

Interwaste Holdings Limited

INTEGRATED REPORT 2012



Interwaste Holdings Limited

(Incorporated in the Republic of South Africa)

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ABOUT THIS REPORT

This is Interwaste's first integrated report prepared in accordance with the requirements of the King Code of Corporate Governance for South Africa 2009 ("King III") for an integrated report.

The integrated annual report describes Interwaste's business and primary risks we face, it sets out the economic results of what we do and in the sustainable development report we set out the environmental and societal aspects of our business.

The report covers the logistics business, the landfill business, Earth 2 Earth (our organic compost business), MRC (the metals recovery business) and Greens (our joint venture business).

In compiling this, report Interwaste took account of the Companies Act, No 71 of 2008, as amended ("Companies Act"); the Listings Requirements of the JSE Limited, King III, the Global Reporting Initiative (GRI) G3 guidelines, and International Financial Reporting Standards ("IFRS") in the preparation of the annual financial statements.

Board Responsibility

The board of directors ("the board") acknowledges its responsibility for ensuring the integrity of the integrated report. It has considered the report and in its opinion, the report provides a balanced, transparent and fair reflection of the business and its performance.

Interwaste's Business

Interwaste is a diversified waste management company listed on the Alternative Exchange ("AltX") of the JSE Limited.

Interwaste's business activities, all conducted under the Interwaste brand, include the collection and disposal of waste, management of the environmental consequences of the waste, landfill management and ownership, the development and implementation of alternatives to landfill disposal, the production of organic compost and related products, and metals recovery.

Interwaste operates in South Africa and a number of its neighbouring countries.



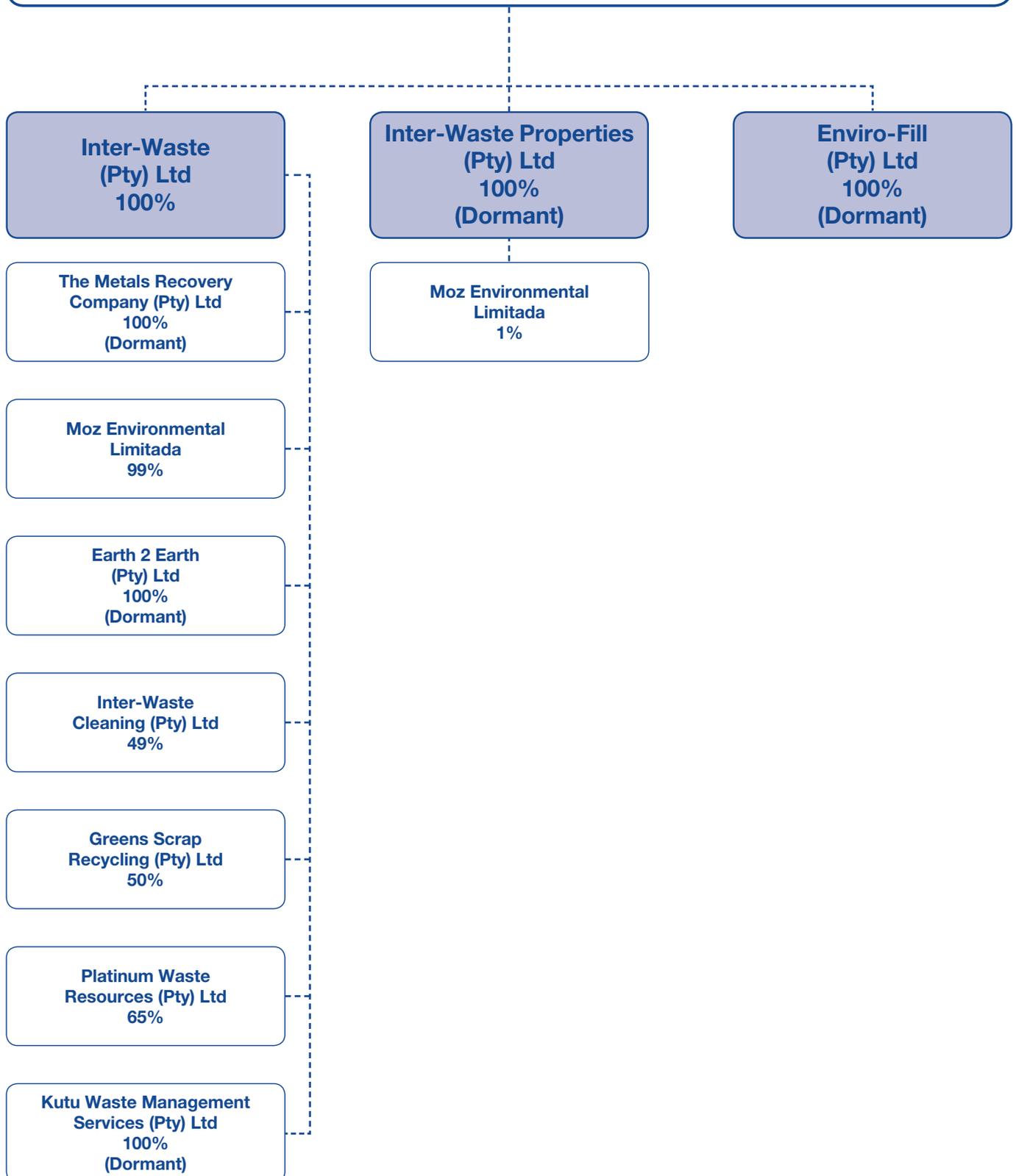
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JSE AltX Listed

Interwaste Holdings Limited





ALAN WILLCOCKS

Chief Executive Officer

Alan co-founded Interwaste with Bronwyn in 1989. Over the past 24 years, Alan has acquired an in-depth knowledge of the waste management sector. He is renowned for innovative waste management solutions and his drive to continually provide better service levels to customers. He is respected and well known in the waste management industry.



ANDISIWE KAWA

Independent Non-executive Chairperson

Andisiwe has over 19 years corporate experience both internationally and in South Africa in strategy transformation and finance. She has worked in the services banking and mining sectors. She currently serves on various boards as a non-executive director. Andisiwe holds an MBA from Wharton Business School, an MA from Columbia University and a BSc from the University of Transkei.



ANDRÉ BROODRYK

Group Financial Director

André is a Chartered Accountant. He has extensive experience in the South African financial services industry having worked as a financial director and in the operational departments of companies operating in the investment treasury and banking industries. He has been with Interwaste for 3 years and has developed a detailed knowledge of the waste industry.



LEON GROBBELAAR

Landfill Director

Leon obtained a National Diploma in soil conservation in 1983 and obtained a National Higher Diploma in Irrigation with distinction. He joined Fraser Alexander Waste in 1989 as Operations Manager responsible for the operation and management of landfills. After the acquisition of Waste-Tech by Fraser Alexander he was seconded to Waste-Tech as Landfill Manager. In 1995 he obtained a Diploma in Road Transportation through the Rand Afrikaans University. He has extensive experience in landfill management and is responsible for the Group's landfill business.



GAVIN TIPPER

Non-executive Director

Gavin is a Chartered Accountant with BComm. and BAcc. degrees and a Masters in Business Administration. He has been involved in the financial services sector for 24 years. Prior to joining the Coronation Group in 2001 he was a technical partner at KPMG. Gavin holds directorships of a number of listed Companies. He is chairman of the Audit Committee.



BRONWYN WILLCOCKS

Non-executive Director

Bronwyn (a co-founder of Interwaste), currently serves as a non-executive director of Interwaste Holdings. She has extensive hands on experience in the waste management industry attained over the 20 years plus of executive service at Inter-Waste Proprietary Limited. On a daily basis, she can be found dabbling in her property investment business or supporting a variety of fledgling business entrepreneurs as a hobby.



FUNANI MOJONO

Independent Non-executive Director

Funani is a chemical engineer with extensive experience in waste recycling, supply chain management and business improvement. He has held a number of senior positions in manufacturing businesses. Funani is currently the CEO of Lafarge Mining, the Aggregate Division of Lafarge South Africa. Funani is the chairman of the Remuneration Committee.



LANDIWE MAHLANGU

Independent Non-executive Director

Landiwe Mahlangu is an Economist by training, holds a B. Admin degree, B. Admin Honors (Economics); MSc (Economics). He completed a Higher Certificate in Financial Markets and Instruments (Academy of Financial Markets) and Executive Development Programme (EDP) University of Witwatersrand in 2001 and 2003 respectively. He is currently the Chairperson of the Municipal Demarcation Board; Non- Executive Chairperson of Katenge Tubular Construction Proprietary Limited. Landiwe has extensive experience and knowledge in Local Government infrastructure development and Financing. Previously, Landiwe worked as an Executive at DBSA.



We are pleased to report a substantial improvement in performance over the prior year. While there is still progress to be made, the turnaround has taken hold and we are seeing more satisfactory returns from the business.

Markets remain difficult and spending by our customers is constrained. However, we have eliminated substantial costs from the business and, together with growth from existing clients and a number of new revenue streams, we were able to mitigate some of the effects of this.

Revenue grew by 22% and translated into profit before taxation of R21,1 mln, an improvement over the loss before taxation of R6.7 mln in the prior year. The main improvements took place in the waste management and landfill management businesses, the metals recovery business again lost money, although the loss was limited, and the compost business had a bad year with substantial losses.

Cash flow from operating activities was 32% higher than in the previous year and cash applied to investing activities declined from R64.2 mln in 2011 to R52.9 mln, mainly due to the major capital expenditure on the development of FG Landfill in 2011 not being repeated in the current year. After applying R6.9 mln to reduce debt, the Group produced a cash surplus of R6.2 mln for the year (2011: deficit of R13.5 mln). The Group has historically reinvested the cash it generates into operations and while there will be an ongoing cash requirement to fund growth, and particularly to fund certain projects we are working on, the Group's ability to generate free cash flow has improved significantly and is likely to continue to do so.

The strike action during the second half of the year once again disrupted both our operations and those of many of our clients. Although we were able to compensate for certain consequences of the strike, our operations were negatively affected with a consequent impact on results.

We recognise the importance of collective bargaining and the right to strike action but question the irresponsible exercise of those rights in an economy where growth is constrained.

Interwaste completed a number of projects during the year and achieved meaningful progress on others. The move to the central hub in Germiston was completed and has resulted in cost savings and synergies. The new cell at FG Landfill was commissioned as a B-lined site in terms of the new Waste Act and accepted its first load of waste in February. Volumes have increased steadily since then and the landfill now receives a satisfactory monthly base volume of waste.

Various options are being considered for additional landfill sites, with pleasing progress on one of the sites, and the Group's business outside South Africa is growing well, albeit off a small base. We are confident that there is great potential in the non-South African business and that returns on investment, on a risk adjusted basis, will be exciting.

Subsequent to the year end, the Group acquired Enviro-Waste (Pty) Ltd's waste collection and disposal customer base and related assets which will add solidly to the turnover and profit lines. There are opportunities for the elimination of costs from the business and for synergies between Enviro-Waste and Interwaste. In addition, the waste streams from the acquisition will be largely redirected to FG landfill with consequent benefits to the Group.

The waste management business grew revenue by 24.4% and profit from operating activities improved from R2.7 mln to R23.3 mln. Landfill costs for the division increased by 20%, less than the growth in revenue despite significant inflation in this area, reflecting a portion of the benefit of FG Landfill. The majority of the value arising from the landfill is accounted for in the landfill division. The increase in fixed vehicle costs was limited to 14% as we achieved better asset utilisation levels and related maintenance costs reduced by 32% as a result of the full maintenance lease programme. Fuel costs increased by 16%, a combination of a 14% increase in the average fuel price for the period, and the growth in operations. The increase in this cost was limited by the improvement in the levels of vehicle utilisation during the period. The increase in operating costs was limited to 8.6% as certain of the benefits of the consolidation process implemented in the prior year became evident.

As with the first six months of the year, growth in revenue exceeded the increase in costs resulting in positive leverage and a significant improvement in the results for the division. We will continue to focus on leveraging our asset base to create growth and will ensure that investments made to expand operations are not earnings dilutive.

The metals recovery business grew its revenue by 13.9% and its loss decreased from R3.4 mln to R1.8 mln. As reported previously, we have scaled the business down and will continue to restrict the capital allocated to it. Metals recovery is an important component of our service offering to many clients, thus precluding a disposal of it, and we will continue to work to turn it around.

The compost business was a disappointment. It grew its revenue by 9.4% over the previous period but generated a loss from operations of R10.2 mln, versus the loss of R2.7 mln in the previous period. We reported in the interim results that the business is seasonal and that we expected a recovery in the second half of the year.

While we saw some growth in revenue, trading conditions remained difficult with very low margins and the level of costs in the business resulted in the loss. In order to address the cost base, the Kwazulu Natal depot has been scaled down and now only sells bulk product. An impairment provision of R3 mln has been raised against the inventory balance of R5 mln at this depot. The Mpumulanga depot will continue to make bulk sales but will only bag to order.

The landfill business grew its revenue by 24.1% and operating profit rose from R5.7 mln to R21 mln. Although the division was boosted by the FG Landfill which it manages, it won a number of new sites and remains the leading third party landfill manager in the country. This is significant, as the capital requirements associated with landfill management are such that scale is important and the growing regulatory burden on landfill managers requires an increasing degree of specialisation. Progress has been made on the equipment maintenance issues that have long been a problem for the business and we expect further benefits in the area as management and cost controls become more effective.

The landfill division manages FG Landfill on behalf of the Group and it has been pleasing to note the very high standards applied to the site despite the significant growth experienced during the period. Although we provide for the rehabilitation of the landfill once it is full, effective management of the site throughout its life prevents issues prior to capping the landfill and may contribute to a lower final cost.

An article appeared in the press during the period under review stating that Interwaste is the subject of an investigation by the Green Scorpions. The nature of the waste business is such that we are subject to regular regulatory audits and inspections by government agencies. We co-operate fully with all of these and respond comprehensively to any concerns or issues raised. Our sites are subject to regular compliance audits and consistently achieve exemplary ratings.

PROSPECTS

While stock markets reach new highs, business conditions on the ground remain difficult. The consumer is under pressure and this will

affect many of our clients and ultimately impact our business. We have spent much of the last two years transforming our business and eliminating costs and this should stand us in good stead going forward.

The recent investments we have made should continue to yield strong returns and if we are able to successfully implement some of the projects we are currently working on, they will generate strong profits.

We will continue to focus on innovation as a strong source of growth, both with existing and new clients. We have been successful in increasing the proportion of our client's waste streams which can be recycled and / or reducing the environmental impact of the waste. The new Waste Act and ongoing changes to the Waste regulations mean that ethical disposal is becoming increasingly critical to many South African companies; we have gained business as a result of this and believe that ethical disposal will provide Interwaste with a significant continuing advantage in the market.

We will look for acquisitions where they can be made at prices which offer fair returns.

Our challenges for the next year will be to control costs, to leverage our asset base, to develop new sources of revenue in a highly competitive market and to support our non-South African initiatives.



Andisiwe Kawa
Chairperson



Alan Willcocks
Chief Executive Officer





Grow shareholder value

We aim to provide a real annual return to shareholders of at least 10%. In the period since listing, the business has been substantially restructured and, as the results presented in this report evidence, is positioned for profitable growth and has the ability to produce returns significantly better than those generated in the past three years.



Remain at the forefront of technology in the industry

The shortage of landfill space and increasing waste management and disposal regulation mean that reducing and eliminating waste to landfill are ever increasing priorities. Interwaste has consistently applied innovative technologies to achieve alternatives to disposal of waste, thereby reducing disposal volumes, significantly benefitting our clients. This will continue to be an area of considerable emphasis and investment.



Provide innovative, environmentally sensitive waste management solutions to our clients

We achieved significant growth in revenue on certain clients during the current year by providing alternate, environmentally friendly, cost effective and legally compliant solutions for the disposal of their waste. We will continue to target companies who produce waste streams the current disposal of which is threatened by the new waste regulations, that are environmentally sensitive or have the potential to be treated and disposed of differently to their historical practice, and are confident that this is a source of exciting future growth.



Continue to grow organically and through acquisitions

As part of the restructuring process industries were identified where we have a competitive advantage and which offer worthwhile opportunities. Strong growth was recorded in certain of these areas in the current year and we expect further profitable growth in the next year. FG Landfill's newly constructed category B cell was brought into operation during the year and will be a source of profitable growth over the next few years. Our geographical growth has continued with the operation in Mozambique showing positive returns.



Actively participate in the transfer of skills to the historically disadvantaged

Interwaste has established and grown two companies which are operated by previously disadvantaged people and which have significant levels of ownership by previously disadvantaged persons. The success of these companies is directly related to the extent to which Interwaste has been able to transfer skills to the company's management. There are a number of programmes in Interwaste to ensure that all staff receive appropriate training and that employees who display potential and enthusiasm are groomed for greater levels of responsibility.



Continue our commitment to BBBEE

Interwaste has improved its BBBEE rating from a level 6 to a level 5. This required considerable effort and investment, which will be continued.



Attract, develop and retain outstanding talent

Our people are critical to our success and we made a number of senior appointments during the current year, all of whom are making significant contributions to the business. We will continue to search for highly talented people we can bring into the business and we have a carefully designed programme for investing in our employees. The company implemented a share option scheme, designed to assist in attracting and retaining high quality staff, during the year.



DAN NKOMO

Enterprise Development Director
Interwaste (Pty) Ltd

Dan Nkomo has been with the organisation for 20 years. He has extensive knowledge of waste management, operations and logistics. Dan possesses qualifications in Road Transport Management and Waste Management from Wits and RAU respectively.



RAJASPREY PILLAY

Group Human Resource Director
Interwaste (Pty) Ltd

Rajas Pillay holds the following qualifications: BA; BProc; Advanced Diploma and Masters degree (Labour Law and Employee Relations) and has passed the Attorneys Board Exam. She has more than 17 years experience in HR Strategy; Transformation; Corporate Legal and Employee Relations matters.



JASON MCNEIL

Group Sales And Marketing Director
Interwaste (Pty) Ltd

Jason McNeil holds a Post Graduate Diploma in Business Administration (GIBS), and has spent the last 18 years in the operational management of environmental solutions in South Africa.



MIKE NICHOLLS

Divisional Director – Technical Services
Interwaste (Pty) Ltd

Mike Nicholls holds a B.Sc. Honours degree from the University of Kwa Zulu Natal. He is passionate about waste reuse and regards waste as a valuable resource.



ALLEN DE VILLIERS

Group Company Secretary

Allen is an attorney with a BA and a LLB degree and a diploma in Tax Practice. Allen has over 14 years experience in the practice of law with experience in the fields of litigation, commercial law and corporate governance. Allen is also head of Interwaste (Pty) Ltd's Safety, Health, Environment and Quality Department.



CRAIG HENSON

Chief Operating Officer

Craig has 21 years experience in the waste management and recycling industry. He holds various diplomas in Business Management and is currently completing an MBA through the University of Liverpool.

Interwaste recognises that sustainable business practices are essential to an operating environment that will allow all stakeholders to prosper over the long term. Accordingly, Interwaste has established a corporate governance framework which provides for the identification and management of matters relevant to its sustainable operations. These matters are managed at appropriate levels in the business and, where necessary, are elevated to the board. Accountability for sustainability matters is emphasised and there is regular reporting on the management of these issues.

The Company approaches its sustainability responsibilities as follows:

ETHICS

The Company has an established and comprehensive code of ethics that applies to all directors and employees and requires the highest ethical standards of behaviour. The code is communicated to all new employees and is available on the Company intranet. It is aligned with the recommendations of the King III report and is subject to review by the Social and Ethics Committee.

Compliance with the code is monitored as part of normal management practices and any deviations from the code are escalated to appropriate levels of management or to the Social and Ethics Committee, or the Board, if necessary.

SOCIAL AND ETHICS COMMITTEE

The Company has established a Social and Ethics Committee as required in terms of the Companies Act and the regulations thereto. The Committee has formal terms of reference which have been approved by the board. The terms of reference are subject to the provisions of the Companies Act.

The following are examples of stakeholders and the interactions the Company has with them:

Stakeholder type	Nature of engagement
Shareholders and media	<p>Annual general meeting at which:</p> <ul style="list-style-type: none"> • Shareholders have an opportunity to vote on material resolutions, including the appointment and remuneration of directors. • Distribution of information via the website. • Sens announcements. • Integrated annual report. • Interviews and media briefings. • Ad hoc meetings with investors. • Email notifications.
Customers	<ul style="list-style-type: none"> • Daily personal and telephonic contact. • Meetings. • Marketing functions. • Website.
Employees and employee representative bodies (including unions)	<ul style="list-style-type: none"> • Intranet. • Presentations and written communications, including newsletters. • Performance appraisals. • General staff meetings. • Union representative forums. • Industry sector and education training authorities. • Ad hoc events.

