



Interwaste Holdings Limited

ANNUAL REPORT 2009



Interwaste Holdings Limited

(Incorporated in the Republic of South Africa)
Registration Number 2006/037223/06
JSE Code: IWE ISIN: ZAE000097903

Contents

1	Financial Overview
2	Group Structure
3	The Board of Directors
4	Chairman's Review
5	CEO's Review
6	BEE Rating for Interwaste (Pty) Ltd
7	Corporate Governance Report
9	Annual Financial Statements
51	Investments in Subsidiaries
53	Shareholder's Diary
54	Notice to Shareholders
56	Directorate and Administration
	Form of Proxy - Attached

Our Vision

Interwaste Holdings and its group companies are dedicated to procuring that firm commitment, hard work and the utilisation of the latest technologies in the spheres of holistic waste management, innovative landfill management and waste beneficiation will help ensure the viability of the planet for future generations.

The group will continue to strive to provide innovative, cost effective and environmentally friendly solutions in relation to waste management.

Our Mission

The group has become a leader in waste management in southern Africa. The group has established a sound platform for growth by keeping at the forefront of waste management technology and by acquiring and developing superior knowledge of its customers and their needs. The group will take advantage of this platform in order to consolidate its position as industry leader and innovator.

Our Goals

Our goals are to:

- Increase shareholder value
- Remain at the forefront of cutting-edge technology for the industry
- Continue to grow both organically and through strategic acquisitions
- Actively participate in the transfer of skills to the historically disadvantaged
- Continue our commitment to BEE.

