers that the Group complies, in all material aspects, with the requirements of the Companies Act 71 of 2008 and with International Financial Reporting Standards ("IFRS").



Nigel Matthews

Audit, Governance and Risk Committee

Chairman

30 August 2012

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

for the year ended 30 June 2012

The Social, Ethics and Transformation Committee (the "committee") comprised the following members during the year and to the date of this report:

- Mary Bomela – Chairperson
- Richard Buttle
- Phumzile Langeni
- Nigel Matthews
- Graham Wackrill

The committee reports that it has adopted appropriate formal terms of reference as its Charter, and has regulated its affairs in compliance with this Charter, and has discharged all of the responsibilities set out therein.

The committee was established in November 2011 to assist the Board in ensuring that the Metrofile Group is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a Social and Ethics Committee in terms of the Companies Act, 71 of 2008, as amended ("the Companies Act").

The committee monitors relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, as well as labour and employment.

The committee is satisfied that the Group's performance for the main categories noted above and will continue to review assess and report on these areas in the future.



MS Bomela
Social, Ethics and Transformation Committee
Chairperson

30 August 2012

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Board of Directors of Metrofile Holdings Limited present their report on the activities of the Company and the Group.

The directors accept responsibility for the integrity, objectivity and reliability of the financial statements of Metrofile Holdings Limited and its subsidiaries. The directors support the principle of transparent reporting and delegated the responsibility for the preparation and presentation of the financial statements to management. The comments on the internal financial controls on page 20 are also relevant.

The financial statements have been audited by the independent accounting firm Deloitte & Touche, which was given unrestricted access to all financial records and related data, including minutes of all shareholders' meetings, Board of Directors' meetings and meetings of sub-committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The audit report is presented on page 32.

These annual financial statements have been prepared on a going-concern basis, which presumes that assets will be realised and liabilities settled in the normal course of business. No adjustments have been processed to the classification or valuation of assets or liabilities, which may be necessary if the Group or any Company within the Group is not able to continue as a going concern.

The Board believes that all companies within the Group are going concerns for the following reasons:

- The Company's cash requirements for normal operational expenditure are satisfactorily covered by the Company's current and projected cash flows.
- All payments to SARS and trade creditors are up to date.
- Balance sheet assets have been carefully tested for impairment and none is overvalued.
- Key executive management is in place.
- The Company is trading in line with budget.

The directors are satisfied that the financial statements fairly present the financial position and results of operations and cash flows of the Group and the Company for the year ended 30 June 2012 in accordance with the appropriate accounting policies based on International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

The financial statements which appear on pages 39 to 63 were approved by the Board on 30 August 2012 and are signed on their behalf by:



Graham Wackrill
Chief Executive Officer



Richard Buttle
Chief Financial Officer

Johannesburg
30 August 2012

REPORT OF THE DIRECTORS

TO THE MEMBERS OF METROFILE HOLDINGS LIMITED

Your directors submit their report together with the audited annual financial statements of Metrofile Holdings Limited (the Company) and its subsidiaries (the group) for the year ended 30 June 2012.

NATURE OF BUSINESS

Metrofile Holdings Limited holds an investment of 100% in Metrofile (Pty) Ltd. The Group is a specialist in information management and a leading supplier of products and services for the management, storage, conversion, retrieval, distribution and destruction of records, documents and information. In addition, during the current financial year the Company acquired a further 15% shareholding in Cleardata (Pty) Ltd thereby increasing the shareholding to 70%. In addition the Company bought the business of Global Continuity SA.

Metrofile Proprietary Limited focuses on all aspects of enterprise records and information management including paper, analogue and electronic content, including:

- Records management – archival, storage, retrieval and destruction of records.
- Image processing – conversion of paper and analogue records to digital formats.
- Backup management – rotation management and storage of backup media.
- Information solutions – professional consultancy and records management software.
- Paper management – waste paper collection and recycling.
- Document handling equipment – sale and maintenance.

Innovative Document Management (Pty) Ltd focuses on Image processing, Infovault (Pty) Ltd offers Records management services and Cleardata (Pty) Ltd is a specialist confidential records destruction service provider. Global Continuity SA offers business and IT continuity services.

DIRECTORS AND COMPANY SECRETARY

The names of the directors and secretary at the date of this report are set out on pages 14, 15 and 20.

All directors who retired in terms of the Company's Articles of Association were re-appointed for a further term of office as approved at the annual general meeting held on 28 November 2011. Messrs Paul Nkuna and Roy Midlane resigned from the Board of Directors ("the Board") in March 2012. Their services to the Group were much appreciated.

Mary Phumzile Langeni joined the Board and was appointed to the Audit, Governance and Risk Committee and the Social, Ethics and Transformation Committee at that time.

Mary Bomela, the new CEO of MIC and an existing non-executive director, replaced Mr Nkuna as the deputy chairperson of the Board, joined the Nomination and Remuneration Committee and chairs the Social, Ethics and Transformation Committee. Mr Nigel Matthews was appointed as lead independent director with effect from 1 July 2012.

The Board now comprises two executive and six non-executive directors, of whom four are independent directors.

At 30 June 2012, interests of the directors in the shares of the Company were as follows:

Directors	Beneficial		Non-beneficial		Total shares %
	Direct	Indirect	Direct	Indirect	
Mary Sina Bomela [▲]					0,00
Richard Matthew Buttle	3 104 950				0,75
Phumzile Langeni					0,00
Cynthia Pongweni (née Mapaura) [▲]					0,00
Ian Nigel Matthews					0,00
Ndumi Medupe					0,00
Christopher Stefan Seabrooke*				27 571 496	6,63
Graham Dunbar Wackrill	6 862 871				1,65

At 30 June 2011, interests of the directors and Company secretary in the shares of the Company were as follows:

Directors and officers	Beneficial		Non-beneficial		Total shares %
	Direct	Indirect	Direct	Indirect	
Mary Sina Bomela					0,00
Richard Matthew Buttle	3 108 158				0,76
Cynthia Pongweni (née Mapaura) [▲]					0,00
Ian Nigel Matthews					0,00
Ndumi Medupe					0,00
Stephen Roy Midlane	787 993				0,19
Aser Paul Nkuna					0,00
Christopher Stefan Seabrooke*				20 400 000	4,99
Graham Dunbar Wackrill	7 354 398				1,80

* The Seabrooke Family Trust has an economic interest of 32,6% in this shareholding through Sabvest Limited ie and effective economic interest of 2,2%.

▲ Mrs Bomela and Mrs Pongweni are CEO and CFO of MIC, which owns 144 303 051 shares being an economic interest of 34,7%. They have no economic interest in MIC personally but are MIC's representatives on Metrofile's board.

There have been no material changes to the shareholding of the directors between the financial year-end and the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS

None of the directors, except where indicated in note 20 to the annual financial statements, has any interest in any transactions that were entered into by the Group during the current or prior financial year, or during an earlier financial year, which remain in any respect outstanding.

FINANCIAL RESULTS

The income statements and other comprehensive income set out on page 39 reflect the results of the operations of the Company and of the Group for the year ended 30 June 2012.

STATEMENT OF FINANCIAL POSITION

To present a statement of financial position that fairly reflects the financial position, asset values have been tested for impairment and no impairment is required. Investments and loans are recorded at fair market or realisable values. Working capital has been assessed to ensure a fair carrying value for inventory and the recoverability of accounts receivable. Buildings have been recorded at their carrying value, and have been tested for impairment by obtaining an independent market valuation in previous years and rolling forward the results thereof with a comparison being made to yield based calculations.

LEASE COMMITMENTS

Operating lease commitments amount to R55 million for the next five years (2011: R39 million). Capital expansions for the 2013 financial year amount to R34 million excluding any building development.

SIGNIFICANT CONTRACTS

Save for those agreements that have been disclosed to shareholders in terms of the Listings Requirements of the JSE Limited, the Group has not entered into any material contracts, other than in the ordinary course of business, during the two years prior to the date of this report.

LITIGATION

The Group is not involved in any legal or arbitration proceedings, nor are the directors aware of any such proceedings which may be pending or threatened, which may have, or which have had, in the 12-month period preceding the date of issue of this annual report, a material effect on the Group's financial position.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

Audit opinion

The independent auditors, Deloitte & Touche, have issued their opinion on the Group's financial statement for the 30 June 2012 year-end. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the Company'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.

DIVIDENDS

Notice is hereby given that a final cash dividend of 4,5 cents per share in respect of the year ended 30 June 2012 has been declared payable to the holders of ordinary shares recorded in the books of the Company on Friday, 5 October 2012. The last day to trade cum-dividend will therefore be Friday, 28 September 2012 and Metrofile shares will trade ex-dividend from Monday, 8 October 2012. Payment of the dividend will be made on Monday, 15 October 2012. Share certificates may not be dematerialised or rematerialised between Monday, 8 October 2012 and Friday, 12 October 2012, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation. The Company's tax number is 9375066710.

SUBSIDIARIES

Details of the Company's material operating subsidiaries at 30 June 2012 are set out on page 63.

ASSOCIATED COMPANIES

The Company held no investment in associates at 30 June 2012.

SHARE CAPITAL

The authorised ordinary share capital of the Company remained unchanged at 500 million ordinary shares of 0.6146 cents each during the year.

The following ordinary shares were in issue at the end of the year under review:

	2012	2011
Opening balance	408 085 246	408 085 246
Issued in terms of vendor placements for acquisitions	4 002 013	–
Issued in terms of SAR scheme and DBP	4 082 828	–
Closing balance	416 170 087	408 085 246

Further details of share capital can be found in note 11 to the annual financial statements.

SPECIAL RESOLUTIONS

Special resolutions approving the non-executive directors' remuneration, authority to provide financial assistance to any Group Company and a general authority to repurchase shares were registered in the year under review.

REVIEW OF OPERATIONS

Revenue increased by 13,7% to R 524 million, EBITDA by 17,0% to R171 million and EBIT by 16,3% to R148 million. Cash generation and working capital management remained positive with increases in inventory and accounts receivable being in line with expectations. Net finance costs reduced by 11% in line with the continued reduction in the Group's debt level. Net debt: equity reduced to 40,0% (June 2011: 60,5%).