During the year the committee discharged its functions as set out in the terms of reference with particular regard for the following:

- Good corporate citizenship;
- The environment, health and public safety;
- Labour and employment;
- Transformation; and
- Compliance with the Company's code of ethics.

The committee has unrestricted access to all Company information, documents, employees and directors and is authorised, after discussion with the Chairman of the Board or the Chief Executive Officer, to investigate any matters within its terms of reference, to seek external professional advice at the Company's expense, to secure the attendance of relevant consultants at its meetings and to implement policies approved by the Board. In addition, the committee has the mandate to bring matters within its remit to the attention of the Board and to report back to shareholders at the annual general meeting.

For further details regarding the composition and meetings of the committee, shareholders are referred to the corporate governance report on page 16.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an important area of emphasis for the Company in regard to sustainability matters. As a consequence, Interwaste formally identifies relevant stakeholders with legitimate interests with whom it engages as appropriate. Engagements with stakeholders vary depending on the matters to be addressed and the frequency of interaction required.

Stakeholder type	Nature of engagement
Suppliers	<ul style="list-style-type: none"> • Visits and meetings. • Management and procurement staff daily interactions.
Communities and non-profit organisations	<ul style="list-style-type: none"> • Corporate social investment programmes. • Workplace learning and development programmes for unemployed learners. • Ad hoc engagements in surrounding communities.
Business associations	<ul style="list-style-type: none"> • Participation in, and / or, membership of relevant industry associations.
Government and regulators	<ul style="list-style-type: none"> • Contact with industry regulators through industry associations. • Meetings relating to customer waste streams and the efficient disposal thereof.

ENVIRONMENT

Interwaste uses an Environmental Management System (“EMS”) developed in accordance with the requirements of the ISO 14001 standard. The EMS forms the basis of the Group’s safety, health, environment and quality (“SHEQ”) processes and procedures.

A process of ongoing review and improvement is followed as required by the ISO 14001 standard, and management reviews are conducted at least annually. Interwaste’s operations are governed by an environmental policy that requires it to carry out all its activities, and to provide its products and services, in a responsible manner that minimises any potential adverse effects on the environment and the health and safety of its employees, and which takes account of the interests of affected parties.

An important part of the Group’s EMS, is the identification and reduction of the negative impacts that its operations may have on the environment and communities. The very nature of its business means that Interwaste is also able to assist its clients to reduce their detrimental impact on the environment by offering innovative, responsible and legally compliant waste management services and solutions.



ACCREDITATION

Through the implementation of the following standards, and its accreditation by independent organisations (including the South African Bureau of Standards (“SABS”) and the Chemical and Allied Industries Association), Interwaste is able to effectively benchmark its systems, procedures and operations against objectively determined, generally accepted, criteria:

- ISO 14001 (an international environmental management standard)**
 Interwaste was the first waste management company in South Africa to receive ISO 14001 accreditation in respect of all of its operational disciplines.
- Responsible Care**
 As a signatory to the “Responsible Care” standard, Interwaste is required to implement systems that result in ongoing improvements to employee health and safety and the impact of its operations on the environment.

Interwaste is audited and accredited in accordance with the Safety Quality Assessment Series (“SQAS”) standard.

Interwaste has been a member of the Institute of Waste Management of South Africa (“IWMSA”) since 1993, and actively endorses IWMSA’s aim of promoting best practice in all aspects of waste management in South Africa.

Interwaste has also commenced with the process of having certain of its strategic sites accredited in terms of the OHSAS 18001 (an international occupational health and safety standard).

COMPLIANCE

Interwaste operates in a highly regulated environment, and the Group's compliance function is a critical resource, providing updated information on applicable legislation, ensuring implementation of necessary assurance processes and procedures, and conducting compliance audits. The Group's SHEQ department conducts numerous audits on various aspects of Interwaste's operations yearly.

The Group's operations are also audited by third parties (including the SABS, National Government Departments, Local Government Departments and clients) on a regular basis.

Interwaste has been successful in improving its compliance results over an extended period and will continue to strive for improvement.



EMPLOYEE WELL BEING

Interwaste's employees are our greatest asset and their safety and well being is paramount. The Company recognises that a healthy and safe workplace enhances employee morale and productivity and is essential to operations in some of the difficult environments the Company faces.

Health and safety requirements are monitored within the Company's risk management framework and legislative compliance is required as a minimum standard.

The internal SHEQ department focuses on instilling a strong culture of health and safety at all levels and safety policies are strictly applied. The SHEQ department reviews all safety related incidents and, where necessary, these are elevated to the Social and Ethics Committee and / or the Board.

The Company's safety record is compared to industry standards and active measures are taken to reduce the number and severity of safety related incidents. These measures include ongoing identification, management and mitigation of risks posed by the Company's operations and regular training of employees.

In addition to safety related matters, the Company has made programmes available to employees to assist in regard to issues involving alcohol, drugs, domestic violence, HIV / Aids and maintaining a healthy lifestyle.

TRAINING INITIATIVES

Interwaste has a successful training and learnership programme for its employees. In 2012 Interwaste introduced a number of learnerships, the purpose of which is twofold:

- Interwaste is enabled to maintain a skilled and talented workforce; and
- Interwaste addresses skills shortages within the organisation which directly results in the empowerment of its employees.

Interwaste recognises the skills gap in South Africa and has embarked on national Adult Education and Training Programmes ("AET") to ensure that its employees have fundamental skills.

Interwaste has also recognised the need for specialised waste management training and has developed an LG Seta accredited training programme on waste disposal. As an accredited provider of training, the Group has successfully completed several national training interventions.

WASTE BENEFICIATION

Interwaste has long recognised the value in waste. By engaging in waste commodity trading and recycling, the Company is not only able to divert waste from landfills but is also able to ensure through recycling that less pressure is placed on already scarce resources. As a result of these initiatives, cost savings are often identified and passed onto our customers.

• Waste Commodity Trading

As a response to the growing demand for expensive resources, Interwaste has successfully pioneered waste commodity trading with many of our clients across various industry sectors. Interwaste currently exports commoditised wastes to 12 countries outside South Africa.



• On-Site Services

As part of its drive to provide holistic, integrated waste management solutions to its clients, Interwaste provides "On-Site" waste management services, which allows a client's waste to be sorted on site into that which can be recovered and that which must be finally disposed of. This results in a reduction of overall disposal costs through diversion of recyclable material away from landfills and also results in landfill space savings.

• **Organics Production**

Interwaste's Earth2Earth Organics division is the largest producer of organic growing mediums in Southern Africa, diverting over three hundred thousand tons of organic material (primarily waste bark discarded by the timber industry) from landfills. This, together with domestic greens collected at landfill sites and garden-waste transfer stations, goes to produce in excess of fifty thousand cubic metres of export-grade compost and growing mediums, every month, from production centres in the Western Cape, KwaZulu Natal and Mpumalanga.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

The Company recognises the importance of transformation in South Africa and of contributing to such transformation. The Company's progress in this area is measured with reference to the generic broad based black empowerment ("BBBEE") scorecard and is verified annually by an external agency. The Interwaste (Pty) Ltd human resources director and the Social and Ethics Committee actively co-ordinates the Company's efforts and ensures that meaningful progress is made in this area.

During the course of 2012, six to ten year targets for employment equity and preferential procurement were gazetted. As a result the Company's BBBEE measurement for the year under review was conducted in accordance with these increased targets. Despite the more onerous criteria, the Company achieved BBBEE rating of level 5.

ENTERPRISE DEVELOPMENT

The Group was awarded a full 15 points for enterprise development, during its BBBEE assessment, for both 2011 and 2012.

CORPORATE SOCIAL INVESTMENT

The Group improved its corporate social investment programmes in 2012, scoring a full 5 points, during its BBBEE assessment, compared to the 1.15 points scored in 2011.



INTRODUCTION

With over 24 years of experience in Waste Management, Interwaste has successfully integrated its people, facilities and infrastructure into a cohesive force able to provide its customers with truly holistic waste management solutions based on proven systems and practices that are cost effective and environmentally sound.

Over time our service offering has evolved into a complete “Integrated Waste Management” offering which takes into account the full life cycle of product, from “cradle to grave”.

WHAT IS INTEGRATED WASTE MANAGEMENT?

Integrated Waste Management optimises waste management by maximizing waste stream minimisation, recycling and disposal efficiencies, and minimising associated health and environmental impacts and financial costs.

Its successful implementation results in cost savings as well as a reduction in the impact that the disposal of waste has on the environment. This holistic service includes the management of waste streams from point of generation to final disposal.

With recent legislative changes relating to waste management and industry’s willingness to minimise its environmental impact, Interwaste has seen an evolution in the service requirements from many of our clientele.

This includes the provision of an integrated waste management service combining the efforts of various service providers into one holistic, integrated and accountable waste management system. This is in line with current legislative requirements, meeting the needs of various stakeholders.

From the Hierarchy, we have developed a Model of Integrated Waste Management to better explain the necessary processes involved:



The main objectives of Integrated Waste Management are to:

- Improve waste management practices;
- Highlight positives and deficiencies in current systems of waste management;
- Institute processes of waste management aimed at minimisation at source and prevention of pollution;
- Manage the impact of waste on the receiving environment;
- Manage waste in a holistic manner.

The elements of Integrated Waste Management include:

- Minimising waste generation;
- Separation of waste (enabling efficient recycling);
- Storage and collection of waste;
- Transfer and transportation of waste;
- Re-using and recycling waste;
- Disposal of waste (always the last option);
- Management of the landfills (general and hazardous waste).

In applying Integrated Waste Management, the process incorporates all the major stages of an environmental planning process, namely:

- Analysing the current situation and legal framework;
 - Making projections of future requirements;
 - Setting objectives;
 - Developing projects and programmes to reach the set objectives;
 - Developing and implementing an integrated waste management plan;
 - Periodically evaluating and reviewing the plan to ensure the objectives are being met.
- By making use of the Integrated Waste Management Service, our clients effectively outsource their entire waste management function to Interwaste.

Our trained on-site waste management staff assume full responsibility for our clients' waste management plans:

- After an extensive waste assessment in which all waste streams are analysed, classified and assigned a handling procedure;
- Waste is sorted into the various categories, namely recyclable waste (eg. paper, plastic, metal, cardboard and glass) and non-recyclable waste (hazardous and non-hazardous);
- The waste is then appropriately contained, labelled and transported to the recycling centre or disposal facility;
- Detailed reports are produced on a monthly basis and a full audit report is available.

Interwaste ensures that our clients' waste is classified, sorted, recycled, reused and disposed in the best practical manner, ensuring cradle to grave peace of mind. Our experience has shown that when this process is successfully implemented, waste costs reduce and there is a measurable contribution to the sustainability of our clients' businesses.

INTRODUCTION

Interwaste Holdings Limited (“the Company”) is a public company incorporated in South Africa under the provisions of the Companies Act, No. 71 of 2008, as amended, and the Regulations thereto (“Companies Act”) and is listed on the Alternative Exchange (“AltX”) of the JSE Limited.

The board of directors (“the Board”) of the Company recognises its responsibility for ensuring that the Company is governed in an ethical, prudent and sustainable manner, in accordance with the provisions of the Companies Act, the JSE Listings Requirements (“The Listings Requirements”) and the King Report on Governance for South Africa, 2009 (“King III”). Being the first year in which an integrated report is being prepared, external assurance on the matters recommended by King III has not been obtained. The need for external assurance on these matters will be evaluated for future years.

During the year under review, the Company strengthened the formalised aspects of its systems of corporate governance through:

- Improvements to its risk management framework;
- Development of an integrated report for the financial year;
- Amendment of the Company and all subsidiaries’ memoranda of incorporation in accordance with the Companies Act; and
- Established a Social and Ethics Committee;
- Approval by shareholders at the annual general meeting of:
 - the appointment of the members of the Audit and Risk Committee
 - a resolution in terms of section 45 of the Companies Act for the provision of financial assistance;
 - the Company’s Memorandum of Incorporation;
 - the Company’s remuneration policy, by way of non-binding, advisory vote.

STATEMENT OF COMPLIANCE

The Board is of the view that the Company has complied in material respects with the provisions and spirit of King III, unless otherwise stated in this report or in the detailed King III disclosures contained in this integrated report, and has complied with the provisions of the Listings Requirements applicable to AltX listed companies.

BOARD OF DIRECTORS

The Board is a unitary structure, and currently consists of eight directors, five of whom are non-executive. Three of the non-executives are independent.

The general powers of the Board and the directors are conferred in the Company’s Memorandum of Incorporation. The roles and functions of the chairperson and the Chief Executive Officer (“CEO”) are formalised in the Company’s board charter which is reviewed annually. In order to ensure that conflicts of interest are avoided, Board members are required, at least annually, to provide a general disclosure of their personal financial interests, in terms of section 75 of the Companies Act. Furthermore, at each board meeting, Board members are reminded of their obligation to declare any material personal financial interests they may have in contracts entered into or authorised by the Company or in any matters to be disclosed at the meeting.

There is a clear division of responsibilities at board level ensuring a balance of power, with functions of chairperson and CEO being separate and independent. No one director is able to exercise unfettered decision making powers. All of the Company’s directors may seek independent, professional advice on matters pertaining to the Company, at the Company’s expense, and have unrestricted access to management and Company information, documentation and property.

The board is chaired by Ms A Kawa, an independent non-executive director, who is considered to be free of conflicts of interest.

Ms Kawa provides overall leadership and guidance to the Board and sets the ethical tone for the Board. Due to the limited size of the Board, Ms Kawa also serves as a member of the Company’s Audit Committee.

The position of CEO is occupied by Alan Willcocks, who is a co-founder of the Company. Alan is responsible for the day to day affairs of the Company and for the achievement of the Company’s strategic goals and objectives. Alan meets regularly with his executive team in ensuring that the strategic decisions by the Board are communicated and implemented.

The remaining directors are André Broodryk (financial director), Bronwyn Willcocks (non-executive), Funani Mojono (independent non-executive), Landiwe Mahlangu (independent non-executive), Gavin Tipper (non-executive) and Leon Grobbelaar (landfills director).

The independence of non-executive directors is assessed informally by the Board, on a regular basis, with reference to non-executive directors’ declarations of interest and King III. An evaluation of the performance of the directors and the Board as a whole, takes place annually on an informal basis.

The Company secretary, Allen de Villiers, assists the Board in discharging its responsibilities and is a source of guidance on matters of good governance and ethics.

The Board meets quarterly and ad hoc meetings are convened when necessary. Representatives of the Company’s designated advisors, Grindrod Bank, attend all Board and Audit Committee meetings.

ROTATION OF DIRECTORS

In terms of the Company’s Memorandum of Incorporation Ms Kawa and Mr Tipper retire by rotation at the forthcoming annual general meeting, but being eligible offer themselves for re-election.

Brief curricula vitae of the directors of the Company are provided on page 5 of this report.

BOARD COMMITTEES

The Board has appointed an Audit & Risk Committee, a Remuneration Committee and a Social & Ethics Committee. These committees are subject to formal terms of reference which have been approved by the Board and which have been reviewed to reflect, where appropriate, the Company’s application of the principles contained in King III and the statutory requirements of the Companies Act.

The terms of reference set out, inter alia, the committees' purposes, membership requirements, duties and reporting procedures.

• Audit & Risk Committee

The Audit Committee is chaired by Gavin Tipper, a non-executive director, with Funani Mojono and Andisiwe Kawa as the other members of the committee. The Board is aware that, in terms of King III, the committee chair should be independent, however Mr. Tipper holds 3.1% of the issued shares in the Company, and therefore the composition of the committee is under review. At the annual general meeting on 27 June 2013 shareholders will be asked to elect the members of the Audit Committee. Messrs Tipper, Mahlangu, Mojono and Ms Kawa will be available for re-election, with Mr Mojono proposed as the incoming chairman of the committee.

The Committee discharges its functions in accordance with legislative requirements and the delegated authority of the Board, as set out in its terms of reference.

The Audit Committee is responsible for ensuring there are appropriate key financial controls, in the context of the financial risks the Company faces, and in particular assists the Board in the following matters:

- Monitoring the financial reporting process;
- Recommending the appointment of an independent registered auditor, determining the terms of engagement and approving fees for audit and non-audit work;
- Monitoring the operation and effectiveness of internal control systems, including information technology controls;
- Overseeing the implementation and effective operation of a structured risk management process;
- Implementing sound corporate governance policies;
- Reviewing and recommending to the Board for approval the interim and annual financial statements and the going concern status of the Company;
- Considering and satisfying itself, on an annual basis, of the expertise and experience of the financial director.

KPMG incorporated was re-appointed as the Company's external auditors by shareholders at the Company's annual general meeting. With reference to the non-audit services provided by the external auditor, and at the recommendation of the Audit Committee, the Board has resolved that the auditors shall not:

- Function in the role of management;
- Audit their own work; or
- Service in an advocacy role for the Company.

In accordance with the requirements of the Companies Act, all non-audit specific service engagements with the external auditors were pre-approved by the Audit Committee.

The Audit Committee discharged the functions ascribed to it in terms of the Companies Act and the Listings Requirements, as reported in the Directors' Report. It also complied in all material respects with its mandate and responsibilities prescribed in its terms of reference.

The Company's designated advisors and external auditors attend Audit Committee meetings by invitation and have unrestricted access to the chairman of the committee.

The Committee may call upon any executive directors, company officers, the Company secretary or other assurance providers to provide it with information. The Committee has reasonable access to the Company records and the resources that may be necessary for the fulfilment of its functions. It also has the right to obtain independent professional advice at the Company's expense, should such be required for it to fulfil its responsibilities.

The Company currently does not have a separate internal audit function, although external assurance providers are contracted to the Company to provide specific internal audit services, as and when deemed necessary by the Committee or the Board. The need for an internal audit function is regularly considered in the context of the size of the Group.

The report of the Audit Committee may be found on page 28 of this report.

• Remuneration Committee

The Company's Remuneration Committee is chaired by Mr F Mojono, an independent non-executive director, with Mr G Tipper as the Committee's second member. The Committee assists the Board in the determination of the Group remuneration philosophy and the remuneration policies applicable to all levels in the Company.

The Committee ensures that the Group's executives and managers are remunerated in a manner that is competitive and appropriate to their individual contributions, it ensures that there is an effective remuneration and reward framework so that all employees are fairly paid and retention levels are at targeted levels, it considers succession planning and it reviews and makes recommendations regarding the composition of the Board and its sub committees.

• Social and Ethics Committee

The Company's Social and Ethics Committee is chaired by Mr F Mojono and consists of Ms R Pillay, Mr A Cronjé and Mr B Buys. The Social and Ethics Committee is tasked with discharging the functions as set out in the Company's Act and Regulations, including monitoring the Company's activities relating to social and economic development, good corporate citizenship, ethics, the environment, health and safety, consumer relations and labour and employment.

The Social and Ethics Committee operates in terms of a mandate approved by the Board and reports to shareholders at the Company's annual general meeting on matters within its mandate.

REMUNERATION PHILOSOPHY

The Group's remuneration philosophy is to pay packages benchmarked against comparable positions in the market that facilitate the employment and retention of individuals who are innovative, whose levels of integrity are high, who have a solid work ethic, appropriate experience and who subscribe to Group's culture and values.

The objectives of the Group's remuneration philosophy are to:

- reward individuals for the achievement of the Group's objectives and motivate high levels of performance;
- reward exceptional performance by individuals through a performance management system;

- allow the organisation to compete effectively in the labour market and to recruit and retain high calibre staff; and
- achieve fairness and equity in remuneration and reward.

BOARD AND AUDIT COMMITTEE ATTENDANCE

The Board met four times, and the Audit Committee met twice, during the year under review. Details of the directors' attendance at the meetings are:

Director	Number of Board meetings attended	Number of Audit Committee meetings attended	Category
Andisiwe Kawa	3	1	Non-executive Chairperson
Alan Willcocks	4	2	CEO
Gavin Tipper	4	2	Non-executive
Bronwyn Willcocks	4	2	Non-executive
André Broodryk	4	2	Executive
Funani Mojono	4	2	Independent non-executive
Leon Grobbelaar	3	2	Executive
Landiwe Mahlangu*	1	1	Independent non-executive

*Mr Mahlangu was appointed on 30 October 2012

BOARD CHARTER AND POLICIES

The Board functions within a framework provided by, inter alia, its Charter and the following Group policies:

- Trading in Securities;
- Appointments to the Board;
- Conflicts of Interest;
- Communications;
- Remuneration; and
- Non-Audit Services.

The Board have compiled a checklist regarding the Group's compliance with the requirements of King III which is set below:

Principle	Description of compliance
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CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

1.1	The Board should provide effective leadership based on an ethical foundation	The Board sets the ethical tone for the business and has ultimate responsibility for the group code of ethics. The Board approves the strategic direction of the group, monitors the implementation thereof and requires adjustments where necessary.
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	Particular emphasis is placed on complying with all applicable legislation and regulations, and recognising the role the group plays in the environment in which it operates and the need to contribute positively to that environment. The Board is responsible for the economic, environmental and social performance and reporting of the company.
1.3	The Board should ensure that the company's ethics are managed effectively	The company has a code of ethics which is communicated internally and externally. The Social and Ethics Committee reports to the Board on ethical matters. The relevance of the code of ethics and the effectiveness of its implementation are reviewed on a regular basis.

The Board Charter and the policies assist Board members in the discharge of their duties and responsibilities and help to ensure that principles of good corporate governance are applied in all their dealings with and on behalf of the Company.

DEALINGS IN JSE SECURITIES

The Company and its directors comply with the Listings Requirements in respect of trading in Company's shares. The Company has a closed period policy, in terms of which all directors and Company officers are precluded from dealing in Company shares during closed periods, namely from 30 June and 31 December of each year until the release of the Group's interim and final results respectively.

The same arrangements apply for other closed periods declared during price sensitive transactions. A pre-approval policy and process for all dealings in Company shares by directors and selected key employees is strictly followed. Details of directors' and the company secretary's dealings in Company shares are disclosed through the Stock Exchange News Service ("SENS") in accordance with the Listings Requirements.

The Company secretary regularly disseminates written notices to inform the directors, executives and employees of insider trading legislation, and closed periods.

KING III

The Board considers good corporate governance as vital to the sustainability of the Group, and believes that the structures currently in place are appropriate based on the Group's size, complexity and current requirements. The Board is cognisant of the challenges faced in balancing the achievement of the Company's strategic goals with the implementation of all of the principles contained in King III.

A process of review of the Company's practices against the provisions of King III is ongoing and the results thereof form the basis of efforts to further improve corporate governance structures, within the confines of available resources and having regard to what is practical and sensible given the Group's size.

Principle	Description of compliance
CHAPTER 2: BOARDS AND DIRECTORS	
2.1 The Board should act as the focal point for and custodian of corporate governance.	The Board operates in terms of the Memorandum of Incorporation and the board charter. It is responsible for ensuring that sound corporate governance principles are applied throughout the business, that business is conducted on an ethical basis in line with the group's moral values and that the interests of all stakeholders are appropriately taken into account.
2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board works with management in determining the strategic direction of the group and monitors the implementation of strategy. In setting strategy it adopts a risk based approach recognising the need to ensure sustainability.
2.3 The Board should provide effective leadership based on an ethical foundation.	Refer 1.1 above.
2.4 The Board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer 1.2 above.
2.5 The Board should ensure that the company's ethics are managed effectively.	Refer 1.3 above.
2.6 The Board should ensure that the company has an effective and independent audit committee.	The company has appointed another director to the audit committee to ensure that it has three independent non executives as members. The committee operates in terms of a charter approved by the Board and its effectiveness is informally reviewed on an annual basis.
2.7 The Board should be responsible for the governance of risk.	In approving the strategic direction of the group and monitoring the implementation of strategy, the Board takes account of the risks faced by the group. The financial aspects of the risk management system are monitored by the audit committee, which reports to the Board on that process, and the non-financial aspects are monitored by the Board through the executive.
2.8 The Board should be responsible for information technology ("IT") governance.	The Board monitors IT governance through the audit committee and executive management.
2.9 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The group operates in a highly regulated environment and has a significant compliance function designed to ensure adherence to applicable laws and regulations. In addition, it is subject to regular external compliance audits. Consideration is regularly given to non-binding matters and to the need for and value of compliance with those.
2.10 The Board should ensure that there is an effective risk-based internal audit function.	As a result of the relatively small size of the group and the high level of hands on management by the executive, the group does not have an internal audit function. Where appropriate, specific internal audit assignments are performed by an external service provider.
2.11 The Board should appreciate that stakeholders' perceptions affect the company's reputation.	The company engages with its various stakeholders as appropriate. The extent and nature of the engagements vary based on the interests of the different stakeholders. (Refer p10)
2.12 The Board should ensure the integrity of the company's integrated report.	The Audit Committee oversees integrated reporting and is responsible for reporting to the Board on the integrated report and the integrity thereof.
2.13 The Board should report on the effectiveness of the company's system of internal controls.	The Audit Committee monitors the financial controls and reports to the Board on the results thereof. The Board reviews the effectiveness of the non-financial controls through executive management and ad hoc internal audit engagements. The integrated report includes reporting on the system of internal controls.
2.14 The Board and its directors should act in the best interest of the company.	The Board and directors are, inter alia, required to exercise due care, skill and diligence; act in good faith; exercise objective judgement; declare any personal financial interests or conflicts of interest; and not deal in the company's securities during closed or other price sensitive periods.
2.15 The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	The application of the going concern principle and the solvency of the group are reviewed on a regular basis. The Board is aware of and understands its responsibilities regarding business rescue proceedings.
2.16 The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should also not fulfil the role of chairman of the Board.	The position of chairman is held by an independent non-executive director.

<i>Principle</i>	Description of compliance
CHAPTER 2: BOARDS AND DIRECTORS (CONTINUED)	
2.17 The Board should appoint the CEO and establish a framework for the delegation of authority.	The CEO is appointed by the Board and his role and responsibilities are set out in the Board charter. The group has a formalised framework for the delegation of authority.
2.18 The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The Board comprise a majority of non-executive directors and a majority of the non-executives are independent.
2.19 Directors should be appointed through a formal process.	There is a formal process for the appointment of directors and the Board is assisted in the process by the Remuneration and Nominations committee.
2.20 The induction of and on-going training and development of directors should be conducted through formal processes.	Where appropriate, new directors are formally inducted. Training of directors takes place where necessary, however due to the size of the group the process is not formalised.
2.21 The Board should be assisted by a competent, suitably qualified and experienced company secretary.	A competent, qualified and experienced company secretary has been appointed.
2.22 The evaluation of the Board, its committees and the individual directors should be performed every year.	Due to the relatively small size of the company, the Board, its committees and individual directors are evaluated annually on an informal basis.
2.23 The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The Board has delegated functions, without abdicating responsibility, to the executive committee, the Audit and Risk Committee, the Remuneration and Nominations Committee and the Social and Ethics Committee. Where appropriate, ad hoc committees are constituted and functions delegated to those. The Board retains overall responsibility for everything it delegates.
2.24 A governance framework should be agreed between the group and its subsidiary boards.	Due to the relatively small size of the group there are limited subsidiary boards. The group governance framework applies to those boards.
2.25 Companies should remunerate directors and executives fairly and responsibly.	The remuneration and nominations committee reviews the remuneration philosophy and policies on an annual basis and remuneration packages are benchmarked where appropriate.
2.26 Companies should disclose the remuneration of each individual director and prescribed officer.	The remuneration of directors and prescribed officers is disclosed in the integrated annual report.
2.27 Shareholders should approve the company's remuneration policy.	Shareholders approve the company's remuneration policy as set out in the integrated annual report by way of a non-binding advisory vote at the company's AGM.
CHAPTER 3: AUDIT COMMITTEES	
3.1 The Board should ensure that the company has an effective and independent Audit Committee.	The company has appointed an additional independent non-executive director to the committee to ensure that it complies with relevant independence requirements. The effectiveness of the Audit Committee is informally assessed on an annual basis.
3.2 Audit Committee members should be suitably skilled and experienced independent non-executive directors.	Audit Committee members are appointed after being assessed as suitably skilled and experienced. Three of the four audit committee members are independent non-executive directors, the fourth member is a non-executive director who contributes to the functioning of the committee.
3.3 The Audit Committee should be chaired by an independent non-executive director.	On the basis the members of the Audit Committee proposed for appointment at the company's AGM are appointed, the committee will be chaired by an independent non-executive director.
3.4 The Audit Committee should oversee integrated reporting.	The Audit Committee operates in terms of its charter which includes the responsibility for overseeing integrated reporting.
3.5 The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.	The activities of management and external audit are co-ordinated and the relationship between management and the external auditors is monitored by the Audit Committee. As noted above, internal audit is limited to ad hoc assignments, where these are performed they are co-ordinated with the activities of management and, if relevant, external audit.
3.6 The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The Audit Committee evaluates the expertise, experience and resources of the finance function on an annual basis.

<i>Principle</i>	Description of compliance
CHAPTER 3: AUDIT COMMITTEES (CONTINUED)	
3.7 The Audit Committee should be responsible for overseeing internal audit.	Due to the relatively small size of the group, internal audit activities are limited to ad hoc assignments. Where these are performed, they are overseen by the audit committee.
3.8 The Audit Committee should be an integral component of the risk management process.	Due to the small size of the group, the Audit Committee, together with the board, oversees the risk management process in the group.
3.9 The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The Audit Committee recommends the appointment of the external auditor to shareholders at the AGM. The committee is responsible for overseeing the external audit process.
3.10 The Audit Committee should report to the board and shareholders on how it has discharged its duties.	The Audit Committee reports to the Board at every Board meeting on the discharge of its duties and the integrated report contains a report from the Audit Committee to shareholders. The chairman of the Audit Committee attends the AGM and is available to answer questions from shareholders on the discharge of the committee's duties.
CHAPTER 4: THE GOVERNANCE OF RISK	
4.1 The Board should be responsible for the governance of risk.	In terms of the Board charter, the Board is responsible for the governance of risk. Without abdicating any of its responsibilities, the Board delegates certain of these responsibilities to the Audit Committee.
4.2 The Board should determine the levels of risk tolerance.	Risks are reviewed by the Board as part of the strategic process and are regularly reconsidered as the implementation of strategy is monitored.
4.3 The risk or audit committee should assist the Board in carrying out its risk responsibilities.	Refer 4.1 above.
4.4 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Management is responsible for responding to the risks faced by the business and for implementing an effective risk management plan.
4.5 The Board should ensure that risk assessments are performed on a continual basis.	Risks are assessed on a regular basis as part of normal operational management practices.
4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The consideration of unpredictable risks, and appropriate responses to those risks, are incorporated in normal operational management processes.
4.7 The Board should ensure that management considers and implements appropriate risk responses.	Appropriate risk responses are considered and implemented by management on an on-going basis.
4.8 The Board should ensure continual risk monitoring by management.	Risks are monitored on a continual basis as part of normal operational management processes.
4.9 The Board should receive assurance regarding the effectiveness of the risk management process.	Assurance regarding the risk management process is provided to the Board by management and the audit committee. Where appropriate, exceptions are highlighted and discussed.
4.10 The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosures to stakeholders.	The integrated report includes relevant risk disclosures taking into account the nature of the business and competitively sensitive information.
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY	
5.1 The Board should be responsible for information technology ("IT") governance.	The Board monitors IT governance through the Audit Committee and executive management.
5.2 IT should be aligned with the performance and sustainability objectives of the company.	IT is designed to support the performance of the group and to contribute to the achievement of its sustainability objectives.
5.3 The Board should delegate to management the responsibility for the implementation of an IT governance framework.	Management is responsible for the implementation of the IT governance framework.

<i>Principle</i>	Description of compliance
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY (CONTINUED)	
5.4 The Board should monitor and evaluate significant IT investments and expenditure.	In line with company policies for delegation of authority and approval of capital expenditure, the Board considers all significant IT investments and expenditure.
5.5 IT should form an integral part of the company's risk management.	IT is an integral part of risk management and is monitored and reviewed accordingly.
5.6 The Board should ensure that information assets are managed effectively.	The management of information and information assets forms part of normal management processes and is subject to regular review and improvement, where applicable.
5.7 A risk committee and audit committee should assist the Board in carrying out its IT responsibilities.	Refer 5.1 above.
CHAPTER 6: COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS	
6.1 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The company's Board charter requires compliance with applicable laws and regular consideration is given to adherence to relevant non-binding rules, codes and standards.
6.2 The Board and each director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	The Board charter requires the Board and individual directors to have a working knowledge of the effect of applicable laws, rules, codes and standards. Where relevant, directors are educated on these matters.
6.3 Compliance risk should form an integral part of the company's risk management process.	Compliance risk forms part of the company's risk management framework and processes.
6.4 The Board should delegate to management the implementation of an effective compliance framework and processes.	Compliance risk and the implementation of an effective compliance framework is delegated to management. There is a compliance department and significant resources are applied to the area.
CHAPTER 7: INTERNAL AUDIT	
7.1 The Board should ensure that there is an effective risk based internal audit.	Due to the relatively small size of the group, internal audit activities are limited to ad hoc assignments.
7.2 Internal audit should follow a risk based approach to its plan.	Refer 7.1 above. Where ad hoc assignments are performed they are risk based.
7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	Refer 7.1 above.
7.4 The Audit Committee should be responsible for overseeing internal audit.	Refer 7.1 above. Where ad hoc assignments are performed the results are subject to review by the Audit Committee.
7.5 Internal audit should be strategically positioned to achieve its objectives.	Refer 7.1 above.
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS	
8.1 The Board should appreciate that stakeholders' perceptions affect a company's reputation.	The company engages with its various stakeholders as appropriate. The extent and nature of the engagements vary based on the interests of the different stakeholders.
8.2 The Board should delegate to management to proactively deal with stakeholder relationships.	Management is responsible for proactively dealing with stakeholder relationships.
8.3 The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The company recognises material stakeholders with legitimate interests and engages with them as appropriate.

<i>Principle</i>	Description of compliance
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS (CONTINUED)	
8.4 Companies should ensure the equitable treatment of shareholders.	All shareholders are treated equitably. In dealing with shareholders, the company complies with the relevant provisions of the Companies Act 2008 and the JSE Listings Requirements.
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Refer 8.1 above. The company's communications with different stakeholders are tailored to the nature of the stakeholders and their interests. (Refer p10)
8.6 The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Should disputes with stakeholders arise, they will be addressed in the appropriate forum and resolved as effectively, efficiently and expeditiously as possible.
CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE	
9.1 The Board should ensure the integrity of the company's integrated report.	The Audit Committee oversees integrated reporting and is responsible for reporting to the Board on the integrated report and the integrity thereof.
9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Sustainability reporting and disclosure form part of the integrated report.
9.3 Sustainability reporting and disclosure should be independently assured.	External assurance will be considered when the sustainability reporting is more fully developed and the Board is of the view that such assurance will add value.

IT GOVERNANCE

The Board is cognisant of the strategic importance of information technology ("IT") to the effective functioning of the Group. The Board is responsible for IT governance and ensures that the Group has the appropriate technologies, intellectual capital and processes at its disposal for the effective functioning of the IT system. IT risks and the mitigation and management of these risks are regularly reviewed and improvements to systems and structures are made where appropriate. Specifically, the Board is satisfied that appropriate backup procedures and disaster recovery plans are in place. The Group's IT system was independently assessed in 2012 and was found to be of a satisfactory standard.

GOING CONCERN

The Board is of the opinion that the Group has adequate resources to continue operating for the foreseeable future. Consequently, the going concern basis has been applied in preparing the annual financial statements presented on pages 26 to 73 of this Integrated Annual Report.

REMUNERATION REPORT

This report sets out the Group's remuneration philosophy and remuneration policies for non-executive directors, executive directors and senior managers. It also provides details of the remuneration of executive directors and certain senior managers and the fees paid to non-executive directors, for the financial year ended 31 December 2012.

REMUNERATION PHILOSOPHY

The overall intention of the Group's remuneration framework is to attract and retain talented people who have the ability and

motivation to drive the Group forward and who can contribute to the achievement of its strategic goals.

The objectives of the remuneration philosophy are to:

- Attract individuals who are innovative, who have high levels of integrity, a strong work ethic and who subscribe to the Group's culture and values;
- Retain competent employees who contribute meaningfully to the Group's performance;
- Motivate high levels of performance in line with the Group's strategic objectives and business priorities;
- Reward individuals appropriately for strong performance and the achievement of the Group's objectives;
- Recognise and, where possible, address differing employee needs; and
- Support the Group's transformation agenda.

INTERWASTE SHARE SCHEME

The Interwaste Share scheme was approved by shareholders during the financial year under review and the first allocations were made in terms of the scheme. The objectives of the scheme, as set out in the circular to shareholders, are "to incentivise selected employees through an opportunity to participate in the Company's equity. This should result in an increased alignment of interests between employees and shareholders, motivate improved performance by senior employees and promote the creation of long term shareholder wealth. The Scheme is designed to and should contribute materially to the Group's ability to retain the employees who participate therein over the medium term."

COMPOSITION OF REMUNERATION

The remuneration packages of executive directors and senior managers comprise:

- A guaranteed remuneration package;
- An annual bonus based on appropriate combinations of divisional, Group and individual performance; and
- A long term incentive plan in the form of the Interwaste Share scheme;

GUARANTEED REMUNERATION

The remuneration committee reviews the salaries of executive directors and senior management annually. As part of this process there is a comparison of the remuneration paid by the Group to remuneration levels in relevant sectors of the South African market.

The Group remunerates employees at levels reflective of the market, subject to their experience and contribution. Where there is significant out performance, remuneration levels are adjusted consequently. Underperforming employees are paid at below average levels and are actively managed. Where necessary above average levels of remuneration are paid to attract high performing individuals to the Group or to attract managers with knowledge or experience relevant to Interwaste's plans for growth.

SHORT TERM INCENTIVE SCHEMES

Annual bonuses are based on a combination of the performance of the division to which an employee is attached and their individual performance. The more the employee is able to influence the

financial performance of the division, the greater the extent to which his / her bonus is aligned to the performance of the division. The bonuses payable to executive directors are based on a combination of Group financial performance and their individual performance.

Executive management recommends annual bonuses to the remuneration committee for approval. The committee retains final discretion over the incentives.

LONG TERM INCENTIVE SCHEME

The Interwaste Share scheme was introduced during the current financial year to provide a mechanism for retaining employees over medium to long term periods, for rewarding them for their contributions to the Group and for aligning their interests with those of shareholders.

The scheme delivers value to employees based on share price appreciation over the option strike price. Executive directors, general managers, other managers and selected staff regarded as out performers or as strategic to the Group are eligible to participate in the scheme. Options are allocated at the discretion of the remuneration committee which takes account of market practice in determining the frequency and scale of allocations in terms of the scheme. Where appropriate, the remuneration committee may attach performance conditions to the options it allocates. The options vest over two to five years and are required to be exercised within two years of the date of their vesting.

<i>Executive directors' emoluments</i>	Salary	Motor vehicle allowance	Bonus and gratuity	Other	Share Option Expense	Total
Executive						
Alan Willcocks	2 079 640	–	103 982	–	–	2 183 622
Leon Grobbelaar	1 476 100	166 659	49 682	7 331	48 639	1 748 411
André Broodryk	1 482 720	120 000	140 238	–	241 297	1 984 255
	5 038 460	286 659	293 902	7 331	289 936	5 916 288

Non-executive directors' emoluments

Non-executive directors are remunerated in line with market related rates taking into account their responsibilities on the board and on any of the sub committees on which they serve. For services that fall outside their ordinary duties as directors they are remunerated by way of a market related fee.

Non-executive directors' fees

Gavin Tipper	67 000
Andisiwe Kawa	67 000
Funani Mojono	67 000
Bronwyn Willcocks	67 000
Landiwe Mahlangu	20 000

Other – consulting

Gavin Tipper	780 000
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<i>Executive directors' emoluments</i>	Salary	Motor vehicle allowance	Bonus and gratuity	Share Option Expense	Total
Prescribed officers' remuneration					
In accordance with the King III recommendation on the disclosure of remuneration paid to prescribed officers (as defined in the Companies Act of 2008), the prescribed officers in the Group, other than the executive directors, were remunerated as follows:					
Prescribed officer A	941 158	–	76 950	24 319	1 042 427
Prescribed officer B	817 466	70 778	24 524	–	912 768
Prescribed officer C	1 081 172	128 233	98 098	48 639	1 356 142
Prescribed officer D	1 076 400	99 863	162 933	48 639	1 387 835
Prescribed officer E	880 782	102 830	85 000	29 183	1 097 795
Prescribed officer F	1 050 000	–	31 500	5 300	1 086 800
	5 846 978	401 704	479 005	156 080	6 883 767



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Prepared under supervision of André Broodryk, CA (SA), Financial Director.