REPORT OF THE DIRECTORS (CONTINUED)

Diluted earnings per share ("EPS") and headline earnings per share ("HEPS") increased by 20% to 21,7 cents (2011: 18,1 cents) whilst the total dividend per share increased by 67% to 7,5 cents (2011: 4,5 cents).

The increase in CAPEX is mainly for expansion and includes racking of R30,0 million required for growth. Due to the favourable interest rates, commodity prices and the Group's increased borrowing capacity, Metrofile intends to accelerate its CAPEX programme, in respect of new buildings, in the 2013 financial year and will reduce its planned investment in the 2014 financial year accordingly.

During the year Metrofile acquired the business of Global Continuity SA and a further 15% of Cleardata (Pty) Ltd. These acquisitions were made by way of vendor placements, which resulted in a further 4,0 million shares being issued. The table below represents the at acquisition fair value of net assets acquired for the investment in Global Continuity SA.

	Rm
Property, plant and equipment	3,1
Current assets	1,0
Bank balances	1,3
Current liabilities	(3,3)
Net asset value acquired	2,1
Paid by way of vendor placements	3,8
Net asset value acquired	(2,1)
Goodwill	1,7

Metrofile accounts for its property portfolio on a cost basis. During the current reporting period there were no additions to the portfolio.

The properties will be valued before the calendar year-end and the value reported with the Group's interim results.

GOING CONCERN

The directors are of the opinion that the business will be a going concern in the year ahead. In reaching this opinion, the directors considered the following factors:

- The Group's cash requirements for debt servicing and capital repayments are satisfactorily covered by the Group's current and projected cash flows.
- No recurring operating losses.
- Well-controlled working capital.
- Approved short- and long-term financing, with sufficient additional short-term working capital borrowing capacity if required.
- Balance sheet assets have been carefully tested for impairment and none is overvalued.
- Budgets to June 2013 reflect a continuation of these positive trading.
- Key executive management is in place.

EVENTS AFTER THE REPORTING DATE


No events material to the understanding of the annual financial statements have occurred in the period between the year-end date and the date of the report. The Group has entered into two additional lease agreements for premises which, although not material, amount to an aggregate of R3.6 million per annum.

AUDIT, GOVERNANCE AND RISK COMMITTEE

The Audit, Governance and Risk Committee has reviewed the scope as well as the independence and objectivity of the external auditors. The committee has satisfied itself that the external auditor is independent as defined by the Companies Act and the committee has approved the audit fees for the year. The Audit, Governance and Risk Committee has nominated Deloitte & Touche as external auditor for the 2013 financial year, and Grant Krog as the designated partner, for approval at the annual general meeting. Refer to the section on corporate governance on page 18 and 19 for further details on the composition, role, purpose and principal functions of the Audit, Governance and Risk Committee.

CERTIFICATION BY COMPANY SECRETARY

I certify that to the best of my knowledge and belief, in accordance with section 268G(d) of the Companies Act, 1973, as amended, that the Company, Metrofile Holdings Limited, has, during the period 1 July 2011 to 30 June 2012, lodged with the Registrar all such returns as are required by a public Company in terms of the act and that all such returns are true, correct and up to date.



P Atkins
Company Secretary

Johannesburg
30 August 2012

INCOME STATEMENT

for the year ended 30 June 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
Revenue		523 731	460 552		
Direct costs		(231 191)	(202 603)		
Gross profit		292 540	257 949		
Other income		2 276	2 275		222
Gross profit before indirect expenditure		294 816	260 224		222
Indirect (expenditure)/income		(123 731)	(114 024)	16 145	8 514
Operating profit before depreciation and net finance costs		171 085	146 200	16 145	8 736
Depreciation		(23 184)	(19 076)		
Operating profit before net finance costs	2	147 901	127 124	16 145	8 736
Finance income		2 301	1 588		
Finance costs		(23 327)	(25 230)	(835)	
Interest paid		(20 388)	(22 461)	(835)	
Interest paid relating to financial instruments		(2 939)	(2 769)		
Profit before taxation		126 875	103 482	15 310	8 736
Taxation	3	(35 729)	(29 541)	(2 261)	(816)
Profit for the year		91 146	73 941	13 049	7 920
Attributable to:					
Owners of the parent		89 471	73 874	13 049	7 920
Non-controlling interests		1 675	67		
		91 146	73 941	13 049	7 920
Profit attributable to owners of the parent					
Basic earnings per share (cents)	4	21,7	18,1		
Fully diluted earnings per share (cents)	4	21,5	18,1		

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
Profit for the year		91 146	73 941	13 049	7 920
Other comprehensive income for the year net of tax		(621)	103		
Hedge accounting for fair value on interest rate swaps		(751)	(542)		
Currency movement on translation of foreign subsidiary		130	645		
Total comprehensive income for the year		90 525	74 044	13 049	7 920
Attributable to:					
Owners of the parent		88 786	73 731	13 049	7 920
Non-controlling interests		1 739	313		

STATEMENT OF FINANCIAL POSITION

at 30 June 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	335 699	313 094		
Investment in unlisted subsidiaries	7			361 653	354 153
Goodwill	8	171 666	169 943		
Deferred taxation assets	3	1 379	2 535		
		508 744	485 572	361 653	354 153
Current assets					
Inventories	9	15 556	12 343		
Trade receivables	10	79 526	66 144		
Other receivables	10	6 515	4 637	120	114
Taxation		1 524			
Bank balances		45 966	37 710	74	135
Amounts owing by subsidiaries – non-interest-bearing	25			4 900	1 100
		149 087	120 834	5 094	1 349
Total assets		657 831	606 406	366 747	355 502
EQUITY AND LIABILITIES					
Equity					
Ordinary share capital and share premium	11	542 424	521 325	844 269	823 170
Accumulated losses		(162 443)	(215 144)	(709 959)	(700 400)
Other reserves	12	2 822	2 619		
Equity attributable to owners of the parent		382 803	308 800	134 310	122 770
Non-controlling interests		2 451	1 643		
		385 254	310 443	134 310	122 770
Non-current liabilities					
Interest-bearing liabilities	13,1	168 485	198 734		
Deferred taxation liabilities	3	11 706	9 420		
		180 191	208 154		
Current liabilities					
Trade and other payables	14	48 562	49 710	486	781
Provisions	21	1 939	1 779		
Deferred revenue		11 686	10 000		
Taxation		–	515		
Bank overdraft		42	129		
Interest-bearing liabilities	13,2	30 157	25 676		
Amounts owing to subsidiaries – non-interest-bearing	25			231 951	231 951
		92 386	87 809	232 437	232 732
Total equity and liabilities		657 831	606 406	366 747	355 502
Net asset per ordinary share (cents)		92,6	75,7		
Tangible net asset per ordinary share (cents)		50,7	34,5		

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Share capital R'000	Share premium R'000	Accumulated losses R'000	Other reserves R'000	Attributable to owners of the parent R'000	Non- controlling interests R'000	Total equity R'000
GROUP							
Balance at 30 June 2010	2 508	518 817	(280 856)	460	240 929	1 330	242 259
IFRS 2 Equity Reserve Relating to Share Schemes				2 302	2 302		2 302
Dividends declared and paid			(8 162)		(8 162)		(8 162)
Total comprehensive income for the year ended 30 June 2011			73 874	(143)	73 731	313	74 044
Balance at 30 June 2011	2 508	518 817	(215 144)	2 619	308 800	1 643	310 443
Shares issued in terms of vendor placements for acquisitions	25	11 275			11 300		11 300
Shares issued in terms of share schemes	25	9 774			9 799		9 799
Increase in shareholding in Cleardata to 70%			(6 569)		(6 569)	(931)	(7 500)
IFRS 2 Equity Reserve Relating to Share Schemes				3 094	3 094		3 094
Share scheme settlement			(7 593)	(2 206)	(9 799)		(9 799)
Dividends declared and paid			(22 608)		(22 608)		(22 608)
Total comprehensive income for the year ended 30 June 2012			89 471	(685)	88 786	1 739	90 525
Balance at 30 June 2012	2 558	539 866	(162 443)	2 822	382 803	2 451	385 254
COMPANY							
Balance at 30 June 2010	2 508	820 662	(700 158)		123 012		
Dividends declared and paid			(8 162)		(8 162)		
Total comprehensive income for the year ended 30 June 2011			7 920		7 920		
Balance at 30 June 2011	2 508	820 662	(700 400)		122 770		
Shares issued in terms of vendor placements for acquisitions	25	11 275			11 300		
Shares issued in terms of share schemes	25	9 774			9 799		
Dividends declared and paid			(22 608)		(22 608)		
Total comprehensive income for the year ended 30 June 2012			13 049		13 049		
Balance at 30 June 2012	2 558	841 711	(709 959)		134 310		

STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		510 142	453 403		
Cash paid to suppliers and employees		(358 104)	(303 459)	(8 024)	(3 770)
Cash generated by/(utilised in) operations	22,2	152 038	149 944	(8 024)	(3 770)
Net finance costs		(21 026)	(23 642)		
Interest paid		(23 327)	(25 230)		
Interest received		2 301	1 588		
Dividends paid		(22 633)	(7 931)	(22 633)	(7 931)
Taxation paid	22,3	(31 198)	(29 229)	(2 261)	(816)
Net cash inflow/(outflow) from operating activities		77 181	89 142	(32 918)	(12 516)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in property, plant and equipment: expansion		(35 201)	(38 164)		
Investment in property, plant and equipment: replacement		(8 517)	(8 261)		
Proceeds from sale of property, plant and equipment		944	1 008		
Increase in shareholding of subsidiary and acquisition of business	22,4	(11 300)		7 500	
Loan advanced to subsidiary in acquiring business				3 800	
Net cash outflow from investing activities		(54 074)	(45 417)	11 300	
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term liabilities		(26 064)	(32 935)		
Proceeds from new financing facilities			13 000		
Issue of shares in terms of vendor placements		11 300		11 300	
Decrease in loan to Group Company				20 084	12 414
Net cash (outflow)/inflow from financing activities		(14 764)	(19 935)	31 384	12 414
Net increase/(decrease) in cash and cash equivalents		8 343	23 790	9 766	103
Cash and cash equivalents at the beginning of the year		37 581	13 791	135	32
Cash and cash equivalents at the end of the year		45 924	37 581	9 901	135
Represented by:					
Bank balances		45 966	37 710		
Bank overdraft		(42)	(129)		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards.