The directors are responsible for the preparation and fair presentation of the group and separate annual financial statements of Interwaste Holdings Limited, comprising the statements of financial position at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE GROUP AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The group and separate annual financial statements of Interwaste Holdings Limited, as identified in the first paragraph, were approved by the board of directors on 5 June 2013 and are signed by:



Alan Willcocks

CEO

5 June 2013



André Broodryk

Financial Director

5 June 2013

CERTIFICATE BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 2008, as amended, that for the year ended 31 December 2012, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



AS de Villiers

Company Secretary

5 June 2013

The Interwaste Audit Committee has discharged the functions delegated to it by the board (a summary of the Audit Committee's terms of reference is provided on page 17 in the Corporate Governance Report) and as prescribed to it in terms of the Companies Act, 71 of 2008.

During the financial year ended 31 December 2012, the Interwaste Audit Committee, inter alia:

- Met on two separate occasions to review the interim and year end results of the group, and to consider regulatory and accounting standard compliance in regard to the Audit Committee and the group, respectively;
- Nominated the appointment of KPMG Inc. as the registered independent auditor of the company after satisfying itself through enquiry that KPMG Inc. and that Mr J Wessels, the designated auditor, are independent of the company;
- Ensured that the appointment of KPMG Inc. complied with the requirements of the Companies Act relating to the appointment of auditors;
- Determined the fees to be paid to KPMG Inc. and its terms of engagement;
- Approved a non-audit services policy which determines the nature and extent of any non-audit services which KPMG Inc. may provide to the group. KPMG Inc. provided an IT controls review and an integrated reporting workshop. These services were pre-approved by the Audit Committee.

The Audit Committee recommended the group and separate financial statements of Interwaste Holdings Limited for the year ended 31 December 2012 to the Board for approval. The Board has subsequently approved these financial statements which will be open for discussion at the forthcoming annual general meeting.

In compliance with the Listing Requirements of the JSE Limited, the Audit Committee has considered and satisfied itself of the appropriateness of the expertise and experience of the Financial Director.



Gavin Tipper
Audit Committee Chairman
5 June 2013

The directors have pleasure in submitting their report for the year ended 31 December 2012.

NATURE OF BUSINESS

Interwaste Holdings Limited (the company) is the holding company of a group of environmentally conscious waste management companies. The group's business activities include waste collection, the management of landfills, the responsible disposal of waste, the recovery of previously worked metals and the manufacture of natural bark compost. Operations are based primarily in South Africa and Mozambique and the company is listed on the Alternative Stock Exchange (AltX).

FINANCIAL RESULTS

The financial results for the year ended 31 December 2012 are set out in detail in these financial statements and do not require further comment.

GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SUBSEQUENT EVENTS

Subsequent to the year end the Group acquired Enviro-Waste (Pty) Ltd's waste customer base as described in the Chairperson and CEO report on page 6. The directors are not aware of any other matter or circumstance arising since the end of the financial year, and up to the date of approval of these financial statements, relevant to an assessment of the financial statements at 31 December 2012.

AUTHORISED AND ISSUED SHARE CAPITAL

Alterations to authorised share capital

There have been no alterations to the authorised share capital during the current financial year.

Issue of shares

There were no additional issues of shares in the year. During the current year 7 million shares held by the Interwaste Share Incentive Trust, were repurchased.

BORROWING LIMITATIONS

In terms of the memorandum of incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

SHARE INCENTIVE TRUST

Refer to note 15 for detail about share-based payments during the current year.

NON-CURRENT ASSETS

There were no major changes in the nature of non-current assets of the company during the year, other than the development of FG landfill, details of which are disclosed in this annual report.

DIVIDENDS

No dividends were declared or paid to shareholders during the year 31 December 2012. Platinum Waste Resources Proprietary Limited, a group subsidiary, paid dividends of R315 000 (2012: R105 000) to non controlling shareholders. Interwaste Cleaning Proprietary Limited, a group subsidiary, paid dividends of R51 001 (2012: Rnil) to non-controlling shareholders.

ACCOUNTING POLICIES

The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act, 2008, as amended. The accounting policies applied are consistent with those applied in the prior year.

DIRECTORS

The directors of the Company during the year and to the date of this report are as follows:

A Kawa	(Chairperson)	(independent non-executive)	
PF Mojono		(independent non-executive)	
AP Broodryk	(Financial Director)		
GR Tipper		(non-executive)	
BL Willcocks		(non-executive)	
WAH Willcocks	(Chief Executive Officer)		
LC Grobbelaar			
L Mahlangu		(independent non-executive)	(appointed 30 October 2012)

SECRETARY AND REGISTERED ADDRESS

The secretary of the Company is: Allen Stuart de Villiers, (BA) LLB Dip Tax Practice.

The Company's registered address is: 2 Brammer Street, Industries Site, Germiston East, 2154
Private Bag X23, Northriding, 2162

DIRECTORS INTERESTS

At 31 December 2012 the directors and their associates (as defined in terms of the JSE Listings Requirements) had the following direct and indirect beneficial interest in the share capital of the company:

	Number of Shares 2012 Direct	Number of Shares 2012 Indirect	%
Executive Directors			
LC Grobbelaar	–	3 490 007	1,06
WAH Willcocks	78 000	79 594 700	24,19
AP Broodryk	1 500 000	–	0,46
	1 578 000	83 084 707	25,71
Non-Executive Directors			
GR Tipper	10 256 751	–	3,11
BL Willcocks	–	79 594 701	24,17
	10 256 751	79 594 701	27,28

MAJOR SHAREHOLDERS

Details of the interests of shareholders who hold, directly or indirectly, beneficially interest in 5% or more of the company's share capital, are reflected in the shareholder analysis set out on page 74.

INTEREST IN SUBSIDIARIES

Interest in Subsidiaries	Percentage Holding	Net profit after tax
Inter-Waste Proprietary Limited	100%	14 884 757
Enviro-Fill Proprietary Limited	100%	–
Interwaste Properties Proprietary Limited	100%	–
		14 884 757

SPECIAL RESOLUTIONS

No special resolutions were passed during the financial year ended 31 December 2012, other than those tabled and passed at the Annual General Meeting on 29 June 2012

TO THE SHAREHOLDERS OF INTERWASTE HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Interwaste Holdings Limited, which comprise the statements of financial position at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 73.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these 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 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 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 judgement, 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Interwaste Holdings Limited at 31 December 2012, and its consolidated and separate financial performance and 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 31 December 2012, we have read the Directors' report, the Audit Committee report and the Company Secretary certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited 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.

KPMG Inc.



Per J Wessels
Chartered Accountant (SA)
Registered Auditor
Director
5 June 2013

AT 31 DECEMBER 2012

<i>Figures in Rand</i>	Notes	Group 2012	Group 2011	Company 2012	Company 2011
ASSETS					
Non-current assets					
Property, plant and equipment	3	290 177 430	277 719 477	-	-
Goodwill	5	47 001 217	47 001 217	-	-
Investment in joint venture	6	504 834	672 690	-	-
Investments in subsidiaries	7	-	-	75 702 733	75 702 733
Deferred tax assets	8	966 433	521 284	620 301	360 590
Loans to group companies	9	-	-	110 888 576	115 000 675
		338 649 914	325 914 668	187 211 610	191 063 998
Current assets					
Inventories	10	15 814 365	17 106 035	-	-
Loans to related parties	11	7 389 139	7 368 813	-	-
Current tax receivables		-	2 998 618	-	-
Trade and other receivables	12	95 073 591	82 957 414	365	-
Cash and cash equivalents	13	8 859 444	4 870 130	4 762	2 080
		127 136 539	115 301 010	5 127	2 080
Total assets		465 786 453	441 215 678	187 216 737	191 066 078
EQUITY AND LIABILITIES					
Equity					
Share capital and premium	14	175 491 253	175 491 253	175 491 253	182 491 253
Share-based payment reserve	15	831 872	122 769	831 872	122 769
Foreign currency translation reserve		40 972	52 945	-	-
Retained earnings		68 425 840	53 636 850	7 040 843	3 995 796
Equity attributable to owners of the Company		244 789 937	229 303 817	183 363 968	186 609 818
Non-controlling interests		2 773 295	2 418 757	-	-
		247 563 232	231 722 574	183 363 968	186 609 818
LIABILITIES					
Non-current liabilities					
Interest-bearing borrowings	16	52 846 543	46 190 850	-	-
Provision for site rehabilitation	17	8 844 087	5 394 371	-	-
Deferred tax liabilities	8	20 691 223	15 589 290	-	-
		82 381 853	67 174 511	-	-
CURRENT LIABILITIES					
Interest-bearing borrowings	16	35 009 605	50 088 060	-	-
Loan from related party	18	5 140 523	3 567 310	-	-
Trade and other payables	19	63 001 383	54 867 212	3 852 769	4 451 889
Current tax payable		1 112 292	814 640	-	4 371
Provision for onerous leases	17	1 293 483	491 562	-	-
Bank overdraft	13	30 284 082	32 489 809	-	-
		135 841 368	142 318 593	3 852 769	4 456 260
Total liabilities		218 223 221	209 493 104	3 852 769	4 456 260
Total equity and liabilities		465 786 453	441 215 678	187 216 737	191 066 078

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Figures in Rand</i>	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Revenue	20	558 591 305	455 990 948	–	16 198 014
Cost of sales		(358 043 304)	(314 107 924)	–	–
Gross profit		200 548 001	141 883 024	–	16 198 014
Other income		–	–	3 850 000	–
Operating expenses		(168 305 480)	(139 625 386)	(9 545 888)	(20 325 043)
Results from operating activities	21	32 242 521	2 257 638	(5 695 888)	(4 127 029)
Net finance (costs) / income	22	(10 922 761)	(9 469 955)	8 481 224	6 491 911
Finance costs		(11 334 412)	(10 708 478)	(137 125)	(473 733)
Finance income		411 651	1 238 523	8 618 349	6 965 644
Share of (loss) / profit in equity accounted joint venture		(167 856)	562 555	–	–
Profit / (loss) before taxation		21 151 904	(6 649 762)	2 785 336	2 364 882
Taxation (expense) / credit	23	(5 642 375)	1 547 624	259 711	197 952
Income / (loss) after taxation		15 509 529	(5 102 138)	3 045 047	2 562 834
Less: Non-controlling interests		(720 539)	(749 477)	–	–
Income / (loss) attributable to owners of the Company		14 788 990	(5 851 615)	3 045 047	2 562 834
Other comprehensive income					
Foreign currency translation reserve movement on foreign operations		(11 973)	52 945	–	–
Total comprehensive income for the year		14 777 017	(5 798 670)	3 045 047	2 562 834
Basic earnings / (loss) per share (cents)	28	4.49	(1.78)		
Fully diluted earnings / (loss) per share (cents)	28	4.49	(1.78)		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Figures in Rand</i>	Share Capital And Premium	Share-Based Payment Reserve	Foreign currency translation reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
GROUP							
Balance at 1 January 2011	175 491 253	1 714 701	–	57 801 047	235 007 001	1 774 280	236 781 281
Total comprehensive income							
Loss for the year	–	–	–	(5 851 615)	(5 851 615)	749 477	(5 102 138)
Foreign currency translation reserve	–	–	52 945	–	52 945	–	52 945
Transactions with owners, recorded directly in equity							
Share-based payment expense	–	95 486	–	–	95 486	–	95 486
Share options expiry	–	(1 687 418)	–	1 687 418	–	–	–
Contributions by and distributions to shareholders							
Dividends paid to non-controlling interests	–	–	–	–	–	(105 000)	(105 000)
Balance at 31 December 2011	175 491 253	122 769	52 945	53 636 850	229 303 817	2 418 757	231 722 574
Total comprehensive income							
Profit for the year	–	–	–	14 788 990	14 788 990	720 539	15 509 529
Foreign currency translation reserve-movement	–	–	(11 973)	–	(11 973)	–	(11 973)
Transactions with owners, recorded directly in equity							
Share-based payment expense	–	709 103	–	–	709 103	–	709 103
Contributions by and distributions to shareholders							
Dividends paid to non-controlling interests	–	–	–	–	–	(366 001)	(366 001)
Balance at 31 December 2012	175 491 253	831 872	40 972	68 425 840	244 789 937	2 773 295	247 563 232

STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Figures in Rand</i>	Notes	Share Capital And Premium	Share-Based Payment Reserve	Retained Earnings	Total Equity
COMPANY					
Balance at 1 January 2011		182 491 253	1 714 701	1 460 290	185 666 244
Total comprehensive income					
Profit for the year		–	–	2 562 834	2 562 834
Transactions with owners, recorded directly in equity					
Share-based payment expense		–	95 439	–	95 439
Share options expiry			(1 687 371)	(27 328)	(1 714 699)
Balance at 31 December 2011		182 491 253	122 769	3 995 796	186 609 818
Total comprehensive income					
Profit for the year		–	–	3 045 047	3 045 047
Transactions with owners, recorded directly in equity					
Share-based payment expense		–	709 103	–	709 103
Dissolution of share incentive trust					
– share capital	14	(700)	–	–	(700)
– share premium	14	(6 999 300)	–	–	(6 999 300)
Balance at 31 December 2012		175 491 253	831 872	7 040 843	183 363 968

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Figures in Rand</i>	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Cash flows from operating activities					
Cash generated from / (utilised by) operations	24.1	74 915 513	56 568 583	(9 436 270)	12 228 868
Finance costs	22	(11 334 412)	(10 708 478)	(137 125)	(473 733)
Finance income	22	411 651	1 238 523	8 618 349	6 965 644
Tax refunded / (paid)	24.2	2 310 679	3 129 151	(4 371)	245 300
Net cash inflow / (outflow) from operating activities		66 303 431	50 227 779	(959 417)	18 966 079
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(61 968 990)	(77 709 115)	-	-
Proceeds on disposal and scrapping of property, plant and equipment		9 096 476	13 585 485	-	-
Loans advanced to related parties		(20 326)	(22 283)	-	-
Net cash outflow from investing activities		(52 892 840)	(64 145 913)	-	-
Cash flows from financing activities					
Loans repaid by / (advanced to) group companies		-	-	962 099	(18 970 405)
Loans received from / (repaid to) related parties		1 573 213	(62 698)	-	-
Interest-bearing borrowings (repaid) / raised		(8 422 762)	622 702	-	-
Dividends paid		(366 001)	(105 000)	-	-
Net cash (outflow) / inflow from financing activities		(7 215 550)	455 004	962 099	(18 970 405)
Total cash movement for the year		6 195 041	(13 463 130)	2 682	(4 326)
Cash and cash equivalents at beginning of the year		(27 619 679)	(14 156 549)	2 080	6 406
Total cash and cash equivalents at end of the year	13	(21 424 638)	(27 619 679)	4 762	2 080

1. BASIS OF PRESENTATION

Reporting entity

Interwaste Holdings Limited is a company domiciled in South Africa.

The address of the company's registered office is 2 Brammer Street, Industries Site, Germiston East. The consolidated financial statements of the group as at and for the year ended 31 December 2012, comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities") and the group's interest in joint ventures. The group's activities range across a broad spectrum of sectors (see the segment report and the report of the directors).

The financial statements include the following principal accounting policies, which are consistent with those used in previous years. The accounting policies are applicable both to the group and separate financial statements of the company unless the context indicates otherwise.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE listing requirements.

The financial statements were approved by the directors on 5 June 2013.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following:

- share based payments; and
- at acquisition valuation on assets and liabilities of subsidiaries.

The methods used to measure fair values are discussed further in note 27.

Functional and presentation currency

These financial statements are presented in South African Rand, which is the company's functional currency. All financial information presented in South African Rand with no decimal.

1.1 SIGNIFICANT JUDGEMENTS

In preparing the financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following areas:

- Note 1.6 – business combinations and goodwill;
- Note 1.7 – measurement of the recoverable amounts of cash generating units containing goodwill; and
- Note 1.13 – Provisions and impairments.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year includes:

Impairment of assets

The group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Estimates are based on management's interpretation of market forecasts. Disclosure of these estimates relating to intangible assets and goodwill with indefinite useful lives has been discussed in note 4 and note 5.

Inventories

Management makes use of assumptions and scientific methods to quantify the compost on hand based on each compost windrow length, width and sloping height and by the use of trigonometry rules. A similar technique is employed in the quantification of metal inventory on hand.

Impairment losses are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying value. In determining whether a particular item of inventory could be considered to be overvalued, the following factors are taken into consideration:

- Saleability,
- Excessive quantity,
- Age,
- Sub-standard quality and damage, and
- Historical and forecast sales demand.

Trade receivables

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivables when their collectability is considered to be doubtful. Management believes that the impairment allowance is conservative and there are no significant trade receivables that are doubtful and have not been impaired. In determining whether a particular debtor could be doubtful, the following factors are taken into consideration:

- Age,
- Credit terms,
- Customer current and anticipated future financial status, and
- Disputes with the customer.

Property, plant and equipment

Management has made certain estimations with regard to the determination of estimated useful lives and residual values of items of property, plant and equipment, as discussed in note 1.2. Residual values and useful lives are based on readily available market data and historical experience on the use of the relevant items of property, plant and equipment.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Share based payments

Management used the Hull and White (2004) model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 15.

1.2 PROPERTY, PLANT AND EQUIPMENT**Recognition and measurement**

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs

The group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an item of property, plant and equipment over its estimated useful life. Depreciation is charged on the depreciable amount, to profit or loss, on a straight line basis over the estimated useful lives of the items of property, plant and equipment.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value less impairments. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciation commences when an asset is available for use.

Residual value is the estimated amount that the group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the item of property, plant and equipment was already of age and in the condition expected at the end of its useful life.

The estimated useful lives for the current and comparative periods are:

ITEM	AVERAGE USEFUL LIFE
Plant and machinery	3 – 20 years
Buildings	4 – 25 years
Leasehold improvements	Term of the lease
Vehicles	2 – 8 years
Computer, furniture & office equipment	3 – 6 years

The residual value, depreciation method and the useful life of each asset are reviewed at each reporting date.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Subsequent expenditure

Routine maintenance costs are charged to profit or loss as it is incurred. The costs of major maintenance or overhaul of an item of property, plant or equipment are recognised as an expense, except if the cost had been recognised as a separate part of the cost of the asset, and that amount has already been depreciated to reflect the benefits that had been replaced or restored.

Subsequent expenditure relating to an item of property, plant and equipment is only capitalised when it is probable that future economic benefits from the use of asset will be increased and the costs can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

1.3 INTANGIBLE ASSETS

An intangible asset is an identified, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the group has control over the asset; it is probable that economic benefits will flow to the group and the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Subsequent expenditure on capitalised intangible assets is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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1.4 INVESTMENT IN SUBSIDIARIES

Subsidiaries are entities controlled by the group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiary companies are stated at cost less accumulated impairment losses in the company's separate financial statements.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

1.5 INVESTMENT IN JOINT VENTURES

Investments in jointly controlled entities (equity accounted investees)

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions.

Investments in jointly controlled entities are accounted using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.6 GOODWILL

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsequently goodwill is carried at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested for impairment at each reporting date and whenever there is an indication that goodwill has been impaired.

An impairment loss in respect of goodwill is not reversed.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transaction with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

For each business combination the Group elects to measure any non-controlling interest in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

1.7 IMPAIRMENT

Impairment of non-financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. For goodwill the recoverable amount is estimated at each reporting date.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating 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.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

1.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as property, plant and equipment and liabilities in the statement of financial position at amounts equal to the fair value of the assets acquired or, if lower, the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset or the lease term, whichever the shortest. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, using the effective interest method, which is charged against profit or loss over the lease period.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale

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of goods provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. The group's revenue streams have been disclosed in note 30.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be estimated reliably

Services

Service revenue is recognised in profit or loss by reference to the stage of completion of the transaction at reporting date.

The primary business of the company is the collection and disposal of waste on behalf of our customers. revenue is recognised once the waste is disposed. The timing between the collection and disposal of waste seldom exceeds one day.