During the current financial year, the following applicable Standards and Interpretations issued, amended or revised became effective and was adopted in the current financial year:

New or revised Standards

- IAS 24 Related Party Disclosures (2009)
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- IFRS 9 Financial Instruments (2009)
- IFRS 9 Financial Instruments (2010)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

Amended Standards

- IFRS 1 — Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
- IAS 1 — Clarification of the requirements for comparative information
- IAS 16 — Classification of servicing equipment
- IAS 32 — Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
- IAS 34 — Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

These new, revised or amended standards and interpretations did not have a major effect on the financial statements other than enhanced disclosure.

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the business of the Group and may have an impact on future financial statements:

Conceptual Framework for Financial Reporting

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements
- IAS 12 Income Taxes
- IAS 19 Employee Benefits
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 32 Financial Instruments: Presentation
- IAS 34 Interim Financial Reporting

The directors are in the process of assessing the impact of the above changes on the entity. Management believes that none of these new or revised Standards and Interpretations will have a significant effect other than enhanced disclosure.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below:

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interest consist of the amount of those interests at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.1 Basis of consolidation continued

Joint ventures are those entities over which the Group exercises joint control in terms of a contractual agreement. Joint ventures are proportionally consolidated, whereby the Group's share of the joint venture's assets, liabilities, results and cash flows are combined with similar items, on a line-by-line basis, in the Group's financial statements. The results of jointly controlled entities are proportionately consolidated from the effective date of acquisition up to and including the date of disposal.

1.2 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in calculating the profit or loss on disposal.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed. Services are recognised when rendered.

Interest income is accrued on the time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on the straight-line basis over the lease term.

1.5 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African Rand, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Foreign currencies continued

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in South African Rand using exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.7 Retirement benefit costs

Current contributions to the defined contribution pension fund registered in terms of the Pension Fund Act, 1956 are based on current service and current salaries as they are incurred.

1.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1.9 Property, plant and equipment

Land and buildings are stated at cost, whilst other fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Depreciation is calculated on the straight-line basis, so as to write the cost of the assets down to their residual values, at the following rates, which are considered to approximate the estimated useful lives of the assets concerned.

Plant and equipment	6,7 – 20%
Leasehold improvements	25%
Motor vehicles	16,7%
Furniture and fittings	10%
Office equipment	20%
Computer software	50%
Computer equipment	20%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

1.9 Property, plant and equipment *continued*

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Redundant and slow-moving inventory items are identified and written down to their estimated economic or realisable value.

1.11 Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at proceeds received, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade payables

Trade and other payables are stated at their nominal value.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts and interest rate swap agreements) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The significant interest rate risk arises from bank loans. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy.

The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in profit or loss. The Group's policy with regard to hedging the foreign currency risk of a firm commitment is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income and is retained in there until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is transferred to profit or loss for the period.

1.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.13 Share-based payments

The Group issues certain equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on the straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Cash-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on the straight-line basis over the vesting period.

1.14 Judgments made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that effect reported amounts and related disclosures. Actual results could differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments as follows:

Asset lives and residual value

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets other than goodwill

Intangible assets other than goodwill are amortised over their useful lives. The actual lives of the intangible assets are assessed annually and may vary depending on a number of factors. In reassessing intangible asset lives, factors such as technological innovation are taken into account.

Provision for doubtful debts

Provision for doubtful debts are based on a detailed review and reflect an appropriate allowance for estimated irrecoverable amounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
2. OPERATING PROFIT BEFORE NET FINANCE COSTS				
Operating profit before items and net finance costs is stated after accounting for the following:				
Auditors' remuneration	1 920	2 254	388	540
– Current year – audit fee	1 920	1 900	388	540
– other services		270		
– Prior year underprovision		84		
Directors' emoluments paid by subsidiaries (note 5)	9 527	7 451		
Executive directors	7 569	5 699		
Non-executive directors	1 958	1 752		
Depreciation	23 184	19 076		
Profit on disposal of plant and equipment	(24)	(279)		
Managerial, secretarial and technical fees	3 208	4 201		
Operating lease charges	18 690	15 915		
Inventory expensed	52 813	41 308		
Inventory written off	675	2 224		
Retirement benefit expenses	11 648	11 083		
Share-based incentive accruals	3 094	2 302		
Employment costs	180 075	160 419		

Number of employees at the year-end was 1 285 (2011: 1 223).

Operating leases relating to premises rental have been smoothed over the period of the lease, as a result the total lease smoothing creditor, at the end of the year amounts to R2 094 000. (2011: R1 194 000)

3. TAXATION

3.1.1 South African normal taxation

Current year	29 672	27 925		
Prior year	61	(3 201)		
	29 733	24 724		

3.1.2 Deferred taxation

Current year	3 735	2 244		
Prior year		1 757		
	3 735	4 001		

3.1.3 Secondary tax on companies

Current year	2 261	816	2 261	816
	2 261	816	2 261	816
	35 729	29 541	2 261	816

3.2 Taxation reconciliation

Profit before taxation	126 875	103 482	15 310	8 736
Taxation at statutory taxation rate of 28%	35 525	28 975	4 287	2 446
Non-deductible expenditure	235	45	(5 392)	(2 967)
Prior year taxation	61	(1 444)		
Deferred tax asset not raised	1 105	521	1 105	521
Statutory taxation rate difference due to foreign subsidiary	(8)	26		
Deductible allowances	(706)	602		
Share scheme settlement	(2 744)			
Secondary tax on companies	2 261	816	2 261	816
Actual taxation charged	35 729	29 541	2 261	816

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
3. TAXATION continued				
3.2 Taxation reconciliation				
Taxation rate reconciliation				
Statutory taxation rate	28,0	28,0	28,0	28,0
Non-deductible expenditure	0,2	0,0	(35,2)	(34,0)
Prior year taxation	0,0	(1,4)	0,0	
Deferred tax asset not raised	0,9	0,5	7,2	6,0
Statutory taxation rate difference due to foreign subsidiary	(0,0)	0,0		
Deductible allowances	(0,6)	0,6		
Share scheme settlement	(2,1)			
Withholding taxation	1,8	0,8	14,8	9,3
Effective taxation rate	28,2	28,5	14,8	9,3
	R'000	R'000	R'000	R'000
3.3 Deferred taxation				
Property, plant and equipment	(18 069)	(15 044)		
Trade receivables	237	195		
IFRS 2 charge relating to share schemes	1 452	1 204		
IFRS rent adjustment	585	339		
Prepayments	(624)	(343)		
Provisions	2 202	1 954		
Deferred revenue	1 335	1 090		
Deferred tax in other reserves	1 036	744		
Assessed losses	1 519	2 976		
Total	(10 327)	(6 885)		
Net deferred taxation liability				
Opening balance	(6 885)	(3 097)		
Add: subsidiaries acquired				
Income statement movement	(3 735)	(4 001)		
Other	293	213		
Closing balance	(10 327)	(6 885)		
Deferred taxation asset	1 379	2 535		
Deferred taxation liability	(11 706)	(9 420)		
3.4 Taxation losses				
Deferred tax asset raised on estimated taxation losses available for offset against future taxable income amount to:	1 519	2 976		
Estimated capital losses:			41 253	41 253
These capital losses are unlikely to be used by normal operations and accordingly no deferred taxation asset has been raised.				
4. EARNINGS PER ORDINARY SHARE				
4.1 Earnings – basic				
Earnings for purposes of earnings per share	89 471	73 874		
Effect of dilutive potential ordinary shares				
Earnings for purposes of diluted earnings per share	89 471	73 874		
Number of shares – earnings per share				
Number of ordinary shares in issue (thousands)	416 170	408 085		
Weighted average number of ordinary shares in issue (thousands)	411 731	408 085		
Basic Earnings per share (cents)	21,7	18,1		
Fully diluted earnings per share (cents)	21,5	18,1		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
4. EARNINGS PER ORDINARY SHARE continued				
4.2 Headline earnings				
Basis for calculation				
The calculation of headline earnings per ordinary share is based on headline earnings of R89,5 million (2011: R73,6 million) and a weighted average number of 411,7 million (2011: 408,1 million) ordinary shares in issue during the year.				
This basis is a measure of the trading performance and excludes profits and losses of a capital nature. It is derived, after taxation and non-controlling interests, as follows:				
Headline earnings				
Attributable profit	89 471	73 874		
<i>Adjusted for after tax:</i>				
Profit on disposal of property, plant and equipment	(24)	(279)		
Tax effect of profit on disposal of property, plant and equipment	7	78		
Headline earnings for purposes of headline earnings per share	89 454	73 673		
Effect of dilutive potential ordinary shares				
Headline earnings for purposes of diluted headline earnings per share	89 454	73 673		
Headline earnings per ordinary share (cents)	21,7	18,1		
Fully diluted headline earnings per ordinary share (cents)	21,5	18,1		
	cents	cents		
4.3 Reconciliation of headline earnings per share				
Earnings per ordinary share	21,7	18,1		
<i>Adjusted for after tax:</i>				
Profit on disposal of property, plant and equipment	-	-		
Headline earnings per ordinary share	21,7	18,1		

	Directors' fees R	Salary R	Bonuses R	Pension contribution R	Other benefits R	Total R
5. DIRECTORS' AND PRESCRIBED OFFICERS REMUNERATION						
5.1 Directors' remuneration						
2012						
MS Bomela* [†]						
RM Buttle		1 163 201	1 300 000	216 000	248 521	2 927 721
P Langeni* [#]	85 000					85 000
CN Pongweni (néé Mapaure)* [▲]						
IN Matthews*	580 000					580 000
N Medupe*	290 000					290 000
SR Midlane* [§]	217 500					217 500
AP Nkuna* ^{▲§}						
CS Seabrooke*	785 000					785 000
GD Wackrill		1 829 664	2 200 000	324 000	288 312	4 641 976
	1 957 500	2 992 865	3 500 000	540 000	536 832	9 527 197