Service revenue is recognised once the following criteria have been met:

- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the entity;
- the state of completion can be measured reliably; and
- the cost incurred to complete the transaction can be measured reliably.

Holding company

Dividend income is recognised in profit or loss on the date that the right to receive payment is established. In the company's separate financial statements, dividend income is regarded as revenue.

1.10 FINANCE INCOME AND FINANCE COSTS

Finance income comprises, interest income on funds invested and on funds advanced to related parties and group companies. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financing costs comprise interest payable on borrowings calculated using the effective interest method and foreign exchange gains and losses that are recognised in profit or loss. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

1.11 INCOME TAX

Current tax assets and liabilities

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of

current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity or other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity or other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, directly to equity or other comprehensive income.

In respect of dividends declared up to 31 March 2012, Secondary Tax on Companies (STC) is provided at a rate of 10% on the amount by which dividends declared by the company exceeds dividends received. STC is recognised as part of the current tax charge in the statement of comprehensive income when the related dividend is declared. To the extent that it is probable that the entity with STC credits will declare dividends of its own, against which unutilised STC credits may be utilised, a deferred tax asset is recognised for such STC credits.

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge, but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised as the gross amount with the related withholding tax recognised as part of the tax expense unless it is otherwise reimbursable, in which case it is recognised as an asset.

1.12 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss, except for a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in other comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rand at the average exchange rates per month for the monthly transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

1.13 PROVISIONS

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation and is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Site rehabilitation

In accordance with the group's environmental policy and applicable legal requirements, a provision for site rehabilitation in respect of contaminated land, and the related expense, is recognised when the land is contaminated. A site rehabilitation provision might be recognised as part of the cost of the related asset if damage to the land is done before the asset is ready for use.

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1.14 EMPLOYEE BENEFITS**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The liabilities for employee entitlements to wages, salaries and annual leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the reporting date. The liabilities have been calculated at undiscounted amounts based on current wage and salary rates.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The group operates an equity-settled share-based payment programme. The fair value of the employee services received in exchange for the grant of the awards is recognised as a personnel expense with a corresponding increase in equity. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The total amount to be expensed is determined by reference to the grant date fair value of the awards, excluding the impact of any non-market performance conditions (e.g. achievement of profitability and sales growth targets or transfer restrictions) and service conditions. Non-market performance conditions are included in assumptions about the number of options that are expected to vest. The grant date fair value of the awards is adjusted to reflect non-vesting conditions.

At each reporting date, the group revises its estimates of the number of awards that are expected to vest based on the non-market performance conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.15 FINANCIAL INSTRUMENTS

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to / (from) group companies and related parties

These include loans to fellow subsidiaries, joint ventures and related parties and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest method, less any impairment loss on loans receivable recognised to reflect irrecoverable amounts.

On loans receivable, an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the loan's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to group companies are classified as loans and receivables. Loans from group companies are classified as other financial liabilities.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and is subject to an insignificant risk of changes in value. These are initially recognised at fair value and subsequently measured at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are initially measured at fair value less attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the initially recognised amount and the redemption amount of interest-bearing borrowings is amortised over the term of the interest-bearing borrowings on an effective interest basis.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently carried at amortised cost, using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.16 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.17 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Where necessary, allowance is made for obsolete, slow-moving and defective inventories.

1.18 EARNINGS PER SHARE

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

1.19 SEGMENT REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO (chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue

Segment revenue represents the gross value of services invoiced and goods sold excluding value-added taxation, which is directly attributable and reasonably allocated to each reportable segment.

Investment income is included in the segment where the business activity holding the investment is situated.

Segment results

Segment results equal segment revenue less segment expenses before any adjustment to non-controlling interest.

Segment assets and liabilities

Segment assets and liabilities include direct and reasonable allocable operating assets, investments in associates and liabilities. Segment assets comprise total assets and segment liabilities comprise total liabilities.

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of Interwaste Holdings Limited for the year ended 31 December 2012, the following Standards and Interpretations were in issue but not yet effective:

Standard / Interpretation		Effective date
IAS 1 amendment	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012*
IFRS 7 amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 Jan 2013*
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 Jan 2013*
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 Jan 2013*
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 Jan 2013*
IFRS 10, IFRS 11 and IFRS 12 amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	Annual periods beginning on or after 1 Jan 2013*
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 Jan 2013*
IAS 27	Separate Financial Statements (2011)	Annual periods beginning on or after 1 Jan 2013*
IAS 28	Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 Jan 2013*
IAS 32	Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 Jan 2013*
IFRS 10, IFRS 12 and IAS 27 amendment	Investment entities	Annual periods beginning on or after 1 Jan 2013*
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 Jan 2013*

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

The directors are of the opinion that the impact of the application of the above Standards and Interpretations will not result in any material adjustments arising.

Amendment to IAS 1 Presentation of Financial Statements

The Group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately. This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements. The amendment will be applied retrospectively and the comparative information will be restated. The amendment is effective for periods beginning on or after 1 July 2012.

IAS 27 (2011) Separate Financial Statements

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

The adoption of IAS 27 (2011) will not have a significant impact on the company's separate financial statements. The standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result the group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees (See Note 7 and 8).

Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the major factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the group's interest in those assets and liabilities.
- The group's interest in a joint venture which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

IFRS 12 brings together in a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

IFRS 13 Fair Value Measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The group is currently reviewing its methodologies in determining fair values (see Note 27). IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

Amendments to IFRS 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities

The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position; or are subject to enforceable master netting arrangements or similar agreements. The group applies offsetting in the financial statements and will be required to provide additional disclosures in this regard. This amendment is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment will result in the group no longer offsetting two of its master netting arrangements. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

Investment entities (Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28)

The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

This amendment will result in the group having to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The group and company will adopt this standard for the financial year commencing 1 January 2015. The adoption of IFRS 9 (2010) is expected to have an impact on the group and company's financial assets, but not any impact on the group and company's financial liabilities.

FOR THE YEAR ENDED 31 DECEMBER 2012

3. PROPERTY, PLANT AND EQUIPMENT

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Cost:		
Balance at beginning of year	406 066 901	367 168 072
Additions	61 968 990	77 709 115
– to maintain existing operations	33 694 335	39 535 797
– to expand operations	28 274 655	38 173 318
Site rehabilitation cost	(306 289)	4 211 729
Disposals and scrapping	(9 136 640)	(43 022 015)
Effect of movements in exchange rates	(36 132)	–
Balance at end of year	458 556 830	406 066 901
Comprising:		
Land, buildings and improvements	92 951 162	30 436 554
Vehicles	98 459 345	96 122 541
Plant and equipment	245 465 342	220 156 449
Computers, furniture and office equipment	20 401 253	16 297 834
Assets under construction	1 279 728	43 053 523
Balance at end of year	458 556 830	406 066 901
Accumulated depreciation and impairments		
Balance at beginning of year	(128 347 424)	(118 627 707)
Current year change	(42 520 854)	(37 785 210)
Disposals and scrapping	2 461 082	28 065 493
Effect of movements in exchange rates	27 796	–
Balance at end of year	(168 379 400)	(128 347 424)
Comprising:		
Land, buildings and improvements	(10 539 949)	(3 882 592)
Vehicles	(46 014 439)	(38 946 739)
Plant and equipment	(97 583 714)	(73 627 589)
Computers, furniture and office equipment	(14 241 298)	(11 890 504)
Balance at end of year	(168 379 400)	(128 347 424)
Carrying value		
Land, buildings and improvements	82 411 213	26 553 962
Vehicles	52 444 906	57 175 802
Plant and equipment	147 881 628	146 528 860
Computers, furniture and office equipment	6 159 955	4 407 330
Assets under construction	1 279 728	43 053 523
Balance at end of year	290 177 430	277 719 477
Business segmentation		
Waste management	182 405 344	159 796 750
Compost manufacturing and sales	16 513 952	19 241 913
Landfill management, construction and rehabilitation	79 128 831	83 214 899
Metals recovery	12 129 303	15 465 915
Total operations	290 177 430	277 719 477

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<i>Figures in Rand</i>	Land, buildings and improvements	Vehicles	Plant and equipment	Computers, furniture and office equipment	Assets under construction	Total
GROUP						
Cost						
Balance at 1 January 2012	30 436 554	96 122 541	220 156 449	16 297 834	43 053 523	406 066 901
Additions	25 226 159	5 685 378	26 650 428	3 127 295	1 279 730	61 968 990
– to maintain existing operations	1 406 714	5 685 378	24 468 761	853 752	1 279 730	33 694 335
– to expand operations	23 819 445	–	2 181 667	2 273 543	–	28 274 655
Reclassification	–	744 000	(744 000)	–	–	–
Transfer from assets under construction	41 820 841	83 187	–	1 149 497	(43 053 525)	–
Site rehabilitation cost	(306 289)	–	–	–	–	(306 289)
Disposals and scrapping	(4 226 103)	(3 509 179)	(564 403)	(170 373)	–	(8 470 058)
Transfer to consumable stock	–	(666 582)	–	–	–	(666 582)
Effect of movements in exchange rates	–	–	(33 132)	(3 000)	–	(36 132)
Balance at 31 December 2012	92 951 162	98 459 345	245 465 342	20 401 253	1 279 728	458 556 830
Accumulated depreciation and impairments						
Balance at 1 January 2012	(3 882 592)	(38 946 739)	(73 627 589)	(11 890 504)	–	(128 347 424)
Current year change	(6 675 527)	(9 143 650)	(24 259 479)	(2 442 198)	–	(42 520 854)
Reclassification	–	(88 444)	88 444	–	–	–
Disposals and scrapping	–	1 785 275	205 494	91 194	–	2 081 963
Transfer to consumable stock	–	379 119	–	–	–	379 119
Effect of movements in exchange rates	18 170	–	9 416	210	–	27 796
Balance at 31 December 2012	(10 539 949)	(46 014 439)	(97 583 714)	(14 241 298)	–	(168 379 400)
Carrying value at 31 December 2012	82 411 213	52 444 906	147 881 628	6 159 955	1 279 728	290 177 430
Carrying value at 31 December 2011	26 553 962	57 175 802	146 528 860	4 407 330	43 053 523	277 719 477

Impairment

There were no indications of impairment on any of the categories of property, plant and equipment and no impairment losses were incurred in the current year.

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Security

The following property, plant and equipment have been pledged as security for bank loans used to finance them:

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Year-end balance for assets under instalment sale agreements / mortgage bonds:		
Carrying value of capitalised assets	133 908 121	142 735 067
Cost	160 716 953	173 011 783
Accumulated depreciation	(26 808 832)	(30 276 716)
Classification of carrying value of assets committed as security for debt	133 908 122	142 735 067
Land, buildings and improvements	45 624 074	18 178 363
Vehicles	22 312 364	29 258 225
Plant and equipment	58 589 888	78 282 307
Computers, furniture and office equipment	7 381 796	3 119 122
Assets under construction	–	13 897 050
Current year additions to assets under instalment sale agreements / mortgage bonds	22 811 443	50 045 666
Carrying value of capital assets	24 234 848	52 575 865
Accumulated depreciation	(1 423 405)	(2 530 199)
Details of properties used as security for mortgage bonds included in the year-end balance above		
Holding 21, Pomona Estate, Agricultural Holdings	–	3 152 629
Erf 1319, Portion 2, South Germiston, Ext. 7	5 449 160	5 000 000
	5 449 160	8 152 629
COMPANY		
Cost		
Balance at beginning of year	59 666	59 666
Disposals and scrapping	(59 666)	–
Balance at end of year	–	59 666
Comprising		
Computers, furniture and office equipment	–	59 666
Accumulated depreciation and impairments		
Balance at beginning of year	(59 666)	(46 118)
Current year change	–	(13 548)
Disposals and scrapping	59 666	–
Balance at end of year	–	(59 666)
Comprising		
Computers, furniture and office equipment	–	(59 666)
Carrying value		
Computers, furniture and office equipment	–	–

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4. INTANGIBLE ASSETS

<i>Figures in Rand</i>	Opening Balance	Impaired	Total
GROUP			
Reconciliation of intangible assets – 2011			
Permit for operation of treatment plant	179 200	(179 200)	–

Management had previously determined that the useful life of the intangible asset was indefinite as the permit has no expiry date and intended to use the permit and treatment plant for an indefinite period. However, during 2011 management decided to derecognise the permit.

5. GOODWILL

<i>Figures in Rand</i>	Cost	Accumulated Amortisation and Impairments	Carrying value
GROUP			
2012 Goodwill	49 364 224	(2 363 007)	47 001 217

2011 Goodwill	49 364 224	(2 363 007)	47 001 217
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<i>Figures in Rand</i>	Opening Balance	Disposals	Impairment	Total
Reconciliation of goodwill – 2012 Goodwill	47 001 217	–	–	47 001 217
Reconciliation of goodwill – 2011 Goodwill	47 001 217	–	–	47 001 217

<i>Figures in Rand</i>	2012	2011
Impairment reviews of goodwill		
Cash generating units:		
Waste management	35 148 213	35 148 213
Landfill management	11 853 004	11 853 004
TOTAL	47 001 217	47 001 217

The carrying value of goodwill identified above has been determined on the basis of value in use calculations. Key assumptions used in the value in use calculations include estimated future revenue streams.

The value in use calculations use cash flow projections based on 2013 budgeted figures, extrapolated at 5% per annum for a further five years. This five year cumulative cash flow was discounted using a weighted average cost of capital of 14.14% (2011: 15.07%).

The discount rate was estimated as the company's weighted average cost of capital (WACC) which was based on a cost of debt at 8.50% (2011: 9%) and a required rate of return on equity at 19.29% (2011: 20.59%) estimated from the risk free rate based on the R186 bond rate of 7.29% (2011: R186 bond of 8.47%), and adjusted for market and small stock premiums.

Such assumptions are based on historical results adjusted for anticipated future growth. These assumptions are a reflection of management's past experience in the market in which these units operate. Based on the above assumptions, management's calculations of recoverable amounts were greater than the carrying amounts.

Sensitivity analyses

An analyses of effect on the value of the CGU for changes in the key value in use assumptions is presented below:

WACC Landfill management CGU value –		13.14%	14.14%	15.14%
Growth rate	4%	290 160 820	259 834 963	235 480 103
	5%	300 633 331	268 954 050	243 519 361
	6%	311 445 834	278 366 413	251 814 748
WACC Waste management CGU value –		13.14%	14.14%	15.14%
Growth rate	4%	197 087 632	165 002 626	139 234 984
	5%	205 868 205	172 593 852	145 878 512
	6%	214 829 331	180 339 092	152 655 015

6. INVESTMENT IN JOINT VENTURE

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Green's Scrap Recycling Proprietary Limited:		
Carrying amount	504 834	672 690
Number of shares	60	60
Percentage holding	50%	50%
<i>The carrying amount consists of:</i>		
Cost of shares	358 753	358 753
Share of post acquisition equity accounted profits of joint venture	1 561 966	1 729 822
Impairment	(1 415 885)	(1 415 885)
TOTAL	504 834	672 690

At year end, the investment is compared to the net asset position of the joint venture to determine if there is an indicator of impairment and where necessary an impairment loss is recognised. The financial position of the joint venture and expected future results are considered in determining the impairment adjustment.

The impairment recognised in a prior year was determined based on a fair value, less cost to sell basis.

The summarised statement of financial position of Green's Scrap Recycling Proprietary Limited is disclosed below:

<i>Figures in Rand</i>	Group 2012	Group 2011
Non-current assets	14 430 237	14 352 746
Current assets	2 930 938	2 920 476
TOTAL ASSETS	17 361 175	17 273 222
Total equity	1 009 669	1 345 380
Non-current liabilities	1 689 467	2 200 118
Current liabilities	14 662 039	13 727 724
TOTAL EQUITY AND LIABILITIES	17 361 175	17 273 222

The summarised statement of comprehensive income of Green's Scrap Recycling Proprietary Limited is disclosed below:

Revenue	27 660 318	26 708 759
Cost of sales	(11 573 328)	(9 599 224)
Gross profit	16 086 990	17 109 535
Other income	609 233	542 930
Operating expenditure	(16 540 780)	(15 431 018)
Results from operating activities	155 443	2 221 447
Finance cost	(592 279)	(650 670)
(Loss) / profit before taxation	(436 836)	1 570 777
Taxation credit / (expense)	101 125	(445 669)
(Loss) / profit for the year	(335 711)	1 125 108
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	(335 711)	1 125 108

FOR THE YEAR ENDED 31 DECEMBER 2012

7. INVESTMENT IN SUBSIDIARIES

<i>Figures in Rand</i>	Share Capital	% Holding 2012	Shares Cost 2012	Share of Net Profit
COMPANY				
DIRECT - 2012				
Interwaste Proprietary Limited	900	100	75 375 128	14 884 757
Enviro-Fill Proprietary Limited	100	100	11 929 932	-
Interwaste Properties Proprietary Limited	100	100	100	-
			87 305 160	14 884 757
Impairment of Enviro-fill Proprietary Limited			(11 602 427)	-
			75 702 733	14 884 757
INDIRECT - 2012				
Earth2Earth Proprietary Limited	100	100	611 290	447 277
Interwaste Cleaning Proprietary Limited	100	49	49	45 142
The Metal Recovery Company Proprietary Limited	100	100	3 057	-
Kutu Waste Management Services Proprietary Limited	100	100	1 506 125	-
Platinum Waste Resources Proprietary Limited	100	65	30 963	1 250 855
Moz Environmental Limitada	100	100	4 285	833 454
DIRECT - 2011				
Interwaste Proprietary Limited	900	100	75 375 128	8 163 060
Enviro-Fill Proprietary Limited	100	100	11 929 932	55 300
Interwaste Properties Proprietary Limited	100	100	100	-
			87 305 160	8 218 360
Impairment of Enviro-fill Proprietary Limited			(11 602 427)	-
			75 702 733	8 218 360
INDIRECT - 2011				
Earth2Earth Proprietary Limited	100	100	611 290	719 308
Interwaste Cleaning Proprietary Limited	100	49	49	435 080
The Metal Recovery Company Proprietary Limited	100	100	3 057	(261 530)
Kutu Waste Management Services Proprietary Limited	100	100	1 506 125	39 604
Platinum Waste Resources Proprietary Limited	100	65	-	929 751

FOR THE YEAR ENDED 31 DECEMBER 2012

8. DEFERRED TAX LIABILITY / (ASSET)

<i>Figures in Rand</i>	2012	2011
GROUP		
Reconciliation of deferred tax liabilities / (assets)		
At beginning of the year	15 068 006	18 249 277
Current year temporary differences recognised in statement of comprehensive income	4 656 784	(3 181 271)
	19 724 790	15 068 006
Deferred tax liabilities / (assets) comprises:		
– capital allowances	34 882 747	34 637 799
– non-deductible provisions / accruals	(869 818)	(695 486)
– doubtful debt allowance	(1 226 066)	(522 220)
– leave pay accrual	(713 044)	(570 133)
– prepayments	206 454	33 942
– STC credit	(80 303)	(80 303)
– available tax losses	(12 475 180)	(17 735 593)
Balance at end of year	19 724 790	15 068 006
Disclosed as follows:		
Deferred tax assets	(966 433)	(521 284)
Deferred tax liabilities	20 691 223	15 589 290
Balance at end of year	19 724 790	15 068 006
<i>Figures in Rand</i>	2012	2011
COMPANY		
Reconciliation of deferred tax asset		
At beginning of the year	360 590	158 267
Current year temporary differences	259 711	202 323
	620 301	360 590
Deferred tax asset comprises:		
– leave pay accrual	553 850	360 590
– available tax losses	66 451	–
Balance at end of year	620 301	360 590

The directors believe that it is sufficiently certain that the group and company will be able to generate sufficient future taxable income to utilise the available tax losses.

There are no unrecognised deferred tax assets and liabilities.

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9. LOANS TO GROUP COMPANIES

<i>Figures in Rand</i>	Company 2012	Company 2011
COMPANY		
Subsidiaries		
Inter-Waste Proprietary Limited	109 719 385	111 168 132
The loan is unsecured, bears interest at 1% below the prime bank lending rate per annum, and has no fixed terms of repayment. The loan arose during the 2007 financial year to fund operational activities. The loan is unsecured as it is to a wholly owned subsidiary of the company.		
Interwaste Share Incentive Trust	–	7 000 000
Less: Impairment	–	(3 850 000)
The loan was unsecured, interest free and had no fixed terms of repayment. The loan arose during the 2007 financial year to fund the sale of 7 000 000 shares to employees through a share option scheme. The loan was unsecured as it is to a wholly owned subsidiary of the company.		
Interwaste Cleaning Proprietary Limited	819 573	332 925
Enviro-Fill Proprietary Limited	349 618	349 618
The loans are unsecured, bear no interest and have no fixed terms of repayment. The loans are unsecured as they are to wholly owned subsidiaries of the company.		
	110 888 576	115 000 675

There is no material difference between the fair value of the loans to group companies and their carrying value.