* Non-executive director

[†] MS Bomela was appointed as a non-executive director on 8 September 2011

[#] P Langeni was appointed as a non-executive director on 30 March 2012

[§] SR Midlane and AP Nkuna resigned on 30 March 2012

[▲] An amount of R1,00 million (2011: R0,84 million) was also paid to Mineworkers Investment Company (Pty) Ltd for services, inclusive of the non-executive and committee roles performed by AP Nkuna, MS Bomela and CN Mapaure

	Directors' fees R	Salary R	Bonuses R	Pension contribution R	Other benefits R	Total R
2011						
MS Bomela* [†]						
RM Buttle		1 050 858	775 676	182 318	148 455	2 157 307
CN Pongweni (néé Mapaure)* [▲]						
IN Matthews*	484 000					484 000
N Medupe*	264 000					264 000
SR Midlane*	264 000					264 000
AP Nkuna* [▲]						
CS Seabrooke* [▲]	740 000					740 000
GD Wackrill		1 607 094	1 459 351	276 345	198 458	3 541 248
	1 752 000	2 657 952	2 235 027	458 663	346 913	7 450 555

* Non-executive director

[†] MS Bomela was appointed as a non-executive director on 8 September 2010

[▲] CP Coutts-Trotter was appointed as an alternate to CS Seabrooke on 4 April 2011

[▲] An amount of R0,84 million (2010: R0,72 million) was also paid to Mineworkers Investment Company (Pty) Ltd for services, inclusive of the non-executive and committee roles performed by AP Nkuna, MS Bomela and CN Mapaure

	Salary R	Bonuses R	Pension contribution R	Other benefits R	Total R
5.2 Prescribed officers remuneration					
2012					
Prescribed officer 1	1 180 561	1 000 000	216 000	241 866	2 638 427
Prescribed officer 2	638 912	231 767	112 136	168 317	1 151 132
	1 819 473	1 231 767	328 136	410 183	3 789 558
2011					
Prescribed officer 1	1 059 031	582 978	189 999	176 188	2 008 196
Prescribed officer 2	611 374	218 272	129 308	151 933	1 110 887
	1 670 405	801 250	319 307	328 121	3 119 083

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

GROUP	Land and buildings R'000	Plant and machinery R'000	Computer equipment owned R'000	Computer equipment leased R'000	Motor vehicles R'000	Office furniture and equipment R'000	Total R'000
6. PROPERTY, PLANT AND EQUIPMENT							
Cost							
At 1 July 2011	183 407	148 360	28 643	80	38 017	9 616	408 123
Additions	1 250	32 242	3 631		6 017	578	43 718
Subsidiaries acquired	978		1 094			920	2 992
Disposals	(627)	(2 631)	(3 350)		(1 493)	(502)	(8 603)
At 30 June 2012	185 008	177 971	30 018	80	42 541	10 612	446 230
Accumulated depreciation							
At 1 July 2011	1 942	58 795	18 825	74	9 485	5 908	95 029
Depreciation	697	13 397	4 349		3 753	988	23 184
Disposals	(56)	(2 581)	(3 326)		(1 217)	(502)	(7 682)
At 30 June 2012	2 583	69 611	19 848	74	12 021	6 394	110 531
Net book value							
At 30 June 2012	182 425	108 361	10 170	6	30 520	4 218	335 699
Cost							
At 1 July 2010	169 215	132 276	25 685	80	30 563	8 874	366 693
Additions	14 192	17 696	4 381		9 203	1 193	46 665
Disposals		(1 612)	(1 423)		(1 749)	(451)	(5 235)
At 30 June 2011	183 407	148 360	28 643	80	38 017	9 616	408 123
Accumulated depreciation							
At 1 July 2010	1 942	47 814	16 312	74	8 594	5 491	80 227
Depreciation		12 238	3 905		2 069	864	19 076
Disposals		(1 257)	(1 392)		(1 178)	(447)	(4 274)
At 30 June 2011	1 942	58 795	18 825	74	9 485	5 908	95 029
Net book value							
At 30 June 2011	181 464	89 565	9 818	6	28 532	3 708	313 094

A register of land and buildings is available for inspection at the registered office of the Company.

The majority of the assets have been pledged as security against certain loans as detailed in note 13.2

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000

7. INVESTMENT IN UNLISTED SUBSIDIARIES

7.1 Subsidiaries

Unlisted

Shares at cost [▲]

361 653 354 153

[▲] Metrofile has ceded and pledged its interests in all its assets and investments as security to the capital providers.

8. GOODWILL

Net carrying value at the beginning of the year

169 943 169 943

Acquisition of business

1 723

Net carrying value at the end of the year

171 666 169 943

Goodwill is tested for impairment on an annual basis. The method used for testing impairment is an EBITDA multiple with a secondary test of market capitalisation less the net asset value of the enterprise.

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
9. INVENTORIES				
Maintenance spares	18 087	15 677		
Goods available for sale	1 093	1 101		
Consumables	1 913	1 595		
Total inventory	21 093	18 373		
Less: provisions	(5 537)	(6 031)		
Net inventory	15 556	12 342		

Inventories have been ceded and pledged as security to its capital providers.

10. TRADE AND OTHER RECEIVABLES				
Trade receivables	81 001	67 557		
Other receivables	6 515	4 637	120	114
Provision for doubtful debts	(1 130)	(930)		
Provision for credit notes	(345)	(483)		
	86 041	70 781	120	114

Trade and other receivables are stated after the following allowances for impairment:

Provision for doubtful debts and credit notes

Opening balance	(1 413)	(1 862)		
Impairment loss recognised	(207)	(268)		
Impairment loss reversed	145	717		
Closing balance	(1 475)	(1 413)		

At 30 June 2012, Metrofile had ceded and pledged its trade and other receivables as security to its capital providers.

11. ORDINARY SHARE CAPITAL AND SHARE PREMIUM

11.1 Share capital

Ordinary shares of 0.6146 cents each

Number of shares

Authorised

Authorised ordinary shares at end of year	500 000	500 000	500 000	500 000
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Issued

Shares issued at the end of the year	416 170	408 085	416 170	408 085
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Unissued shares at the end of the year	83 830	91 915	83 830	91 915
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The authorised but unissued ordinary shares in the Company were placed under the control and authority of the directors of the Company who were authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (the Act), the articles of association of the Company and the JSE Limited (JSE) Listings Requirements, when applicable, such authority to remain in force until the next annual general meeting. This authority was restricted to 5% of the Company's issued share capital.

Value of shares

Issued

Issued at beginning of year	2 508	2 508	2 508	2 508
Issued by way of vendor placements for acquisition of subsidiaries	25		25	
Issued for settlement of share schemes	25		25	
Issued at the end of the year	2 558	2 508	2 558	2 508

11.2 Share premium

Balance at beginning of year	518 817	518 817	820 662	820 662
Raised by way of vendor placements for acquisition of subsidiaries	11 275		11 275	
Raised by way of issue for share schemes	9 774		9 774	
Balance at the end of the year	539 866	518 817	841 711	820 662
Total share capital and share premium	542 424	521 325	844 269	823 170

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

	Group		Company	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
12. OTHER RESERVES				
Balance at the beginning of the year	2 619	460		
Share based payment reserves*	3 094	2 302		
Share scheme settlement	(2 206)			
Hedging reserve**	(1 043)	(752)		
Increase in shareholding of Cleardata (Pty) Limited				
Foreign currency translation reserve***	130	645		
Non-controlling interest	(65)	(247)		
Tax effect of above	292	211		
Balance at the end of the year	2 822	2 619		

* *Share incentive schemes*

The share incentive scheme rules were amended, in November 2011, to remove the option of retesting and as such new Share Appreciation Rights vest after a three year period and are exercisable annually in three equal tranches after years three, four and five. The share incentive schemes were approved by shareholders during the 2009 financial year, the schemes introduced were a Deferred Bonus Plan ("DBP") and a Share Appreciation Rights ("SAR"). The previous terms of these SAR scheme were that the shares vest, in full, after 3 year period, with a maximum term of 7 years, and are equity settled by the Company acquiring shares on the market. The schemes have certain performance conditions attached which need to be achieved in order for vesting to occur. On 9 September 2011 the Company issued 6 487 796 and 693 878 grants with regard to the SAR and DBP schemes respectively, on 7 September 2010 the Company issued 4 080 852 and 318 053 grants with regard to the SAR and DBP schemes respectively, on 4 September 2009 the Company issued 5 510 734 and 391 931 grants with regard to the SAR and DBP schemes respectively and on 14 October 2008 the Company issued 7 377 604 and 502 328 grants with regard to the SAR and DBP schemes respectively. The SAR scheme grants were issued at a price of R1,96 (2011), R1,45 (2010), R1,03 (2009) and R0,89 (2008) (Based on the 30 days volume weighted average price) whilst the DBP were bought on the market, further details of which are disclosed under note 20. During the financial year the grants issued in 2008 were exercised in full and have were exercised and a total of 4 082 828 shares were issued. In determining the number of grants issued the Black Scholes model was utilised. The IFRS 2 charge relating to the schemes has been debited to employee costs and credited to equity

** *Hedging reserve*

The hedging reserve relates to the fair value adjustment on the interest rate swaps, which has been recorded under other reserves as the requirement for hedge accounting has been met

*** *Foreign currency translation reserve*

The foreign currency translation reserve relates to the difference that arose in translation of Metrofile Mozambique from Metical to Rands

Group		Company	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

13. NON-CURRENT LIABILITIES

13.1 Interest-bearing liabilities

"Amortising" facility

Being a six year senior facility, accruing interest at a rate equal to a three month (Johannesburg interbank agreed rate) ("JIBAR") plus 3,00% on a nominal annual compounded quarterly ("NACQ") basis. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. In the event of default, the interest rate on the facility will increase by 3%, which will remain in place until the default event has been remedied or the facility has been cancelled and repaid. Capital and interest to be repaid in 24 equal quarterly instalments, starting at the end of the first quarter and ending on 31 March 2016.

Less: Amounts payable within one year reflected under current liabilities

76 379 100 015

100 048 121 745
(23 669) (21 730)

"Bullet" facility

Being a six year senior facility, accruing interest at a rate equal to a three month JIBAR plus 3,60% on a NACQ basis. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. In the event of default, the interest rate on the facility will increase by 3%, which will remain in place until the default event has been remedied or the facility has been cancelled and repaid. Capital to be repaid in one lump sum at the end of the six year loan period, on 31 March 2016.

In terms of the loan agreement, certain additional capital repayments ("capital prepayments") were previously required during the period of the loans; these mandatory repayments have since been waived by the Capital providers for the balance of the loan term. In February 2011 a mandatory repayment amounting to R12,0 million was made against the loans.

79 277 79 257

79 277 79 257

Instalment sale agreements

Being instalment sale agreements with Nedbank Limited, the last one terminating on 31 August 2013. The agreements are financed at prime plus 1% and are secured by movable assets of Cleardata (Pty) Ltd

Less: Amounts payable within one year reflected under current liabilities

265 1 780

1 780 3 264
(1 515) (1 484)

Loan facility – Industrial Development Corporation

Being two loan facilities which accrue interest at a rate equal to prime plus 1%. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. Capital and interest to be repaid in sixty equal instalments, starting at the end of the fifth quarter and ending on 30 April 2015.

Less: Amounts payable within one year reflected under current liabilities

5 013 8 460

8 310 9 409
(3 297) (949)

"CAPEX A" facility

Being a six year senior facility, accruing interest at a rate equal to a three month (Johannesburg interbank agreed rate) ("JIBAR") plus 3,00% on a nominal annual compounded quarterly ("NACQ") basis. Interest payable will be calculated on the basis of actual number of days elapsed in a year of 365 days and is payable quarterly in arrears. In the event of default, the interest rate on the facility will increase by 3%, which will remain in place until the default event has been remedied or the facility has been cancelled and repaid. Capital and interest to be repaid in 24 equal quarterly instalments, starting at the end of the first quarter and ending on 31 December 2016.

Less: Amounts payable within one year reflected under current liabilities

8 364 10 331

10 335 12 141
(1 971) (1 809)

Total interest-bearing liabilities

Less: Prepaid facility fees amortised over the six year period of the facilities

169 298 199 843
(813) (1 109)

Total non-current liabilities

168 485 198 734

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
13. NON-CURRENT LIABILITIES continued				
13.2 Current liabilities				
Interest-bearing liabilities				
Short-term portion of long-term liabilities				
– “Amortising” facility	23 669	21 730		
– Instalment sale agreements	1 515	1 484		
– Loan facility – Independent Development Corporation	3 297	949		
– “CAPEX A” facility	1 971	1 809		
Less: Prepaid facility fees amortised over the next year	(296)	(296)		
Total current liabilities	30 157	25 676		
Total interest-bearing liabilities	198 642	224 410		

Security for the Metrofile facilities is provided by Micawber 305 (Pty) Limited (“the Guarantor”), a special purpose vehicle created to facilitate a security mechanism for the Capital Providers, in the form of guarantees issued to the Capital Providers (“the security”). The Guarantor holds the underlying assets of Metrofile Holdings and Metrofile (Pty) Ltd as security for its obligations under the guarantees provided by it to the Capital Providers. Cleardata (Pty) Ltd has secured its borrowings recorded under note 13.1 utilising all of its underlying assets.

Metrofile (Pty) Ltd is compliant with all aspects of the Common Terms of Agreement with Standard Bank of South Africa Limited and all loan covenants.

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
14. TRADE AND OTHER PAYABLES				
Trade payables	9 090	12 103	9	10
Accrued expenses	14 494	16 531	270	540
Dividends for shareholders	207	231	207	231
Net VAT Creditor	4 664	4 791		
Payroll accruals	3 223	2 979		
Credit balances in debtors	3 884	3 962		
Leave pay accrual	5 813	5 199		
Financial instruments – Fair value of interest rate swaps	3 701	2 658		
Lease smoothing liability	2 094	1 194		
Outstanding cheques	690	24		
Sundry creditors	703	38		
	48 562	49 710	486	781

15. COMMITMENTS

15.1 Authorised capital expenditure

Metrofile (Pty) Ltd has planned capital expansions of R42,8 million (2011: R49,9 million) and replacement projects of R10,1 million (2011: R8,5 million), of which R3,1 million (2011: R12,3 million) has been authorised and committed and R49,8 million (2011: R46,1 million) authorised but not committed. The capital expenditure will be financed by way of a CAPEX facility amounting to R19 million for the purpose of building additional facilities and from the Group's cash resources. The CAPEX facility has a six year term, accruing interest at a rate equal to a three month (Johannesburg interbank agreed rate) (“JIBAR”) plus 3,00% on a nominal annual compounded quarterly (“NACQ”) basis. The facility will be made available in January 2013 and is repayable quarterly in arrears in 24 equal payments.

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
15.2 Operating leases				
Future leasing charges for premises, equipment and motor vehicles				
Payable within one year	15 113	11 766		
Payable within two to five years	40 206	27 659		
Metrofile Holdings Limited subsidiary companies have entered into various long-term lease agreements related to buildings not owned by the Group. The last agreements expire in 2017 and the Company has the option to renew and extend the agreements for a further term. All the leases are market related and annual escalations range between consumer price index (“CPI”) and 8% in all the various agreements.				
	55 319	39 425		

16. CONTINGENT LIABILITIES

There are no known contingent liabilities to report.

17. BORROWING POWERS

In terms of its articles of association the Company's borrowing powers are unlimited.

In terms of the restructure agreement, known as the "Common Terms Agreement", borrowing powers of the remaining Group Companies are limited to the "Metrofile Working Capital Facility" available to Metrofile (Pty) Ltd. The short-term facility is limited to R10 million, being a revolving working capital facility, accruing interest at the prime rate. The facility is renewable on an annual basis subject to the sole and absolute discretion of the lender. In the event of receipt of a written demand from the lender, the facility is to be repaid in full within a period of 14 days.

	Group		Company	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000

18. FINANCIAL INSTRUMENTS**18.1 Carrying amounts of financial instruments**

Loans and receivables

Trade receivables	79 526	66 144		
Other receivables	4 370	2 453	120	114
Bank balances	45 966	37 710	74	135
	129 862	106 307	194	249

Financial instruments designated at fair value through profit and loss

Total financial assets	129 862	106 307	194	249
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Financial liabilities at amortised cost

Interest-bearing liabilities	(198 621)	(224 410)		
Trade and other payables	(24 622)	(25 559)	(486)	(430)
Bank overdraft	(43)	(129)		
	(223 286)	(250 098)	(486)	(430)

Financial instruments designated at fair value through profit and loss

Financial instruments – Fair value of interest rate swaps	(3 701)	(2 658)		
Total financial liabilities	(226 987)	(252 756)	(486)	(430)
Total net financial liabilities	(97 125)	(146 449)	(292)	(181)

18.2 Carrying amounts and fair value amounts of financial instruments

Fair value hierarchy level

Financial assets and liabilities at fair value have been categorised in the following hierarchy structure:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset/liability.

Level 3 – Inputs for the asset/liability that are not based on observable market data (unobservable inputs).

Level 2

Interest rate swap amount to R3,7 million (2011: R2,7 million). At 30 June 2012 the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short-term maturities of these assets and liabilities.

Of the financial assets and liabilities as at 30 June 2012 and 2011, the interest-bearing borrowings had their fair values determined based on published price quotation in active market. The borrowings' net present value ("NPV") is calculated using the nominal annual compounding annually ("NACA") rate.

No financial assets and liabilities had their fair value determined using valuation techniques during the year ended 30 June 2012 or 2011.

The fair value of the financial instruments at initial recognition was determined to be the transaction price. Upon initial recognition no differences existed as a result of the fair value upon initial recognition differing to the value of the financial instrument determined using a valuation technique.

18.3 Foreign currency exposure

In the normal course of business, the Group enters into transactions denominated in a variety of foreign currencies. As a result the Group is subject to transactions and translation exposures resulting from fluctuations in currency exchange rates. The Group uses forward exchange contracts to minimise the foreign currency exchange exposures associated with its foreign currency transactions. Foreign exchange contracts are taken out for the majority of orders placed overseas. It is not the Group's policy to take speculative positions in foreign currencies. Existing forward exchange contracts cover existing and future trade commitments as well as other liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

18. FINANCIAL INSTRUMENTS continued

18.3 Foreign currency exposure continued

As at 30 June 2012, the Group's foreign currency exposure was as follows:

	Currency	Amount in foreign currency	Exchange rate used	Reported value 2012 R'000	Reported value 2011 R'000
Uncovered foreign denominated liabilities included in trade payables					
	Euro'000	11,1	10,65	119	79
	GBP'000	22,6	8,41	190	13
There were no uncovered foreign denominated assets at 30 June 2012 (2011: Nil)					
Existing foreign currency forward exchange contracts covering statement of financial position items included at fair value in trade payables are:					
Buy contracts	US\$'000	11,1	8,22	92	860
	Euro'000	–	–	–	29

Total foreign purchases for the year amounted to R14,8 million (2011: R17,5 million). A 10% increase/decrease on the exchange rate would have resulted in a R1,5 million (2011: R1,7 million) increase/decrease in purchases respectively. All purchases are receipted into stock and booked out against sales invoices, maintenance contracts or as direct inputs in the conversion bureaus. The impact of exchange rate fluctuations on the Company's profits is estimated to be limited to 8,4% of the purchases. Direct sales to customers of foreign sourced goods are adjusted daily to cater for exchange rate fluctuations.

The following average and spot rates were used in the translation of the foreign subsidiary were 3,42 (2011: 4,16) and 3,53 (2011: 4,81) Meticals to the Rand respectively.

18.4 Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risk are cash, bank overdrafts and medium and long-term liabilities. The interest rates applicable to these financial instruments are comparable with those currently available in the market. Certain interest rate swap agreements were entered into to eliminate interest rate fluctuations on a portion of the debt over a four year period, these were initiated in April 2010.