10. INVENTORIES

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Raw materials	2 599 523	1 885 704	–	–
Work in progress	8 611 143	12 751 667	–	–
Finished goods	1 268 700	1 230 121	–	–
Consumables	1 978 801	371 182	–	–
Fuel	1 356 198	867 361	–	–
	15 814 365	17 106 035	–	–

Inventories are reflected after a write down to net realisable value of R3,1 million (2011 – Rnil) against raw materials and work in progress. No inventory has been pledged as security for liabilities owing by the group.

11. LOANS TO RELATED PARTIES

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Loan to joint venture:				
Green's Scrap Recycling Proprietary Limited	6 036 756	6 101 097	–	–
The loan is unsecured, bears interest at the prime rate and has no fixed repayment terms.				
Other loans				
Remade Holdings Proprietary Limited	343 636	343 636	–	–
Extent Road Property Proprietary Limited	1 008 747	924 080	–	–
The loans are unsecured, bear interest at the prime rate with no contractual repayment terms.				
Current assets	7 389 139	7 368 813	–	–

Loans to related parties are not impaired at year end.

12. TRADE AND OTHER RECEIVABLES

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Trade receivables	92 902 315	78 126 602	–	–
Other receivables	1 430 320	4 709 589	365	–
Financial assets	94 332 635	82 836 191	365	–
Prepayments	740 956	121 223	–	–
	95 073 591	82 957 414	365	–

Trade and other receivables were ceded as security for banking facilities provided to the group. Refer to note 13.

As of 31 December 2012, group trade and other receivables are stated after an impairment adjustment of R5 908 558 (2011: (R2 486 761))

13. CASH AND CASH EQUIVALENTS

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Cash and cash equivalents consist of:				
Cash on hand	278 149	400 917	–	–
Bank balances	8 581 295	4 469 213	4 762	2 080
Bank overdraft	(30 284 082)	(32 489 809)	–	–
	(21 424 638)	(27 619 679)	4 762	2 080
Current assets	8 859 444	4 870 130	4 762	2 080
Current liabilities	(30 284 082)	(32 489 809)	–	–
	(21 424 638)	(27 619 679)	4 762	2 080

There is no material difference between the fair value of cash and cash equivalents and their carrying value.

The following facilities and guarantees have been provided to the Interwaste group by ABSA Bank:

- Primary lending facility of R 39 183 000
- Credit card facility of R 207 000
- Fleet card facility of R 310 000
- Commercial Property Finance over the Germiston property of R 4 920 000
- Vehicle and Commercial Asset Finance of up to R 75 000 000
- Financial Guarantee in favour of various customers as well as the Swaziland municipality of R300 000
- Performance Guarantee in favour of the City of Cape Town for an amount of R 200 000

The ABSA facilities have been secured by the following:

- Unlimited cross suretyship including the cession of loan accounts between the following entities:
 - Interwaste Holdings Proprietary Limited
 - Inter-Waste Proprietary Limited
 - Earth 2 Earth Proprietary Limited
 - Enviro-Fill Proprietary Limited
 - Interwaste Properties Proprietary Limited
 - The Metals Recovery Company Proprietary Limited
 - Interwaste Cleaning Proprietary Limited
- Cession of all book debts (Trade and other receivables)
- Cession of the Momentum Life Policy of Mr WAH Wilcocks for an amount of R3 018 289
- Unlimited suretyship by Mr WAH Wilcocks in favour of Inter-Waste Proprietary Limited
- First continuing covering bond over Portion 2 ERF 13 – South Germiston for an amount of R10 000 000
- Cession of Fire and Sasria Insurance Policy in respect of Portion 2 ERF 13 – South Germiston
- All assets as well as their respective insurance policies that are financed under the Vehicle and Commercial Asset Finance.
- Cession of ABSA Investment Account for R70 000

The following facilities and guarantees have been provided to the Interwaste group by Standard Bank:

- Vehicle Asset Finance and Liquidating Facility of R7 531 000
- Credit card facility of R250 000

The Standard Bank facility is secured by:

- Cession of loan: Inter-Waste Proprietary Limited

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14. SHARE CAPITAL

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Authorised				
500 000 000 ordinary shares of R0,0001 each	50 000	50 000	50 000	50 000
Issued				
329 311 210 (2011: 336 311 210) ordinary shares R0,0001 each	32 931	33 631	32 931	33 631
Share premium	175 458 322	175 458 322	175 458 322	182 457 622
Treasury shares	–	(700)	–	–
	175 491 253	175 491 253	175 491 253	182 491 253

7 000 000 ordinary shares issued to the Interwaste Share Incentive Scheme were repurchased and cancelled during the year.

170 688 790 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

15. SHARE-BASED PAYMENTS**15.1 OLD INTERWASTE SHARE INCENTIVE SCHEME****Old Interwaste Share Incentive Scheme**

The old Interwaste Share Incentive Scheme was cancelled during the prior financial year. This was due to the market price of the share being lower than the strike price of the options on the date the options lapsed 13 June 2011. The share-based payment reserve relating to the Share Incentive Scheme was transferred to retained earnings during the previous financial year.

Information on options granted – Old scheme

In terms of the old Interwaste Share Incentive Scheme, shares were sold to selective employees. The purchase price was equal to the middle market price of the shares on the Alternative Exchange of the Johannesburg Stock Exchange Limited on the trading day immediately preceding the allocation to the employee. The purchase consideration was funded by a loan from the Interwaste Holdings Share Incentive Trust to the employee. Options vested in tranches over a period of 4 years. Employees were not allowed to take delivery of the shares until the vesting date and until the portion of the loan relating to the shares taken up was repaid. Employees were never forced to take delivery of the scheme shares.

The total scheme share could not exceed 20% of the issued ordinary share capital of the company. The maximum number of scheme shares that any employee could be entitled to at any time was 1% of the ordinary share capital of the company.

The scheme was economically equivalent to issuing options to the employees. The share-based compensation expense was thus determined using standard employee share option valuation methods.

	2012 %	2011 %
--	-------------------	-----------

The following key assumptions were used in valuing the various options:

Expected volatility	–	66,37
Risk-free interest rate	–	7,315

The expected life of the options was based on historical data and expected future trends, and were not necessarily indicative of exercise patterns that may occur. The expected volatility of 66% in 2011 was indicative of expected future trends based on historical volatilities.

The following table illustrates the number and weighted average exercise prices of share options held by eligible participants in terms of the old Interwaste Share Incentive Scheme:

<i>Figures in Rand</i>	Number of Share Options 2012	Number of Share Options 2011	Weighted Exercise Price 2012	Weighted Exercise Price 2011
At 1 January	–	3 954 000	–	–
Forfeited allocations	–	(3 954 000)	–	–
Outstanding at 31 December	–	–	–	–

All unexercised in terms of the old scheme lapsed by 13 June 2011.

The share-based payment expense included in the profit or loss for the year is R192 658 (2011 – R95 486). The expense includes amounts relating to share options issued to a director outside the trust. The options will vest after 3 years, and will be required to be exercised within 5 years of the date of grant, failing which they will lapse. Disclosures relating to these share options are as follows:

15.1 OLD INTERWASTE SHARE INCENTIVE SCHEME (CONTINUED)

15.1 OLD INTERWASTE SHARE INCENTIVE SCHEME (CONTINUED)				
Vesting date for share options				
1 June 2013	800 000			
1 June 2014	800 000			
1 June 2015	1 600 000			
	3 200 000			
<i>Figures in Rand</i>	Number of Share Options 2012	Number of Share Options 2011	Weighted Exercise Price 2012	Weighted Exercise Price 2011
At 1 January	1 600 000	800 000	0,57	0,68
New allocations made	1 600 000	800 000	0,5	0,45
Forfeited allocations	–	–	–	–
Outstanding at 31 December	3 200 000	1 600 000	0,54	0,57

15.2 NEW SHARE OPTION SCHEME

New Share Option Scheme

A new share option scheme was approved by shareholders on 08 June 2012.

Information on options granted – New scheme

The objective of the new Share Option Scheme is to incentivise selected employees through an opportunity to participate in the entity's equity. Essentially the goal of the scheme is to align the interest between employees and shareholders and hence improve performance and promote long term shareholder wealth.

Options are allocated to eligible employees by the Remuneration Committee. Allocations are also motivated by executive management. The Remuneration Committee is under no obligation to allocate options annually, or to allocate options to all eligible employees or participants each time an allocation is made.

Options are allocated to eligible employees at the option strike price, and there is no re-pricing or back-dating of options. At the date of allocation, performance conditions may be attached to the options. These performance conditions have to be objective, relevant to the employee and capable of quantitative measurement.

The options have no voting, dividends or other rights attached to them. Upon payment of the strike price on vesting, the entity will issue one (1) share for every option.

The following key assumptions were used in valuing the various option grants:

	2012 %
Expected volatility	47,74
Risk-free interest rate	7,03

The expected life of the options was based on historical data and expected future trends, and were not necessarily indicative of exercise patterns that may occur. The share-based payments expense in respect of the new scheme included in the profit or loss for the year is R516 445.

Disclosures and amounts relating to these share options are as follows:

<i>Figures in Rand</i>	Number of Share Options 2012	Number of Share Options 2011	Weighted Exercise Price 2012	Weighted Exercise Price 2011
At 1 January	–	–	–	–
New allocations made – June 2012	10 400 000	–	0,50	–
New allocations made – November 2012	1 000 000	–	0,66	–
Outstanding at 31 December	11 400 000	–	0,51	–
Vesting date for share options				
15 June 2014	1 040 000			
21 November 2014	100 000			
15 June 2015	3 120 000			
21 November 2015	300 000			
15 June 2016	3 120 000			
21 November 2016	300 000			
15 June 2017	3 120 000			
21 November 2017	300 000			
Outstanding at 31 December	11 400 000			
Total Share-based payment expense recognised in current year			709 103	95 486

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16. INTEREST-BEARING BORROWINGS

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Secured		
Instalment sale agreements	83 096 303	89 383 587
Instalment sale obligations capitalised at rates ranging between prime and 1 % below the prime interest rate per annum and are repayable over a period of three to five years. The liabilities are secured by instalment sale agreements over property, plant and equipment as per note 3.		
Mortgage bond		
– Germiston	4 759 845	5 000 000
– Pamona Estate	–	1 895 323
The mortgage bonds, taken out by the group to finance the purchase of properties, are secured by the respective properties, bear interest at the prime interest rate per annum and are repayable over a period of five years.		
	87 856 148	96 278 910
Less: Portion payable within one year included in current liabilities	(35 009 605)	(50 088 060)
Portion included in non-current liabilities	52 846 543	46 190 850
Additional disclosure for interest-bearing borrowings:		
Minimum lease payments due:		
– within one year	40 641 380	52 727 862
– in second to fifth year inclusive	57 694 399	54 972 986
Total	98 335 779	107 700 848
Less: future finance charges	(10 479 631)	(11 421 938)
Present value of minimum future payments	87 856 148	96 278 910
Present value of minimum future payments due		
– within one year	35 009 605	50 088 060
– in second to fifth year inclusive	52 846 543	46 190 850
Present value of minimum future payments	87 856 148	96 278 910

17. PROVISIONS**17.1 PROVISION FOR SITE REHABILITATION**

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Balance 1 January	5 394 371	–
Increase in provision	3 449 716	5 394 371
Balance 31 December	8 844 087	5 394 371

Site rehabilitation provision

A provision of R8 844 087 (2011: R5 394 371) is made in respect of the group's obligation to rehabilitate a leased landfill after decommissioning the facility in the future.

In accordance with the South African National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) and its associated schedules, the development and operation of a waste disposal facility is considered a listed "Waste Management Activity" and therefore requires a "Waste Licence" as per the requirements of the act. Furthermore, the act makes provision for such a license to specify conditions for decommissioning of the waste disposal facility or for the cessation of the waste management activity for which it grants permission. The waste license issued to the company with respect to its FG landfill site requires that company performs ongoing post-closure monitoring and remediate the site or any portion thereof in accordance with a closure report and rehabilitation plan which must be prepared and approved by government at least one year prior to the intended closure of the site, or any portion thereof. In accordance with the license, Inter-Waste Proprietary Limited will remain responsible for the site, or any of its impacts on the environment after operations have ceased. Due to the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, Inter-Waste Proprietary Limited has assumed that the site will be restored using technology and materials that are available currently.

17.1 PROVISION FOR SITE REHABILITATION (CONTINUED)

Experienced waste management engineers are used in the determination of the estimated site rehabilitation costs. The engineers have provided the company with estimates of the total current costs of rehabilitation for the two landfills the company operates, namely cell 1 and cell 2. The 2011 costs of rehabilitation which have been provided by the engineers are R12,2 million and R6,7 million for cell 1 and cell 2 respectively. These costs have been based on 2012 market prices for materials and labour that would be required to rehabilitate the landfills based on applicable laws and regulations. For the purposes of computing the provision to be recognised at year-end, these current costs were adjusted for by an average forecast inflation of 6 percent per annum over a period of 6 years, the expected life of the landfills, to get the expected future rehabilitation costs. The expected future rehabilitation costs were then discounted at a rate of 13 percent over a period of 6 years to get the present value of the obligation. At year-end, R4,4 million and R4,5 million were recognised in respect of provisions for rehabilitation costs for cell 1 and cell 2 based on the extent of damage to the environment by each of the landfills.

17.2 PROVISIONS FOR ONEROUS LEASE

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Balance 1 January	491 562	–
Increase in provision	801 921	491 562
Balance 31 December	1 293 483	491 562

A provision of R1 293 483 (2011 – R491 562) is in respect of the company's contractual obligation for leased property in Kya Sands and Randburg which are no longer occupied.

18. LOAN FROM RELATED PARTY

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Wilco Family Trust	5 140 523	3 567 310	–	–

The loan is unsecured, bears interest at the prime bank lending rate plus 2% and has no fixed repayment terms.

19. TRADE AND OTHER PAYABLES

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Trade payables	39 902 734	39 704 992	24 836	2 646 984
Other payables	22 618 275	14 887 005	3 827 933	1 804 905
Accrued expense	480 374	275 215	–	–
	63 001 383	54 867 212	3 852 769	4 451 889

20. REVENUE

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Sale of goods	69 033 297	62 223 859	–	–
Dividends received	–	–	–	16 198 014
Rendering of services	489 558 008	393 767 089	–	–
	558 591 305	455 990 948	–	16 198 014

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21. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities have been stated after accounting for the following:

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Lease charges	49 872 281	39 478 881	-	-
- premises	9 656 369	7 960 518	-	-
- vehicles	40 215 912	31 518 363	-	-
Legal fees	1 222 977	590 456	-	-
Audit fees – current year	1 652 087	1 826 761	-	-
Bad debts	3 422 025	598 033	-	-
Depreciation on property, plant and equipment	30 935 006	23 344 337	-	13 548
Depreciation on motor vehicles	9 143 650	13 323 640	-	-
Depreciation – other	2 442 198	1 556 734	-	-
Employee costs	173 181 107	149 119 533	29 227 590	19 442 545
Normal	159 602 988	138 891 151	15 649 471	9 214 163
Directors emoluments	6 694 352	5 593 973	6 694 352	5 593 973
Prescribed officers	6 883 767	4 634 409	6 883 767	4 634 409
Share-based payment expense	709 103	95 486	709 103	95 439
Management fees paid by subsidiaries	-	-	(21 981 398)	(13 069 584)
(Profit) / loss on disposal of property, plant and equipment	(2 420 918)	1 371 039	-	-
(Reversal) / impairment of loan to Share Incentive Trust	-	-	(3 850 000)	1 050 000
Impairment of investment in subsidiary company	-	-	-	11 602 427
Consulting fees	6 920 637	4 211 856	945 000	-
Management fee paid to subsidiaries	-	-	500 000	400 000
Dividends received	-	(14 245 000)	-	-
Foreign currency exchange loss / (gains)	429 196	(645 486)	-	-
Provident fund contributions	2 019 013	2 211 762	-	-
Insurance proceeds from legal claim	-	(2 500 000)	-	-
Settlement of legal claim	-	3 676 602	-	-

22. FINANCE COSTS

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Finance income				
Bank accounts	51 913	–	–	–
Loans to group companies	–	–	8 618 349	6 965 644
Other interest	7 431	959 975	–	–
Loans to related parties	352 307	278 548	–	–
	411 651	1 238 523	8 618 349	6 965 644
Finance costs				
Interest bearings borrowing	(7 035 640)	(7 103 052)	–	–
Loans from related companies	(576 230)	(437 302)	–	–
Bank overdraft	(2 913 911)	(2 949 006)	–	–
Other interest	(808 631)	(219 118)	(137 125)	(473 733)
	(11 334 412)	(10 708 478)	(137 125)	(473 733)
Net finance (cost) / income	(10 922 761)	(9 469 955)	8 481 224	6 491 911

23. TAXATION (EXPENSE) / CREDIT

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Major components of the tax expense				
Current taxation	(985 591)	(1 603 647)	–	(4 371)
– current year	(1 209 486)	(1 631 116)	–	(4 371)
– prior year over accrual	223 895	27 469	–	–
Secondary tax on companies	–	(30 000)	–	–
Deferred taxation				
– originating and reversion temporary differences	(4 656 784)	3 181 271	259 711	202 323
	(5 642 375)	1 547 624	259 711	197 952
Reconciliation of tax expense	%	%	%	%
Reconciliation between statutory tax rate and average effective tax rate.				
Statutory tax rate	28,00	28,00	28,00	28,00
Reversal of impairment	–	–	(38,70)	–
Capital gains tax	(1,04)	–	–	–
Disallowed charges	0,44	(3,41)	1,38	155,41
Secondary tax on companies	–	(0,46)	–	–
Unutilised tax losses	–	0,87	–	–
Exempt income	0,33	–	–	(191,78)
Withholding tax impairment	–	(2,14)	–	–
Prior year adjustment	(1,06)	0,41	–	–
Effective tax rate	26,67	23,27	(9,32)	(8,37)

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24. CASH FLOW NOTES

24.1 CASH GENERATED FROM / (UTILISED BY) OPERATIONS

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Profit / (loss) before taxation	21 151 904	(6 649 762)	2 785 336	2 364 882
Adjustments for:				
Depreciation and amortisation	42 520 854	37 785 210	-	13 548
Finance costs	11 334 412	10 708 478	137 125	473 733
Finance income	(411 651)	(1 238 523)	(8 618 349)	(6 965 644)
(Profit) / loss on disposal of property, plant and equipment	(2 420 918)	1 371 037	-	-
Landfill rehabilitation expense	3 449 716	1 182 642	-	-
Change in estimate – site rehabilitation cost	306 289	-	-	-
Share-based payment expense	709 103	95 486	709 103	95 439
Impairment of investment	-	-	-	11 602 427
Impairment of intangible asset	-	179 200	-	-
Loss / (income) from joint venture	167 856	(562 555)	-	-
Foreign currency translation reserve	(11 973)	52 945	-	-
(Reversal of impairment) / impairment of loan to Share Incentive Trust	-	-	(3 850 000)	1 050 000
Increase in provision for onerous lease	801 921	-	-	-
Changes in working capital:				
Increase in trade and other receivables	(12 116 177)	(2 376 415)	(365)	-
Increase / (decrease) in trade and other payables	8 134 171	17 410 119	(599 120)	3 594 483
Decrease / (increase) in inventories	1 291 670	(1 389 279)	-	-
Exchange rate – property, plant and equipment	8 336	-	-	-
	74 915 513	56 568 583	(9 436 270)	12 228 868

24.2 TAX REFUNDED / (PAID)

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Balance receivable / (payable) at beginning of the year	2 183 978	6 946 776	(4 371)	245 300
Tax recognised in the statement of comprehensive income	(985 591)	(1 633 647)	-	(4 371)
Balance payable / (receivable) at end of the year	1 112 292	(2 183 978)	-	4 371
Taxation received / (paid)	2 310 679	3 129 151	(4 371)	245 300

25. COMMITMENTS

Premises operating leases – as lessee

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Minimum lease payments due		
– within one year	4 979 289	5 315 052
– in second to fifth year inclusive	2 369 053	7 847 199
	7 348 342	13 162 251

Operating lease payments represent rentals payable by the group for certain of its business premises. Leases are negotiated for an average term of two to five years and rentals escalate either at fixed or inflation rates annually. No contingent rent is payable.