The interest rate risk has reduced over the years due to the reduced gearing level of the entity. The risk is mitigated by the interest rate swaps which are in place; these swaps in essence fix the interest rate for 70% (2011: 75%) of the debt. The balance of the debt, amounts to R58,6 million (2011: R74,0 million) would be exposed to interest rate movements. The interest rate risk was higher in the prior year due to the coverage of the swaps. The current interest rate swaps step down in value annually and expire in March 2014 after which the debt exposed to interest rate fluctuations is expected to be a maximum of R99 million; this amount can, however, be reduced by any prepayments made in terms of voluntary payments in terms of the banking agreements. The reducing nature of the swaps is expected to maintain the coverage of the outstanding debt at an approximate level of 67%, which is in line with the requirement of the banking agreements. With the current interest rate levels being low and increases over the foreseeable future being minimal management are comfortable that the swap cover will reduce over a period of time and no additional swaps are required.

Details of the interest rate swap agreements that were entered into during the prior financial year are:

Initial coverage R110 million – termination date 31 March 2014 fixed at rate of 10,58% (JIBAR + 3,00%) and payable quarterly in arrears. This agreement is linked to the R145,3 million Metrofile amortising facility, accruing interest at a rate per annum equal to three-month JIBAR plus 3,00% all-in-rate NACQ.

Initial coverage R60 million – termination date 31 March 2014 fixed at rate of 11,16% (JIBAR + 3,60%) and payable quarterly in arrears. This agreement is linked to the R86,7 million Metrofile bullet facility, accruing interest at a rate per annum equal to three-month JIBAR plus 3,60% all-in-rate NACQ.

The table below represents how the swap agreements will reduce annually:

	Swap covering Amortising loan R'000	Swap covering Bullet loan R'000
Initial amount – April 2010	110 000	60 000
Reduced to – September 2011	90 000	50 000
Reduced to – September 2012	70 000	35 000
Reduced to – September 2013	40 000	20 000

An aggregate amount of R2,9 million was paid to the financial institution (2011: R2,8 million), being the net difference between the higher swap rates and the interest rates of the loans linked to these swap agreements. This cost was with respect to both the previous and current interest rate swaps. The current interest rate swaps comply with the requirements for hedge accounting.

	Group	
	2012 R'000	2011 R'000
Loss if interest rates increase by 50 basis points	299	279

There is an equal but opposite effect if the interest rates decrease by 50 basis points.

The loss above is based on the portion of the loans not covered by interest rate swaps.

18. FINANCIAL INSTRUMENTS continued

18.5 Liquidity risk

The liquidity risk is managed through capital planning in order to ensure that the Company remains compliant with the terms of the loan providers. The Company has a strong track record of generating cash from operations and there is little to no threat of this changing in the future. The requirement to expand in respect of facilities is the area which puts pressure on the liquidity of the Group, however, the additional facilities are required due to the business growing.

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Borrowing capacity:				
Amount approved	208 621	234 410		
	198 621	224 410		
Total additional borrowings available	10 000	10 000		
Financial liabilities at amortised cost				
Interest-bearing liabilities	(198 621)	(224 410)		
Trade and other payables	(24 622)	(25 560)	(486)	(781)
Bank overdraft	(43)	(129)		
Total financial liabilities at amortised cost	(223 286)	(250 099)	(486)	(781)
Maturity profile				
Interest-bearing liabilities				
2011		25 676		
2013	30 157	29 854		
2014	32 956	31 875		
2015	33 789	33 167		
2016	98 877	100 924		
2017	2 863	2 914		
	198 642	224 410		
Other				
2011		25 688		781
2012	24 622		486	
	223 264	250 098	486	781

18.6 Credit risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. This is implemented and controlled at an operating subsidiary level.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Credit risk evaluations are performed on all customers requiring credit. This is implemented and controlled at an operating subsidiary level.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Neither past due nor impaired	102 041	83 110	194	249
Past due but not impaired				
Trade receivables	26 346	21 784		
Not past due but impaired				
Trade receivables	345	483		
Past due and impaired				
Trade receivables	1 130	930		
Total financial assets	129 862	106 307	194	249
Neither past due nor impaired	102 041	83 110	194	249
1 – 30 days past due	20 059	16 068		
30 – 60 days past due	4 010	4 417		
60 – 90 days past due	1 043	866		
90 – 180 days past due	1 234	433		
Past due but not impaired	26 346	21 784	582	
Not past due but impaired	345	483		
Past due and impaired	1 130	930		
Total financial assets	129 862	106 307	194	249

No collateral was held by the Group as security and other enhancement over the financial assets during the years ended 30 June 2012 or 2011.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

18. FINANCIAL INSTRUMENTS continued

18.7 Capital risk management

The capital structure of the Company is evaluated by the Board of Directors on a regular basis. The Company manages its capital to ensure that it will be able to continue as a going concern and continue to meet its business objectives. During the period under review the Company maintained a positive shareholder's equity and there were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed regulatory capital requirements.

18.8 Fair values

The fair values of all financial instruments are substantially identical to the carrying amounts reflected in the statement of financial position.

19. RETIREMENT BENEFIT PLANS

All the retirement benefit plans operated by Group Companies domiciled in the Republic of South Africa are governed by the Pension Funds Act, 1956 (Act No 24 of 1956) ("the act").

Defined contribution plans

Of the Group's employees, certain are members of one defined contribution retirement benefit plan administered by Sanlam Life Assurance Limited. Both the Group and the employees are required to contribute to the retirement schemes to fund the benefits.

The only obligation of the group with respect to the retirement schemes is to make the specified contributions. The total cost charged to income of R11,8 million (2011: R10,9 million) represents contributions paid to the scheme.

20. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors and senior management. The Group and its subsidiaries in the ordinary course of business, enter into various transactions with entities in which the Group has an interest. These transactions are entered into on an arm's length basis. Significant related party transactions are detailed below.

Inter-company trading and group management fees

There was no inter-company revenue between Metrofile Holding Limited and its subsidiaries during the year (2011: Nil).

Loans

Inter-company loans are repayable on demand unless subordinated. Interest is charged at market rates where applicable except for the loan between Metrofile Holdings Limited and Infracom (Pty) Ltd and Metrofile Management Services (Pty) Limited.

Compensation of key management personnel

The following directors and officers acquired Metrofile Holdings Limited ordinary shares during the year under review. These shares were purchased in terms of the DBP scheme whereby the grants below are issued and the participant may purchase shares up to the lesser of the number of grants issued and the number equating to 50% of the after tax bonus for the previous financial year.

		2012	2011
GD Wackrill	Chief executive officer	121 000	103 735
RM Buttle	Chief financial officer	102 220	68 784
		223 220	172 519

The following directors and officers received grants for the SAR and DBP schemes on 9 September 2011.

		SAR Number of shares	DBP Number of shares
GD Wackrill	Chief executive officer	1 224 490	367 347
RM Buttle	Chief financial officer	816 327	163 265

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
21. PROVISIONS				
Included in provisions are the following provisions:				
Opening balance	1 779	1 683		
Provision for bonuses	1 779	1 683		
Provisions raised	3 538	3 265		
Provision for bonuses	3 538	3 265		
Provisions (utilised)	(3 262)	(3 008)		
Provision for bonuses	(3 262)	(3 008)		
Provisions (released)	(116)	(161)		
Provision for bonuses	(116)	(161)		
Closing balance	1 939	1 779		
Provision for bonuses	1 939	1 779		

The significant legal costs relate to the acquisition of Global Continuity SA as well as the increase of 15% shareholding in Cleardata (Pty) Ltd.

22. CASH FLOW STATEMENT

22.1 Convention

The following convention applies to figures other than adjustments. Outflows of cash are represented by figures in brackets. Inflows of cash are represented by figures without brackets.

22.2 Reconciliation of profit before taxation to cash generated by/(utilised in) operations

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Profit before taxation	126 875	103 482	15 310	8 736
Adjusted by:	42 938	45 652	(23 036)	(12 853)
(Profit) on disposal of property, plant and equipment	(24)	(279)		
Depreciation and trademark amortisation	23 184	19 076		
Net finance cost	21 026	23 642		
Reversal of impairment of intergroup loan			(20 084)	(10 591)
Other non-cash flow items	(1 248)	3 213	(2 952)	(2 262)
Operating cash flows before working capital changes	169 813	149 134	(7 723)	(4 113)
Changes in working capital	(17 775)	810	(301)	344
Increase in inventories	(3 213)	(2 122)		
Increase in trade and other receivables	(15 260)	(8 330)	(6)	(7)
Increase/(decrease) in trade and other payables	698	11 262	(295)	351
Cash generated by/(utilised in) operations	152 038	149 944	(8 024)	(3 770)

22.3 Taxation paid

Taxation balance at beginning of the year	(515)	(3 992)		
Current tax expense for the year	(29 733)	(24 724)		
Secondary tax on companies	(2 261)	(816)	(2 261)	(816)
Transfer to deferred tax	(213)	(213)		
Taxation balance at end of the year	1 524	515		
Total taxation paid	(31 198)	(29 229)	(2 261)	

22.4 Increase in shareholding of subsidiary and acquisition of business

Acquisition of business	3 800			
Investment in subsidiaries	7 500		7 500	
Loan advanced to subsidiary			3 800	
	11 300		11 300	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

23. EVENTS AFTER THE REPORTING DATE

No material events occurred between the year end and the date of this report.

The Group has entered into two additional lease agreements for premises which although not material amount to an aggregate annual rental of R 3,6 million per annum.

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
24. SEGMENTAL REPORT				
24.1 Revenue				
Metrofile Records Management	416 212	366 874		
CSX Customer Services	72 156	70 270		
Property Companies	–	–		
Other	45 627	31 237		
Inter-group	(10 264)	(7 829)		
Total revenue	523 731	460 552		
24.2 EBITDA				
Metrofile Records Management	115 568	98 847		
CSX Customer Services	8 420	7 040		
Property Companies	39 145	34 867		
Other	7 952	5 446		
Total EBITDA	171 085	146 200		
24.3 Tangible assets				
Metrofile Records Management	240 228	(15 440)		
CSX Customer Services	26 887	(475)		
Property Companies	179 442	–		
Other	39 608	(3 161)		
Total tangible assets	486 165	(19 076)		
24.4 Operating Profit				
Metrofile Records Management	97 058	83 407		
CSX Customer Services	7 870	6 565		
Property Companies	39 145	34 867		
Other	3 827	2 285		
Total operating profit	147 900	127 124		

Metrofile's activities are concentrated in the segment of Record's Management and are carried out within the geographical region of South Africa. There is one operation situated in Mozambique.

"Metrofile Records Management" represents the Metrofile Record Storage, Records Management, Data Protection and Scanning business units, which are managed and operated geographically.

"Other" includes Metrofile Holdings Limited, Africa operations, Rainbow Paper Management, Cleardata and with effect from 1 March 2012, Global Continuity.

Finance costs have not been reflected on the segmental report as R21,1 million of the total R23,3 million charge relates to Metrofile (Pty) Ltd which encompasses the "Metrofile Records Management" and "CSX Customer Services" divisions; the balance of the finance costs relate to Cleardata (Pty) Ltd.

25. SUBSIDIARIES

Subsidiary	Nature of business	Percentage holding		Cost of investment		Net indebtedness	
		2012 %	2011 %	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Infracom (Pty) Ltd [▲] ^{••}	Dormant	100	100	169 500	169 500	(231 951)	(231 951)
Metrofile (Pty) Ltd [▲] ^{••}	Records management	100	100	173 753	173 753		
Metrofile Management Services (Pty) Ltd [▲] ^{••}	Management services	100	100			208 787	225 921
Infovault (Pty) Ltd	Records management	100	100	-	-	4 600	7 550
Innovative Document Management (Pty) Ltd	Records management Confidential records	100	100	4 000	4 000	3 800	
Cleardata (Pty) Ltd	destruction	70	55	14 400	6 900	1 100	1 100
Provision for impairment				361 653	354 153	(13 664)	2 620
						(213 387)	(233 471)
				361 653	354 153	(227 051)	(230 851)
Reflected as:	Amounts owing by subsidiaries – non-interest bearing					4 900	1 100
	Amounts owing to subsidiaries – non-interest bearing					(231 951)	(231 951)

• At 30 June 2012, Metrofile Holdings Limited had ceded and pledged all material amounts owing to any member of the Metrofile Group to the capital providers

▲ At 30 June 2012, Metrofile Holdings Limited had ceded and pledged all its interests in the claims and shares of the subsidiaries to the capital providers

• Infracom has agreed to subordinate the loan amount to the extent equal to the subordinated amount in favour of and for the benefit of the Metrofile creditors

It should be noted that throughout the group there are sureties provided to the capital providers in terms of the "Common Terms Agreement", as entered into with the restructure of the Group.

NOTICE OF ANNUAL GENERAL MEETING

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")

Notice is hereby given that the annual general meeting ("meeting") of shareholders of Metrofile will be held at Summer Place, 69 Melville Road, Hyde Park, Johannesburg, Gauteng at 10:00 on Monday, 26 November 2012 for the purpose of considering and voting on the following resolutions with or without modification:

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

Ordinary resolution number 1

"Resolved that the audited annual financial statements, including the directors' report, the Audit, Governance and Risk Committee report and the Group annual financial statements for the year ended 30 June 2012, all of which are contained in the annual report of which this notice forms part, be and are hereby accepted."

In order for this ordinary resolution to be adopted, the support of a majority of votes (which, for purposes of this meeting Notice, means 50% + 1) cast by shareholders present or represented by proxy at the meeting is required.

2. ELECTION OF DIRECTOR

Ordinary resolution number 2

"Resolved that the appointment of P Langeni as a director of the Company and for a further term of office be and is hereby authorised and confirmed."

Please refer to page 15 of the integrated report for Mrs Langeni's brief curriculum vitae. On behalf of the Board, the chairman confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mrs Langeni throughout her brief period of office was highly satisfactory.

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

3. ELECTION OF DIRECTOR

Ordinary resolution number 3

"Resolved that the appointment of S Zilwa as a director of the Company and for a further term of office be and is hereby authorised and confirmed."

Please refer to page 15 of the integrated report for Mrs Zilwa's brief curriculum vitae. On behalf of the Board, the chairman confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mrs Zilwa throughout her brief period of office was highly satisfactory.

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

4. RE-ELECTION OF DIRECTOR

Ordinary resolution number 4

"Resolved that MS Bomela, who retires in terms of the article 32.1 of the Company's Articles of Association ("the Articles") and who offers herself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 14 of the integrated report for Mrs Bomela's brief curriculum vitae. On behalf of the Board, the chairman confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mrs Bomela throughout her period of office was highly satisfactory.

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

5. RE-ELECTION OF DIRECTOR

Ordinary resolution number 5

"Resolved that RM Buttle who retires in terms of the Articles and who offers himself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 14 of the integrated report for Mr Buttle's brief curriculum vitae. On behalf of the Board, the chairman confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mr Buttle throughout his period of office was highly satisfactory.

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

6. RE-APPOINTMENT OF INDEPENDENT EXTERNAL AUDITORS

Ordinary resolution number 6

"Resolved that the reappointment of Deloitte & Touche as independent auditors of the Company be approved and that G Krog be appointed as the designated auditor to hold office for the ensuing year."

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

7. ELECTION OF AUDIT, GOVERNANCE AND RISK COMMITTEE MEMBERS**Ordinary resolution number 7**

"Resolved that the Audit, Governance and Risk Committee be elected to serve from this annual general meeting to the 2013 annual general meeting by separate election to the committee of the following independent non-executive directors:

- IN Matthews (Chairman)
- P Langeni
- S Zilwa

On behalf of the Board, the chairman confirms that each candidate for election to the Audit, Governance and Risk Committee has the relevant knowledge and experience to discharge their role effectively and that the performance of each candidate in the service of the Audit, Governance and Risk Committee to the date of this Notice has been highly satisfactory.

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

8. NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY**Ordinary resolution number 8**

"Resolved that the Remuneration Policy of the Company for 2012 (excluding the remuneration of the non-executive directors and the members of Board committees for their services as directors and members of committees) as reflected on pages 28 to 31 of the integrated report of which this notice forms part be and is hereby endorsed through a non-binding advisory note as required by King III."

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

9. APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES**Special resolution number 1**

"Resolved that the Board and committee fees for non-executive directors for the financial year ending 30 June 2014, as recommended by the Nomination and Remuneration Committee and set out in the note below, be and are hereby authorised in accordance with the provisions of the Companies Act, 71 of 2008 (the "Companies Act"), and that the Company may continue to pay directors' fees at the annual rates specified in the note below for the period from 30 June 2013 until the Company's 2013 annual general meeting.

	Year ending 2013 R	Year ending 2014 R
Chairman of the Board of Directors	590 000	632 000
Deputy chairman	*	*
Non-executive directors	225 000	241 000
Lead independent director	100 000	107 000
Chairman of the Audit, Governance and Risk Committee	257 000	275 000
Chairman of the Nomination and Remuneration Committee	166 000	178 000
Chairman of Social, Ethics and Transformation Committee	*	*
Committee members/invitees	86 000	92 000
Social, Ethics and Transformation Committee	54 000	58 000
Mineworkers Investment Company *	1 200 000	#

* For the services of the Deputy Chairman and one other director on the Board and as Committee members and in their capacities as such outside of Board and Committee forums.

The fee for 2014 will be the 2013 fee increased by year-on-year Consumer Price Index as at 30 June 2013."

Reason for the special resolution

The Companies Act requires shareholder approval of directors' fees prior to payment of such fees.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at the meeting must be cast in favour of this resolution for it to be adopted.

10. AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES**Ordinary resolution number 9**

"Resolved that the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the Board of Directors of the Company until the next annual general meeting and that the directors of the Company be and are hereby authorised and empowered to issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject always to:

- The provisions of the Companies Act, the Articles and the JSE Listings Requirements, where applicable; and
- Such directors' authority pursuant to this ordinary resolution number 8 to allot, issue and otherwise dispose of unissued ordinary shares in the Company being limited to 20 808 504 ordinary shares being approximately 5% of the current issued share capital of the Company."

In order for this resolution to be adopted, the support of 50% + 1 of the votes cast by shareholders present or represented by proxy at the meeting is required.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

11. AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO ANY GROUP COMPANY

Special resolution number 2

"Resolved that the provision of existing and future financial assistance by the Company, subject to the provisions of the Companies Act, to any Company or corporation which is related or inter-related to the Company (as defined in the Companies Act), on the terms and conditions which the directors may determine up to a limit of R1 billion (One Billion Rand) be and is hereby approved."

Reason for the special resolution

In terms of the Companies Act, the Board may authorise the Company to provide any existing or future financial assistance to related or inter-related companies, being Group companies, including subsidiary companies of the Company, subject to certain requirements set out in the Companies Act, including the Company meeting the solvency and liquidity test. This general authority would greatly assist the Company, *inter alia*, with making inter-company loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general authority would avoid the need to refer each instance to members for approval, which might impede the negotiations and add time and expense. If approved, this general authority will expire at the end of two years and the R1 billion cap would apply cumulatively over that period. It is, however, the intention to renew the authority annually at the annual general meeting.

Notifications

Shareholders are hereby notified in terms of Section 45(5) of the Companies Act that the Board has passed the same resolution to take effect on the passing of this special resolution by shareholders.

Shareholders are also advised that the Board is satisfied that, after providing the financial assistance, the Company will satisfy the solvency and liquidity test and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at the meeting must be cast in favour of this resolution for it to be adopted.