Landfill operating leases – as lessee

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Minimum lease payments due		
– within one year	2 619 751	2 422 530
– in second to fifth year inclusive	11 275 127	12 368 070
– in more than five years	2 867 594	7 446 450
	16 762 472	22 237 050

Operating lease is for land used for landfill waste disposal. The duration of the lease is the earlier of seven years or the company dumping 3,5 million tonnes of waste on the property. Lease payments are based on volumes dumped at a rate that increases annually with inflation.

Motor vehicle operating leases – as lessee

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Minimum lease payments due		
– within one year	35 885 843	25 907 612
– in second to fifth year inclusive	33 440 132	29 656 882
	69 325 975	55 564 494

The company leases certain of its motor vehicles in terms of operating leases. Leases escalated in line with prime interest rates and typically run for a period of three to four years.

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26. RELATED PARTIES**Identity of related party relationships**

Group companies as well as directors and significant shareholders are considered to be related parties and have been listed below.

Subsidiaries of the group	The Metals Recovery Company Proprietary Limited Earth 2 Earth Proprietary Limited Interwaste Cleaning Proprietary Limited Inter-Waste Proprietary Limited Enviro-Fill Proprietary Limited Kutu Waste Management Services Proprietary Limited Platinum Waste Resources Proprietary Limited Interwaste Properties Proprietary Limited Moz Environmental Limitada
Joint venture	Green's Scrap Recycling Proprietary Limited
Joint shareholder	Remade Holdings Proprietary Limited Extent Road Property Proprietary Limited
Trust relating to a director	Wilco Family Trust N2 Property Trust
Directors	WAH Willcocks BL Willcocks AP Broodryk LC Grobbelaar GR Tipper A Kawa PF Majono L Mahlangu
Significant shareholders	The Wilco Family Trust Refer also to schedule of shareholder analysis.

Related party balances

Related party balances at year-end and the corresponding terms and conditions have been disclosed in the following notes:

Investment in Joint Venture	Note 6
Investments in Subsidiaries	Note 7
Loans to Group Companies	Note 9
Loans to Related Parties	Note 11
Loan from Related Party	Note 18

Related party transactions

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Extent Road Property Proprietary Limited – interest received	84 666	–
Greens Scrap Recycling – interest received	267 641	278 548
Remade Holdings Proprietary Limited – sales to related party	–	2 492 082
N2 Property Trust – property rentals paid	(3 392 626)	(3 399 455)
Wilco family Trust – Interest paid	(573 213)	(437 302)
Dividends paid to non–controlling interests	(366 001)	(105 000)
COMPANY		
<i>Figures in Rand</i>	Company 2012	Company 2011
Interwaste Proprietary Limited – Interest received	8 618 349	6 965 644
Interwaste Proprietary Limited – Management fee paid	(500 000)	(400 000)

Emoluments paid to prescribed officers have been disclosed in note 32. Share options awarded to directors and executive management have been disclosed in note 15. The share option expense related to relevant share options awarded to each director, has been disclosed in note 32.

27. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The company's board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The board oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

Credit risk

Credit risk is the risk of financial loss to the group if a customer, group company or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans to related parties.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. There is no concentration of credit risk in a single customer.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Financial assets exposed to credit risk at year end were as follows:

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Loans to group companies	–	–	110 888 576	115 000 675
Loans to related parties	7 389 139	7 368 813	–	–
Cash and cash equivalents	8 859 444	4 870 130	4 762	2 080
Trade and other receivables	95 073 591	82 836 191	365	–
	111 322 174	95 075 134	110 893 703	115 002 755

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Domestic	90 798 881	77 366 887	–	–
Foreign – Mozambique	2 103 435	759 715	–	–
	92 902 315	78 126 602	–	–

<i>Figures in Rand</i>	2012 Gross	2012 Impairment	2011 Gross	2011 Impairment
GROUP				
Not past due	46 107 027	–	41 008 608	–
Past due 30 days	31 492 102	(17 554)	20 583 366	–
Past due 60 – 120 days	21 211 744	(5 891 004)	19 021 389	(2 486 761)
	98 810 873	(5 908 558)	80 613 363	(2 486 761)

The Company has no trade receivables at year end.

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27. FINANCIAL RISK MANAGEMENT (CONTINUED)

<i>Figures in Rand</i>	Group 2012	Group 2011	Company 2012	Company 2011
Movement in impairment allowance				
Balance at 1 January 2012	(2 486 761)	(2 232 375)	-	-
Bad debts written off in current year	11 388	343 647	-	-
Impairment allowance created	(3 433 185)	(598 033)	-	-
Balance at 31 December 2012	(5 908 558)	(2 486 761)	-	-

Based on past experience, the group believes that no impairment allowance is necessary in respect of trade receivables not past due.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The following are the contractual maturities of financial liabilities:

<i>Figures in Rand</i>	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	Between 2 And 5 Years	No Fixed Maturity
GROUP					
At 31 December 2012					
Non derivative liabilities					
Interest-bearing borrowings	87 856 148	98 335 779	40 641 380	57 694 399	-
Loan from related party	5 140 523	5 140 523	5 140 523	-	-
Bank overdraft	30 284 082	30 284 082	30 284 082	-	-
Trade and other payables	63 001 383	63 001 383	63 001 383	-	-
	186 282 136	196 761 767	139 067 368	57 694 399	-
At 31 December 2011					
Non derivative liabilities					
Interest-bearing borrowings	96 278 910	107 700 848	52 727 862	54 972 986	-
Loan from related party	3 567 310	3 567 310	-	-	3 567 310
Bank overdraft	32 489 809	32 489 809	32 489 809	-	-
Trade and other payables	54 867 212	54 867 212	54 867 212	-	-
	187 203 241	198 625 179	140 084 883	54 972 986	3 567 310

The contractual maturity of interest-bearing borrowing is disclosed in note 16.

<i>Figures in Rand</i>	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	Between 2 And 5 Years	No Fixed Maturity
COMPANY					
At 31 December 2012					
Non derivative liabilities					
Trade and other payables	3 852 769	3 852 769	3 852 769	-	-
At 31 December 2011					
Non derivative liabilities					
Trade and other payables	4 451 889	4 451 889	4 451 889	-	-

Interest rate risk

Interest rate risk arises due to the fact that repayments of liabilities are linked to prime interest rate.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

The interest rate risk profiles of the interest bearing financial instruments were:

<i>Figures in Rand</i>	ZAR 2012	Interest rate %	ZAR 2011	Interest rate %
GROUP				
Variable rate instruments				
Cash and cash equivalents	8 859 444	–	4 870 130	–
Interest bearing borrowings	(87 856 148)	8,5	(96 278 910)	9
Loan from related party	(5 140 523)	10,5	(3 567 310)	11
Bank overdraft	(30 284 082)	8,5	(32 489 809)	9

<i>Figures in Rand</i>	ZAR 2012	Interest rate %	ZAR 2011	Interest rate %
COMPANY				
Variable rate instruments				
Loans to group companies	110 888 576	1,5 – 8,5	115 000 675	8 – 9
Cash and cash equivalents	4 762	–	2 080	–

Sensitivity analyses

A change of 100 basis points in interest rates at the reporting date would have increased or decreased group and company profit or loss and equity with R1 333 460 (2011 – R1 189 831) and R16 132 (2011 – R52 637) respectively.

Currency risk

The group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the group. The currency in which these transactions are primarily denominated is Mozambican Metical (MT) as a result of the group's operations in Mozambique.

The exposure to currency risk was as follows based on carrying amounts for financial instruments:

<i>Figures in Rand</i>	ZAR 2012	MT 2012	ZAR 2011	MT 2011
GROUP				
Trade and other receivables	92 970 156	2 103 435	82 076 476	759 715
Cash and cash equivalents	8 640 885	218 559	4 542 446	327 684
Trade and other payables	(62 570 193)	(431 190)	(54 569 186)	(789 588)
Bank overdraft	(30 284 082)	–	(32 489 809)	–
Interest bearing borrowings	(87 856 148)	–	(96 278 910)	–
Statement of financial position exposure	(79 099 382)	1 890 804	(96 718 983)	297 811

The following significant exchange rates applied during the year:

<i>Figures in Rand</i>	Average rate 2012	Average rate 2012	Reporting date spot rate 2012	Reporting date spot rate 2011
South African Rand				
MT 1	0.29	0.25	0.28	0.31

Sensitivity analyses

A 10 percent weakening of the Rand against the following currency at 31 December would have decreased equity and profit or loss for the group by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

<i>Figures in Rand</i>	Group 2012	Group 2011
31 December		
MT	24 170	21 443

A 10 percentage strengthening of the Rand against the following currencies at 31 December would have had equal but opposite effect in the above currencies to the amounts shown above, on the basis that all other variables remain constant.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value analyses

<i>Figures in Rand</i>	Carrying Value 2012	Fair Value 2012	Carrying Value 2011	Fair Value 2011
GROUP				
Assets				
Loans to related parties	7 389 139	7 389 139	7 368 813	7 368 813
Trade and other receivables	95 073 591	95 073 591	82 957 414	82 957 414
Cash and cash equivalents	8 859 444	8 859 444	4 870 130	4 870 130
Liabilities				
Loan from related party	5 140 523	5 140 523	3 567 310	3 567 310
Interest-bearing borrowings	87 856 148	87 856 148	96 278 910	96 278 910
Trade and other payables	63 001 383	63 001 383	54 867 212	54 867 212
Bank overdraft	30 284 082	30 284 082	32 489 809	32 489 809
COMPANY				
Assets				
Loans to group companies	110 888 576	110 888 576	115 000 675	115 000 675
Trade and other receivables	365	365	–	–
Cash and cash equivalents	4 762	4 762	2 080	2 080
Liabilities				
Trade and other payables	3 852 769	3 852 769	4 451 889	4 451 889

FAIR VALUES VERSUS CARRYING AMOUNTS

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Interest-bearing borrowings

Fair value is calculated based on discounting the expected future principal and interest cash flows at a market related rate.

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Amounts owing to group companies

The loans do not have fixed repayment terms and are payable on demand hence they have been disclosed as current liabilities and the fair value is deemed to be the face value at year-end.

Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy

At 31 December 2012 and 2011, the group did not have financial instruments carried at fair value, by valuation method, requiring the following fair value hierarchy classification:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations. The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with group standards is supported by a programme of periodic reviews undertaken by head office management. The results of head office management reviews are discussed with local management and corrective action taken.

Capital management

The board's policy is to maintain a strong capital base so as to maintain creditor and shareholder confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends to ordinary shareholders.

The group's debt to capital ratio at the end of the year was as follows:

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Total liabilities	218 223 221	209 493 104
Less: positive cash balances	(8 859 444)	(4 870 130)
	209 363 777	204 622 974
Total equity	247 563 232	231 722 574
Debt to capital ratio at 31 December	0,85	0,88

There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

28. BASIC EARNINGS / (LOSS) AND FULLY DILUTED EARNINGS / (LOSS) PER SHARE

The calculation of basic earnings / (loss) per ordinary share is based on a profit of R14 788 990. (2011: loss of R5 851 615) and a weighted average number of shares in issue of 329 311 210 (2011: 329 311 210).

The weighted average number of shares for the year ended 31 December 2011 was calculated after taking into account the effect of setting off 7 000 000 treasury shares held by the Interwaste Holdings Share Incentive Scheme against the issued share capital.

The calculation of fully diluted earnings / (loss) per ordinary share is based on a profit of R14 788 990 (2011: loss of R5 851 615) and a weighted average number of shares in issue of 329 377 872 (2011: 329 311 210).

FOR THE YEAR ENDED 31 DECEMBER 2012

28. BASIC EARNINGS / (LOSS) AND FULLY DILUTED EARNINGS / (LOSS) PER SHARE (CONTINUED)**Weighted average number of shares**

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Number of shares in issue	329 311 210	336 311 210
Less: treasury shares	–	(7 000 000)
Weighted average number of shares	329 311 210	329 311 210
Dilutive portion of share options	66 662	–
Diluted weighted average number of shares	329 377 872	329 311 210

There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

29. HEADLINE EARNINGS / (LOSS) AND FULLY DILUTED HEADLINE EARNINGS / (LOSS) LOSS PER SHARE

The headline earnings / (loss) per ordinary share of 3.89 cents (2011: loss of 1.48 cents) is based on a profit of R12 812 831 (2011: loss of R4 864 467) and a weighted average number of shares in issue of 329 311 210 (2011: 329 311 210).

The weighted average number of shares for the year ended 31 December 2011 was calculated after taking into account the effect of setting off 7 000 000 treasury shares held by the Interwaste Holdings Share Incentive Scheme against the issued share capital.

The fully diluted headline earnings / (loss) per ordinary share of 3.89 cents (2011: loss of 1.48 cents) is based on profit of R12 812 831 (2011: loss of R4 864 467) and a weighted average number of shares in issue of 329 377 872 (2011: 329 311 210).

Reconciliation of headline loss:

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Attributable loss per the statement of comprehensive income	14 788 990	(5 851 615)
Adjustment for:		
– profit / (loss) on disposal of property, plant and equipment	(2 420 918)	1 371 039
– taxation on loss on disposal of property, plant and equipment	457 396	(383 891)
– share of profit on disposal of property, plant and equipment in joint venture	(17 551)	–
– taxation on share of profit on disposal of property, plant and equipment in joint venture	4 914	–
	12 812 831	(4 864 467)
Fully diluted headline earnings / (loss) (cents)	3.89	(1.48)

The net asset value per share is 74,3 cents (2011: 69.6 cents). The tangible net asset value per share is 60.1 cents (2011: 55.4 cents).

30. SEGMENT REPORT

<i>Figures in Rand</i>	Group 2012	Group 2011
GROUP		
Gross revenue		
Waste management	385 892 807	310 223 325
Compost manufacturing and sales	44 193 220	40 415 011
Landfill management, construction and rehabilitation	103 665 200	83 543 764
Metals recovery	24 840 078	21 808 848
	558 591 305	455 990 948

FOR THE YEAR ENDED 31 DECEMBER 2012

30. SEGMENT REPORT (CONTINUED)

<i>Figures in Rand</i>	Group 2012	Group 2011
Results from operating activities		
Waste management	23 287 121	2 685 963
Compost manufacturing and sales	(10 202 716)	(2 718 976)
Landfill management, construction and rehabilitation	20 996 814	5 704 584
Metals recovery	(1 838 698)	(3 413 933)
	32 242 521	2 257 638
Depreciation		
Waste management	23 699 679	23 148 911
Compost manufacturing and sales	2 679 106	3 073 149
Landfill management, construction and rehabilitation	13 109 818	7 880 998
Metals recovery	3 032 251	3 682 152
	42 520 854	37 785 210
Net finance costs		
Waste management	(10 068 716)	(7 920 146)
Compost manufacturing and sales	(252 216)	(207 995)
Landfill management, construction and rehabilitation	(524 390)	(741 006)
Metals recovery	(77 439)	(600 808)
	(10 992 761)	(9 469 955)
Taxation		
Waste management	(4 075 198)	1 097 321
Compost manufacturing and sales	1 785 454	756 771
Landfill management, construction and rehabilitation	(3 674 399)	(1 182 262)
Metals recovery	321 768	875 794
	(5 642 375)	1 547 624
Segment assets		
Waste management	300 148 893	269 165 556
Compost manufacturing and sales	37 185 574	38 475 404
Landfill management, construction and rehabilitation	110 751 268	118 971 186
Metals recovery	17 700 718	14 603 532
	465 786 453	441 215 678
Segment liabilities		
Waste management	159 185 358	149 742 748
Compost manufacturing and sales	11 707 152	10 250 147
Landfill management, construction and rehabilitation	41 044 538	47 322 776
Metals recovery	6 286 173	2 177 433
	218 223 221	209 493 104
Capital expenditure		
Waste management	48 257 911	46 693 225
Compost manufacturing and sales	21 078	872 610
Landfill management, construction and rehabilitation	13 561 001	29 888 480
Metals recovery	129 000	254 800
	61 968 990	77 709 115

For management purposes the group is organised into four major operating divisions: waste management, compost manufacturing and landfill management. It represents the basis on which the group reports its primary segment information and manages risk.

FOR THE YEAR ENDED 31 DECEMBER 2012

31. DIRECTORS' SHAREHOLDING

<i>Figures in Rand</i>	Beneficial Direct 2012	Beneficial Indirect 2012	Total 2012	Beneficial Direct 2011	Beneficial Indirect 2011	Total 2011
Executive						
Alan Willcocks	78 000	79 594 700	79 672 700	78 000	79 594 700	79 672 700
Leon Grobbelaar	-	3 490 007	3 490 007	-	5 290 007	5 290 007
André Broodryk	1 500 000	-	1 500 000	1 500 000	-	1 500 000
Non executive						
Gavin Tipper	10 256 751	-	10 256 751	4 256 751	-	4 256 751
Bronwyn Willcocks	-	79 594 701	79 594 701	-	79 594 701	79 594 701
	11 834 751	162 679 408	174 514 159	5 834 751	164 479 408	170 314 159

No director has any non-beneficial interest in the ordinary shares of the company.

32. PRESCRIBED OFFICERS' EMOLUMENTS

32.1 DIRECTORS' EMOLUMENTS

<i>Figures in Rand</i>	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Other	Sub total	Share option expense	Total
2012								
Executive								
Alan Willcocks	2 079 640	-	-	103 982	-	2 183 622	-	2 183 622
Leon Grobbelaar	1 476 100	-	166 659	49 682	7 331	1 699 772	48 639	1 748 411
André Broodryk	1 482 720	-	120 000	140 238	-	1 742 958	241 297	1 984 255
Non-executive – fees								
Gavin Tipper	-	67 000	-	-	-	67 000	-	67 000
Andisiwe Kawa	-	67 000	-	-	-	67 000	-	67 000
Funani Mojono	-	67 000	-	-	-	67 000	-	67 000
Bronwyn Willcocks	-	67 000	-	-	-	67 000	-	67 000
Landiwe Mahlangu	-	20 000	-	-	-	20 000	-	20 000
	5 038 460	288 000	286 659	293 902	7 331	5 914 352	289 936	6 204 288
Other consulting								
Gavin Tipper	-	-	-	-	780 000	780 000	-	780 000
	5 038 460	288 000	286 659	293 902	787 331	6 694 352	289 936	6 984 288

<i>Figures in Rand</i>	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Other	Share option expense	Total
2011							
Executive							
Alan Willcocks	1 733 033	-	-	-	-	-	1 733 033
Leon Grobbelaar	1 385 754	-	120 000	45 273	-	-	1 551 027
André Broodryk	1 392 000	-	120 000	45 461	-	-	1 557 461
Non-executive – fees							
Gavin Tipper	-	51 000	-	-	-	-	51 000
Andisiwe Kawa	-	51 000	-	-	-	-	51 000
Funani Mojono	-	26 000	-	-	-	-	26 000
Bronwyn Willcocks	-	51 000	-	99 452	-	-	150 452
	4 510 787	179 000	240 000	190 186	-	-	5 119 973
Other consulting							
Gavin Tipper	-	-	-	-	474 000	-	474 000
	4 510 787	179 000	240 000	190 186	474 000	-	5 593 973

32.2 OTHER PRESCRIBED OFFICERS' EMOLUMENTS

<i>Figures in Rand</i>	Salary	Bonus and gratuity	Motor vehicle allowance	Sub total	Share option expense	Total
2012						
Prescribed officer A	941 158	76 950	–	1 018 108	24 319	1 042 427
Prescribed officer B*	817 466	24 524	70 778	912 768	–	912 768
Prescribed officer C	1 081 172	98 098	128 233	1 307 503	48 639	1 356 142
Prescribed officer D*	1 076 400	162 933	99 863	1 339 196	48 639	1 387 835
Prescribed officer E	880 782	85 000	102 830	1 068 612	29 183	1 097 795
Prescribed officer F*	1 050 000	31 500	–	1 081 500	5 300	1 086 800
	5 846 978	479 005	401 704	6 727 687	156 080	6 883 767
2011						
Prescribed officer A	871 133	26 192	–	897 325	–	897 325
Prescribed officer B*	637 662	106 521	5 000	749 183	–	749 183
Prescribed officer C	1 014 540	92 545	96 000	1 203 085	–	1 203 085
Prescribed officer D*	756 000	34 276	99 000	889 276	–	889 276
Prescribed officer E	801 900	26 140	67 500	895 540	–	895 540
Prescribed officer F*	–	–	–	–	–	–
	4 081 235	285 674	267 500	4 634 409	–	4 634 409

*employees became prescribed officers in the current year.

33. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the group to provide retirement benefits to certain of the group's employees. The group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pensions Fund Act of 1956 as amended. The group's contribution to the provident fund for the year, which has been charged to the statement of comprehensive income, was R2 019 013 (2011: R2 211 762).

The group is under no obligation to cover any unfunded benefits.

34. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising, since the end of the financial year and up to the date of approving the financial statements, relevant to an assessment of the financial statements at 31 December 2012.

35. DIVIDENDS PAID

No dividends were declared or paid to shareholders during the year 31 December 2012. Platinum Waste Resources Proprietary Limited, a group subsidiary, paid dividends of R315 000 (2011: R105 000) to non controlling shareholders.

Interwaste Cleaning Proprietary Limited, a group subsidiary, paid dividends of R51 001 (2011: Rnil) to non-controlling shareholders.

SCHEDULE OF SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Figures in Rand</i>	No. of shareholders	%	No. of Shares	%
SHAREHOLDER SPREAD				
1 – 1,000 shares	218	28.13	115 976	0.04
1,001 – 10,000 shares	249	32.13	1 183 417	0.36
10,001 – 100,000 shares	217	28.00	9 049 113	2.75
100,001 – 1,000,000 shares	69	8.90	23 712 659	7.20
1,000,001 shares and over	22	2.84	295 250 045	89.66
TOTAL	775	100.00	329 311 210	100.00
DISTRIBUTION OF SHAREHOLDERS				
Close Corporations	8	1.03	1 853 380	0.56
Endowment Funds	2	0.26	942	0.00
Individuals	644	83.10	54 012 563	16.40
Insurance Companies	1	0.13	866 933	0.26
Investment Companies	4	0.52	46 223 000	14.04
Mutual Funds	4	0.52	20 791 212	6.31
Nominees and Trusts	49	6.32	177 190 009	53.81
Other Corporations	7	0.90	533 645	0.16
Pension Funds	31	4.00	4 275 237	1.30
Private Companies	25	3.23	23 564 289	7.16
TOTAL	775	100.00	329 311 210	100.00
PUBLIC / NON - PUBLIC SHAREHOLDERS				
Non - Public Shareholders	9	1.16	219 663 707	66.70
Directors and associates of the company	8	1.03	174 973 707	53.13
Strategic Holder (more than 10%)	1	0.13	44 690 000	13.57
Public Shareholders	766	98.84	109 647 503	33.30
TOTAL	775	100.00	329 311 210	100.00
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE				
Wilco Family Trust			159 189 401	47.33
Coronation Capital Limited – Private Equity			44 690 000	13.57

SALIENT DATES

Financial year-end	31 December 2013
Annual General Meeting	27 June 2013

REPORTS

Interim results for half year to June 2013	September 2013
Abridged annual results announcement for 2013	31 March 2014
Annual Financial Statements for 2013	31 May 2014

Interwaste Holdings Limited
 (Incorporated in the Republic of South Africa)
 (Registration number: 2006 / 037223 / 06)
 (JSE share code: IWE)
 (ISN: ZAE000097903)
 ("Interwaste" or "the Company" or "the Group")

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING

Incorporating a form of proxy for the use of holders of certificated ordinary shares and dematerialised ordinary shares with "own name" registration only.

Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom of the Company, 2 Brammer Road, Germiston South, Gauteng, South Africa on Thursday, 27 June 2013 at 14h00 to conduct the business as listed below.

(The record date in terms of section 59 of the Companies Act, 2008, ("the Companies Act") for shareholders to be recorded in the Register in order to be able to attend, participate and vote at the annual general meeting is Friday, 21 June 2013).

To consider and, if deemed fit, to pass with or without modification, the ordinary resolutions 1 to 8 below. In terms of the Companies Act, for an ordinary resolution to be adopted, it must be supported by more than 50% of the total number of votes which the shareholders present or represented by proxy at the meeting are entitled to cast.

1. To receive and adopt the annual financial statements for the year ended 31 December 2012, together with the reports of the directors, the audit committee and the external auditors.
2. To re-elect Ms A Kawa as a non-executive director of the Company. In terms of the Company's Memorandum of Incorporation she retires by rotation but being eligible, offers herself for re-election.*
3. To re-elect Mr G Tipper as a non-executive director of the Company. In terms of the Company's Memorandum of Incorporation he retires by rotation but being eligible, offers himself for re-election.*
4. To ratify the appointment of Mr L Mahlangu who was appointed as a non-executive director with effect from 30 October 2012.*
5. To re-appoint KPMG as the independent external auditors of the Company and to appoint Mr J Wessels as the registered auditor who will undertake the audit of the Company for the ensuing year.
6. To elect, as separate resolutions, the members of the Audit and Risk Committee. The proposed members of the committee are:
 - 6.1 Mr P Mojono (Chairman);
 - 6.2 Mr L Mahlangu;
 - 6.3 Mr G Tipper; and
 - 6.4 Ms A Kawa.*

The Board has satisfied itself that these directors are suitable for appointment to the Audit and Risk committee as contemplated in the Companies Act. *Brief CVs of the directors appear on page 5 of the integrated report.

7. To endorse, by way of a non-binding, advisory ordinary resolution, the Company's remuneration policy as set out in the Remuneration Report.
8. That pursuant to the Memorandum of Incorporation of the Company, and subject to the Companies Act and the Listings Requirements of the JSE Limited ("Listings Requirements"), the directors of the Company be and are hereby authorised, by way of a general authority to allot and issue ordinary shares for cash as and when suitable opportunities arise, subject to the following conditions:
 - 8.1 that the shares be of a class already in issue or where this is not the case, be limited to such shares or rights that are convertible into a class already in issue;
 - 8.2 that the shares only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements, and not to related parties;
 - 8.3 that the shares to be issued or sold do not exceed 20 percent of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements;
 - 8.4 that the maximum discount at which such shares be issued or sold, is 10 percent of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date of determination of the issue or selling price;
 - 8.5 that such authorisation is valid only until the next annual general meeting or for 15 months from the date of this resolution, whichever is the earlier date;
 - 8.6 that an announcement giving full details of any issue, including the impact on net asset value, net tangible asset value, earnings, and headline earnings per share and, if applicable, diluted earnings and diluted headline earnings per share, be published at the time of any issue or sale representing, on a cumulative basis within a financial year, 5 percent or more of the number of securities in issue prior to the issue.

VOTING

In terms of the Listings Requirements, the approval of this resolution requires 75 percent of the votes cast by all shareholders present or represented by proxy (excluding the DA and the controlling shareholders together with their associates).

To consider and if deemed fit, to pass with or without modification, special resolutions 9 to 12 below. In terms of the Companies Act for a special resolution to be adopted, it must be supported by at least 75% of the total number of votes which the shareholders present or represented by proxy at the meeting are entitled to cast.

9. That with effect from 28 June 2013 the fees payable to the non-executive directors of the Company be increased from R10 000 to R10 500 per board, audit committee and general meeting attended.

(The increase in non-executive directors' fees proposed in terms of this resolution is based on the results of a review and comparison of non-executive directors' fees to market related benchmarks.)

10. That all of the unissued shares in the capital of the Company be placed under the control of the directors to allot and issue, at their discretion, for such purposes as they may determine, and that such authority be extended until the next annual general meeting of the Company as a general authority in terms of the Companies Act, subject to the provisions of the Companies Act and the Listings Requirements.

11. That, as a general authority contemplated in the Act, the repurchase from time to time, either by the Company itself or by its subsidiaries, of the Company's issued shares, upon such terms and conditions and in such amounts as the directors of the Company may decide, subject to the provisions of the Companies Act and the Listings Requirements, be approved. It being recorded that in terms of the Listings Requirements, general repurchases of the Company's shares can only be made subject to the following terms and conditions:

- 11.1 that the Company and its subsidiaries are authorised by their Memoranda of Incorporation to repurchase such shares;
- 11.2 that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the Company and the counterparty;
- 11.3 that the general authority be valid only until the next annual general meeting or for 15 months from the date of the approval of this special resolution, whichever is the earlier date;
- 11.4 that an announcement be published giving such details as may be required in terms of the Listings Requirements when the Company has cumulatively repurchased three percent of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of shares and for each three percent in aggregate of the initial number of that class acquired thereafter;
- 11.5 that at any one time the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- 11.6 that the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20 percent of the Company's issued share capital as at the date of passing this resolution, or 10 percent of the Company's issued share capital in the case of an acquisition of shares in the Company by the subsidiaries of the Company;
- 11.7 that the repurchase of shares may not be made at a price greater than 10 percent above the weighted average traded price of the shares as determined over the five business days immediately preceding the date on which the transaction is effected;
- 11.8 that the repurchase of shares may not be made by the Company and / or its subsidiaries during a prohibited period as defined by the Listings Requirements of the JSE unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- 11.9 that the board of directors passes a resolution authorising the repurchase and that the Company passes the solvency and liquidity tests set out in section 4 of the Companies Act and that since the tests were done there have been no material changes to the financial position of the group;
- 11.10 that the Company may not proceed with the repurchase of its ordinary shares until the Company's Designated Adviser has confirmed the adequacy of the Company's working capital, for the purpose of undertaking a repurchase of securities, in writing to the JSE.

The reason for this resolution is to grant the Company and its subsidiaries a general authority to repurchase the Company's shares by way of open market transactions on the JSE, subject to the Companies Act and the Listings Requirements. The directors currently have no specific intention with regard to the utilisation of this authority.

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

In terms of the Listings Requirements, the following disclosures are required with reference to the repurchase of the Company's shares as set out in the resolution number 11 above:

The directors are of the opinion that, after considering the effects of the maximum repurchase permitted, for a period of 12 months after the date of this notice of annual general meeting:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company and the Group will be in excess of their liabilities, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital resources of the Company and the Group will be adequate for ordinary business purposes.

VOTING

In terms of the Listings Requirements, the approval of 75 percent of the votes cast for this resolution by all shareholders present or represented by proxy is required.

12. That the Company be authorised, in terms of section 45(2) of the Companies Act, to provide direct or indirect financial assistance to:

- a director or prescribed officer of the Company or of a related or inter-related company for the purchase of the Company's shares; or
- a related or inter-related company,

subject to:

- 12.1 such authorisation being valid only until the next annual general meeting or for 15 months from the date of this resolution, whichever is the earlier date;
- 12.2 the board of the Company being satisfied immediately after providing the financial assistance, that the Company would satisfy the solvency and liquidity test; and
- 12.3 the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company".

The reason for this resolution is to authorise the Company to provide financial assistance to a related or inter-related company, or to the Company's, or a related or inter-related companies', directors and / or prescribed officers for the purchase of the Company's shares.

LITIGATION STATEMENT

Other than disclosed or accounted for in this integrated report, the directors of the Company, whose names are given on pages 5 and 18 of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 5 and 18 of this integrated report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above ordinary and special resolutions, numbers 8 to 11, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above ordinary and special resolutions contain all information required by law and the Listings Requirements.

MATERIAL CHANGES

Other than as reported on in this integrated report and arising in the ordinary course of business, there were no material changes in the affairs, financial or trading position of the Group between the financial year end and the signature date of this report.

The following further disclosures required in terms of the Listings Requirements are set out in the integrated report of which this notice forms part:

- Directors and management (Refer to pages 5 and 9)
- Major shareholders of the Company (Refer to page 74)
- Directors' interests in the Company's shares (Refer to page 72)
- Share capital (Refer to pages 32 and 56)

VOTING AND ATTENDANCE

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll, every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him / her. Each shareholder is entitled to appoint one or more proxies to attend, speak and on a poll, to vote in his / her stead. A proxy need not to be a shareholder of the Company. Before any person may attend or participate in the annual general meeting, that person must present reasonably satisfactory identification, and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as shareholder or as proxy for a shareholder, has been reasonably verified.

ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALIZED SHAREHOLDERS

A form of proxy is attached for the convenience of certificated shareholders and own-name dematerialised shareholders who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to ensure validity, duly completed forms of proxy must be returned to the transfer secretaries, so as to reach them by no later than 48 hours before the time of the annual general meeting or they may be handed to the chairperson of the annual general meeting at any time prior to the commencement of voting on the ordinary and special resolutions tabled at the annual general meeting.

ACTION REQUIRED BY DEMATERIALIZED SHAREHOLDERS OTHER THAN THOSE WITH OWN-NAME REGISTRATION

The CSDP or broker, as the case may be, of dematerialised shareholders, other than those with own-name registration, should contact such dematerialised shareholders to ascertain how they wish their votes to be cast at the annual general meeting and thereafter cast their votes in accordance with their instructions. If such dematerialised shareholders have not been contacted, it is recommended that they contact their CSDP or

broker, as the case may be, to advise them as to how they wish their vote to be cast. Dematerialised shareholders, other than those with own-name registration, who wish to attend the annual general meeting, must request a Letter of Representation from their CSDP or broker, as the case may be, but must not complete the attached form of proxy.

ELECTRONIC PARTICIPATION

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Shareholders wishing to participate electronically in the annual general meeting are required to deliver written notice to the Company at either of the following addresses:

PHYSICAL ADDRESS:

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

Postal address:

PO Box 61051, Marshalltown, 2107

FAX NUMBER:

+27 11 688 5238

by no later than 14h00 on Thursday, 20 June 2013 advising that they wish to participate via electronic communication in the annual general meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain the following information:

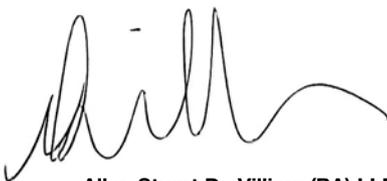
- a) if the shareholder is an individual, a certified copy of his identity document and / or passport;
- b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and / or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the general meeting via electronic communication;
- c) a valid e-mail address and / or facsimile number (the "Contact Address / Number"); and
- d) if the Shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication.

By no later than 48 hours before the time of the annual general meeting, the Company shall use its reasonable endeavours to notify a shareholder, at its contact address / number, who has delivered a valid Electronic Notice, of the relevant means through which the shareholder can participate in the annual general meeting via electronic communication.

SALIENT DATES

Last day to trade to be eligible to vote at the annual general meeting	Thursday, 13 June 2013
Record date for determining those shareholders entitled to vote at the annual general meeting	Friday, 21 June 2013

BY ORDER OF THE BOARD



Allen Stuart De Villiers (BA) LLB
Company Secretary
 5 June 2013

DIRECTORS

Executive Directors

WAH Willcocks – Chief Executive Officer

LG Grobbelaar – Landfill Director

AP Broodryk – Financial Director

Independent Non-executive Chairperson

A Kawa

Independent Non-executive Directors

PF Mojono

L Mahlangu

Non-executive Directors

BL Willcocks

GR Tipper

COMPANY SECRETARY

AS de Villiers

2 Brammer Road, Germiston Industries, Germiston South

Telephone: (011) 323 7300

REGISTERED OFFICE

2 Brammer Road, Germiston Industries, Germiston South

PO Box 641, Northriding, 2162

COMPANY REGISTRATION NUMBER

2006 / 037223 / 06

AUDITORS

KPMG Inc.

KPMG Crescent, 85 Empire Road, Parktown, 2193

Private Bag 9, Parkview, 2122

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

70 Marshall Street, Johannesburg, South Africa, 2001

PO Box 24, Newtown, 2113

BANKERS

ABSA Bank Limited

Pallazo Towers West, Monte Casino Boulevard

Fourways, 2055

PO Box 782991, Sandton, 2146

ATTORNEYS

Fluxmans Inc.

11 Bierman Avenue, Roadebank, 2196

Private Bag X41, Saxonwold, 2196

DESIGNATED ADVISOR

Grindrod Bank, 1st Floor, Building 3

Commerce Square, 39 Rivonia Road

PO Box 78011, Sandton, 2196

INTERWASTE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number: 2006 / 037223 / 06)
 (JSE code: IWE ISN: ZAE000097903)
 ("the Company")



FOR USE BY CERTIFICATED SHAREHOLDERS AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 14H00 ON THURSDAY, 27 JUNE 2013.

If you are a shareholder and have dematerialised your share certificate through a CSDP or broker, and have not selected own name registration in the sub-register maintained by a CSDP, you must not complete this form of proxy but must instruct your CSDP or broker to issue you with the necessary Letter of Representation to attend the annual general meeting, or if you do not wish to attend, you may provide your CSDP or broker with your voting instructions in terms of the custody agreement entered into with your CSDP or broker.

I / We (Name in block letters) _____
 of (Address in block letters) _____
 With the following telephone numbers: _____ Work Telephone: _____
 _____ HomeTelephone: _____
 _____ Cellular Telephone: _____
 being a member / members of Interwaste Holdings Limited and entitled to _____ votes, hereby appoint
 1. _____ or failing him / her
 2. _____ or failing him / her

the chairman of the meeting

as my / our proxy to act for me / us at the annual general meeting, to be held at Interwaste Holdings Limited, 2 Brammer Road, Germiston South, Gauteng, South Africa on Thursday, 27 June 2013 at 14h00 and at any adjournment thereof, as follows:

	Number of Interwaste Shares		
	In Favour	Against	Abstain
1. Adoption of financial statements			
2. Re-election of Ms A Kawa			
3. Re-election of Mr G Tipper			
4. Ratify appointment of Mr L Mahlangu			
5. Re-appointment of KPMG as the Company's independent auditors			
6.1 Appointment of Mr PF Mojono to the audit and risk committee			
6.2 Appointment of Mr L Mahlangu to the audit and risk committee			
6.3 Appointment of Mr G Tipper to the audit and risk committee			
6.4 Appointment of Ms A Kawa to the audit and risk committee			
7. Approval of the remuneration philosophy of the Company			
8. General authority to allot and issue shares for cash			
9. Special Resolution - Approval of non-executive director's fees for the ensuing year			
10. Placing unissued share capital under the control of the directors			
11. Special Resolution - General authority to repurchase shares			
12. Special Resolution – Authorisation to provide financial assistance			

Signed at _____ on _____ 2013

Member

Please read the instructions on the reverse side of this form of proxy.

1. On a poll a shareholder is entitled to one vote for each share held.
2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), to reach Computershare by no later than 14h00 on Tuesday, 25 June 2013 or they may be handed to the chairperson of the annual general meeting at any time prior to the commencement of voting on the ordinary and special resolutions tabled at the annual general meeting.
3. The form of proxy must be delivered as per paragraph 2 above, before the proxy exercises any rights of the shareholder at the general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space / s provided, with or without deleting the words "the chairman of the annual general meeting". Any such deletion must be individually initialled by the shareholder, failing which they will not have been validly affected. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.
5. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).
6. Each shareholder is entitled, at any time, to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.
7. Voting instructions for each of the resolutions must be completed by filling in the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he / she deems fit.
8. A shareholder or his / her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.
9. The appointment of a proxy is suspended at any time, to the extent that the shareholder concerned chooses to act directly and in person in the exercise of any rights as a shareholder. The appointment is revocable by the shareholder cancelling it in writing, or making a later inconsistent appointment, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument or the date on which the revocation instrument is delivered to the proxy and the Company.
10. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
11. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
12. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of representation to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
13. Shareholders who wish to attend and vote at the meeting must ensure that their letters of representation from their CSDP or broker reach the transfer secretaries not later than 14h00 on Tuesday, 25 June 2013.
14. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
15. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that must be delivered by the Company to the shareholder must be delivered to the shareholder or the proxy / proxies (if the shareholder has directed the Company to do so in writing and has paid any reasonable fee charged by the Company for doing so).
16. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and / or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.
17. Subject to revocation by the shareholder, the proxy appointment remains valid only until the end of the meeting at which it is intended to be used.

Transfer secretaries' office

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
(P O Box 61051, Marshalltown, 2107)

SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE ACT AS REQUIRED BY SECTION 58(8)(B)

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Act.

2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.2 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 the proxy; and
 - 3.3 a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provides otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution / s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3. the company must not require that the proxy appointment be made irrevocable; and
 - 9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