12. GENERAL AUTHORITY TO REPURCHASE SHARES

Special resolution number 3

"Resolved that the Board of Directors of the Company be authorised, by way of a general authority given as a renewable mandate, to facilitate the acquisition by the Company or a subsidiary of the Company of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Articles, the provisions of the Companies Act and the JSE Listings Requirements, when applicable and provided that:

- A SENS announcement and a paid press release giving such details as may be required in terms of the JSE Listings Requirements be published when the Company or its subsidiaries have cumulatively repurchased 3% of the initial number of the shares of the Company in issue as at the time the general authority was granted and for each 3% in aggregate of the initial number of shares acquired thereafter;
- The authorisation granted above shall remain in force from the date of passing of this special resolution for a period of 15 months or until the next annual general meeting, whichever period is shorter;
- The Company will only appoint one agent to effect any repurchase(s) on its behalf;
- The Company or its subsidiary shall not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase program where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the program have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- The repurchase of securities will be effected, (reported trades are prohibited) through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- The repurchase by the Company of its own securities above may not exceed 20% of the Company's issued ordinary share capital in the aggregate in any one financial year or, in the case of acquisition by any of the Company's subsidiaries, 10% of such issued ordinary share capital in the aggregate if such shares are to be held as treasury shares;
- In determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of the repurchase of such ordinary shares by the Company or a subsidiary of the Company; and
- A resolution has been passed by the Board of Directors confirming that the Board has authorised the general repurchase, that the Company has passed the solvency and liquidity test as required by the Companies Act and since the test was done there have been no material changes to the financial position of the Group."

75% of the votes cast by shareholders present or represented by proxy at the meeting must be cast in favour of this resolution in terms of the Listings Requirements of the JSE in order for it to be adopted.

Additional disclosure

For purposes of considering special resolution number 3 and in terms of the JSE Listings Requirements, the information below has been included in the integrated report, in which this notice of meeting is included, at the places indicated:

- Directors and management (refer pages 14 and 15 of this report);
- Major shareholders (refer page 6 of this report);
- Directors' interests in securities (refer page 36 of this report and note 20 of the annual financial statements page 60); and
- Share capital of the Company (refer page 53 of this report).

The directors undertake that the Company will not commence a general repurchase of shares as contemplated above unless the following can be met:

- The Company and the Group will be able to repay their debts in the ordinary course of business for a period of 12 months following the date of the general repurchase;
- The Company and the Group's assets will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase;
- The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months following the date of the repurchase; and
- The sponsor to the Company provides a letter of confirmation on the adequacy of working capital in terms of Section 2.12 of the JSE Listings Requirements prior to any repurchases being implemented on the open market of the JSE.

Litigation statement

The directors, whose names are given on pages 14 and 15 of the integrated report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on pages 14 and 15 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that, to the best of their knowledge and belief, there are no reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated report, there have been no material changes in the affairs or financial position of the Company and/or the Group since the date of signature of the audit report and the date of this notice.

Reason and effect

The reason and effect for special resolution number 3 is to authorise the Company and/or its subsidiary Company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

Statement of Board's intention

The directors of the Company have no specific intention to effect the provisions of special resolution number 3 but will however continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 3.

In order for this special resolution to be adopted, the support of 75% of the votes cast by shareholders present or represented by proxy at the meeting is required.

13. AUTHORITY TO SIGN ALL DOCUMENTS REQUIRED

Ordinary resolution number 10

"Resolved that, subject to the passing of ordinary resolutions 1 to 9 and special resolutions 1 to 3, any director of the Company or the Company secretary shall be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary resolutions 1 to 9 and special resolutions 1 to 3 passed at the meeting."

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the meeting is required.

14. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

Voting and proxies

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purpose of being entitled to attend and vote at the meeting is Tuesday, 20 November 2012. Accordingly, the last day to trade for the purposes of being entitled to attend and vote at the meeting is Tuesday, 13 November 2012.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder of the Company. Proxy forms must be forwarded to reach the registered office of the Company or the Company's transfer secretaries, Computershare Investor Services 2004 (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107 so as to be received by them by no later than 10:00 on Thursday, 22 November 2012. Any forms of proxy not lodged by this time must be handed to the chairman of the meeting.

Proxy forms must only be completed by shareholders who have dematerialised their shares with "own-name" registration or who have not dematerialised their shares.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company present in person or represented by proxy shall have one vote for every share held in the Company by such shareholder.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

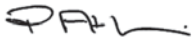
Shareholders who have dematerialised their shares, other than those shareholders who have but wish to be represented thereat, should contact their Central Securities Depository Participant ("CSDP") or broker (as the case may be) in the manner and time stipulated in their agreement entered into by such shareholder and the CSDP or broker (as the case may be) to furnish the CSDP or broker (as the case may be) with their voting instructions and in the event that such shareholders wish to attend the meeting, to obtain the necessary authority to do so. Such shareholders who wish to attend the meeting in person must obtain the necessary letter of representation from their CSDP or broker.

Shares held by a share trust or scheme will not have their votes at meetings taken into account for the purpose of resolutions proposed in terms of the JSE Listings Requirements.

Should any shareholder (or any proxy for a shareholder) wish to participate in the meeting by way of electronic participation, the shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address as reflected on page 67, to be received by the transfer secretaries at least five business days prior to the meeting in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purpose of Section 63(1) of the Companies Act, and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The cost of accessing any means of electronic participation provided by the Company will be borne by the Company. It should be noted, however, that voting will not be possible via the electronic facilities and for shareholders wishing to vote, their shares will need to be represented at the meeting either in person, or by proxy or by letter of representation, as provided for in the notice of meeting.

All meeting participants will be required to provide identification reasonable satisfactory to the chairman of the meeting.

By Order of the Board



P Atkins
Company Secretary

23 October 2012
Johannesburg

FORM OF PROXY

METROFILE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration Number 1983/012697/06

Share code: MFL – ISIN code: ZAE000010542

("Metrofile" or the "Company")



Please note that this proxy form is for use by members who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares and registered them with own-name registration.

I/We

Of

being a member/members of the abovementioned company, hereby appoint:

- | | | |
|----|--|---------------------|
| 1. | | or failing him/her, |
| 2. | | or failing him/her, |

the Chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 10:00 on 26 November 2012 and at any adjournment of that meeting.

Signed at _____ this _____ day of _____ 2012

Signature

Please indicate with an "X" in the appropriate space on the right how you wish your votes to be cast. If you return this form duly signed, without any specific direction, the proxy shall be entitled to vote as he/she thinks fit.

	In favour of resolution	Against resolution	Abstain from voting
Ordinary resolution number 1 – Presentation of annual financial statements			
Ordinary resolution number 2 – Election of P Langeni			
Ordinary resolution number 3 – Election of S Zilwa			
Ordinary resolution number 4 – Re-election of MS Bomela			
Ordinary resolution number 5 – Re-election of RM Buttle			
Ordinary resolution number 6 – Re-appointment of independent external auditors			
Ordinary resolution number 7 – Election of Audit Committee members			
Ordinary resolution number 8 – Non-binding advisory vote on Remuneration Policy			
Special resolution number 1 – Approval of non-executive directors' fees			
Ordinary resolution number 9 – Authority for the directors to issue shares			
Special resolution number 2 – Authority to provide financial assistance to any Group Company			
Special resolution number 3 – General authority to repurchase shares			
Ordinary resolution number 10 – Authority to sign all documents required			

- A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the Company.
- Every member present in person or by proxy and entitled to vote at the annual general meeting of the Company shall, on a show of hands, have one vote only irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.
- Members registered in their own name are members who elected not to participate in the issuer-sponsored nominee programme and who appointed Computershare Limited as their Central Securities Depository Participant ("CSDP") with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own names.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services 2004 (Pty) Ltd, at 70 Marshall Street, Johannesburg, 2001, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, to be received by them not later than 10:00 on Thursday, 22 November 2012. Any forms of proxy not lodged by this time must be handed to the chairman of the annual general meeting.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
6. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
7. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.
8. Members who have dematerialised their shares must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person.

In terms of Section 58 of the Companies Act, 71 of 2008 ("the Companies Act"):

- a shareholder may, at any time and in accordance with the provisions of Section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
 - (a) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (b) delivering a copy of the revocation instrument to the proxy and to the Company; and
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company, or the instrument appointing the proxy, provides otherwise.

DIRECTORATE AND ADMINISTRATION

DIRECTORS

Christopher Stefan Seabrooke (59) •♣ BCom, BAcc, MBA, FCMA
Non-executive Chairman
Appointed 28 January 2003

Graham Dunbar Wackrill (58) # BCompt
Appointed 29 January 2004

Richard Matthew Buttle (40) # BCompt Hons, CA(SA)
Appointed 4 December 2006

Mary Sina Bomela (39) ♣# CA(SA), MBA
Appointed 8 September 2010

Phumzile Langeni (38) •♣# BCom
Appointed 16 October 2012

Ian Nigel Matthews (67) •♣♣# MA (Oxon), MBA (UCT)
Appointed 1 June 2006.

Cynthia Nomsa Pongweni (née Mapaure) (35) BCompt Hons, CA(SA), CA (Zimbabwe)
Appointed 27 February 2009

Sindi Zilwa (44) •♣ BCompt Hons, CTA, CA(SA)
Appointed 16 October 2012

- Independent
- ♣ Audit, Governance and Risk Committee member
- ♣# Nomination and Remuneration Committee member
- # Social, Ethics and Transformation Committee member

SECRETARY AND REGISTERED OFFICE

Paige Atkins
3 Gowie Road
The Gables
Cleveland, 2049
PO Box 40264, Cleveland, 2022
Telephone +27 11 677 3000
Facsimile +27 11 622 9085

COMPANY REGISTRATION NUMBER

1983/012697/06

Date of incorporation of Metrofile

18 November 1983

Transfer secretaries

Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 5000
Facsimile +27 11 370 5487

Auditors

Deloitte & Touche Chartered Accountants (SA)
The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146
Private Bag X6, Gallo Manor, Sandton, 2052

BANKERS

The Standard Bank of South Africa Limited

MERCHANT BANK AND SPONSOR

The Standard Bank of South Africa Limited
5th Floor, 3 Simmonds Street, Johannesburg, 2001
PO Box 61344, Marshalltown, 2107

ATTORNEYS TO METROFILE

Webber Wentzel Bowens
10 Fricker Road, Illovo Boulevard, Johannesburg, 2196
PO Box 61771, Marshalltown, 2107

BUSINESS UNIT TELEPHONE NUMBERS

Metrofile Holdings Limited +27 11 677 3000
Metrofile (Pty) Limited +27 11 677 3000

WEBSITE

www.Metrofileholdings.com

www.metrofileholdings.com