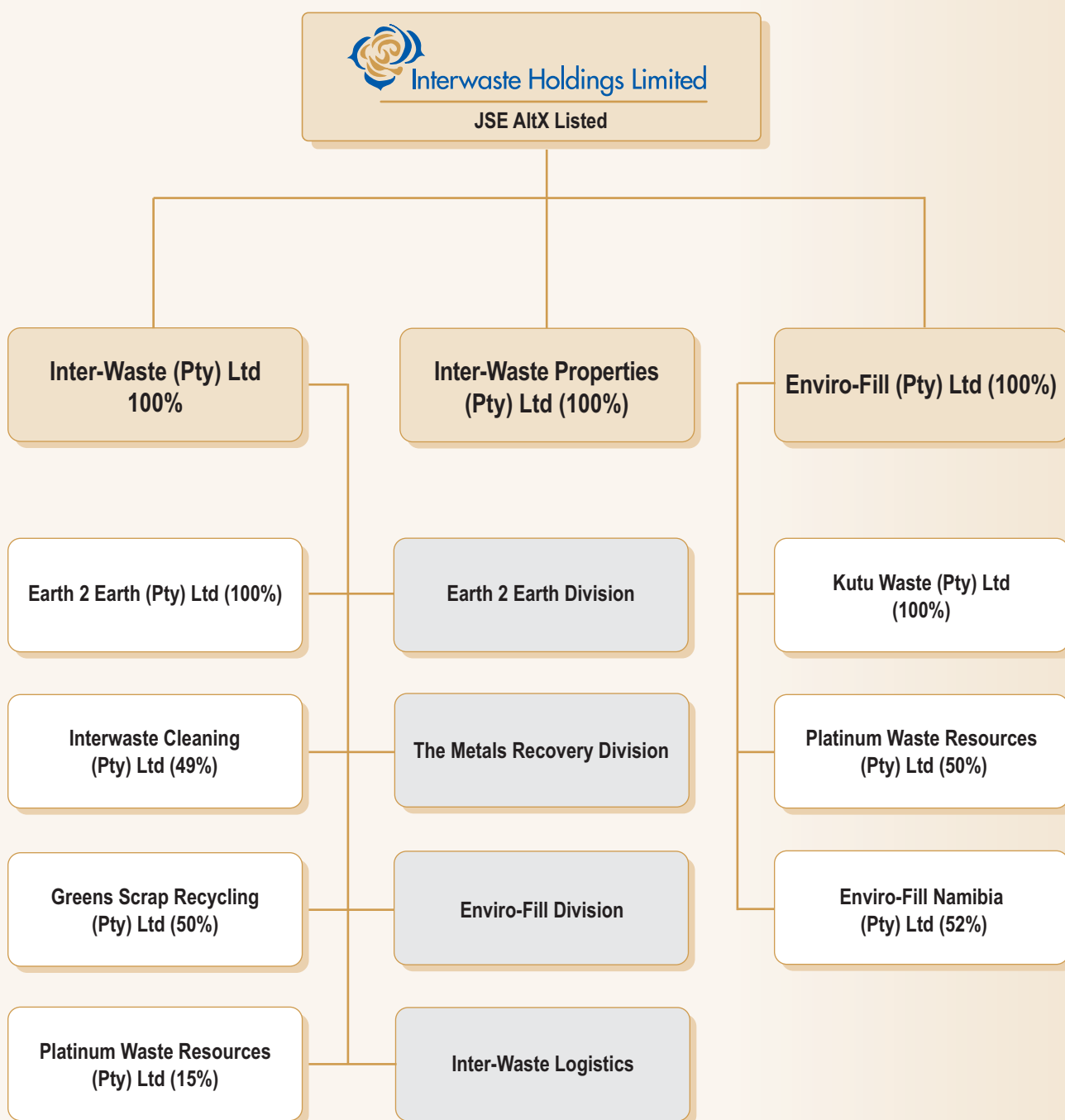
Financial Overview

Audited Condensed Results for the year ended 31 December 2009

	Audited December 2009 R'000	Change %	Audited December 2008 R'000
Revenue	407 259	(14)	471 156
Cost of sales	(241 625)		(298 229)
Gross profit	165 634	(4)	172 927
Other income	2 483		3 286
Operating expenses	(122 390)		(105 390)
Profit before interest and taxation	45 727		70 823
Dividend received	-		605
Net interest paid	(10 471)		(16 805)
Share of profit of joint venture	1 113		-
Profit before taxation	36 369	(33)	54 623
Taxation	(10 654)		(13 530)
Profit for the period	25 715		41 093
Other comprehensive income	-		-
Total comprehensive income for the year	25 715	(37)	41 093
Comprehensive income attributable to:			
Owners of the parent	24 971		39 611
Non-controlling interest	744		1 482
	25 715		41 093
Reconciliation of headline earnings:			
Comprehensive income attributable to ordinary shareholders	24 971		39 611
Adjusted for profit on disposal of property, plant and equipment	(1 817)		(417)
Headline earnings attributable to ordinary shareholders	23 154	(41)	39 194
Weighted average number of shares in issue on which earnings per share are based	307 205 721		272 061 517
Basic earnings per share (cents)	8.1	(44)	14.5
Profit on disposal of property, plant and equipment (after tax) (cents)	(0.5)		(0.1)
Headline earnings per share (cents)	7.6	(47)	14.4
Weighted average number of shares in issue on which earnings per share are based	307 205 721		272 061 517
Equity instrument	-		57 249 691
Fully diluted weighted average shares in issue	307 205 721		329 311 208
Fully diluted earnings per share (cents)	8.1	(33)	12.0
Fully diluted headline earnings per share (cents)	7.6	(36)	11.9

Group Operating Divisions and Companies

Interwaste Holdings Limited as at 31 December 2009



The Board of Directors

Alan Willcocks

Chief Executive Officer

Alan co-founded Interwaste with Bronwyn in 1989. Over the past 21 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. Alan is currently Chief Executive Officer of Interwaste Holdings Limited and Managing Director of Interwaste (Proprietary) Limited.



Bronwyn Willcocks

Human Resources Director

A co-founder of Interwaste, Bronwyn has gained extensive experience in waste management and has been instrumental in the implementation of group policies, procedures, IT systems and ISO 14001 accreditation. Bronwyn is a member of the Institute of Directors. She is a director of Interwaste Holdings Limited and Interwaste (Proprietary) Limited.



Ivan John

Group Financial Director

Ivan is a Chartered Accountant and has a Masters in Business Administration from Wits. He has over 25 years of accounting and finance experience. Prior to joining Interwaste Holdings Ltd, he was the group financial manager of the Outbound Division of the Tourism Investment Corporation Ltd.

Ivan also sits on the Interwaste (Proprietary) Limited board.



Leon Grobbelaar

Chief Operating Officer

Leon obtained a National Diploma in soil conservation in 1983 and obtained a National Higher Diploma in Irrigation with distinction. He joined the Department of Agriculture in 1984. In 1988 he joined the Kwandebele Agricultural Company as Developing Officer for empowered farmers.

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. In 1997 Leon co-founded Enviro-Fill and today is a Director of Interwaste Holdings Limited and Interwaste (Proprietary) Limited.



Ethan Dube

Non-executive Chairperson

Ethan has an MSc in Economics and Statistics and over eleven years experience in the corporate finance and asset management sector with Southern Asset Managers and Infinity Asset Management, and in corporate finance at Standard Chartered Merchant Bank.

He is the founder and Chief Executive Officer of investment banking company, Vunani Limited.



Gavin Tipper

Independent 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 21 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.

Gavin is chairman of the Audit Committee.



Chairman's Review

The measures put in place in 2009 will stand the group in good stead going forward and the board is confident that the group's performance in 2010 will be more in line with expectations.

It is my pleasure to present this review of the twelve months ended 31 December 2009.

The challenging conditions faced by the Interwaste group in the second half of 2008 continued into 2009. However, through a regionalisation strategy, aggressive cost management and optimal use of capital, the group managed to more than triple its mid-year profits by the end of 2009.

Suppressed sales in the organics division, the decline in commodity prices, reduction in waste volumes and rising input costs had translated into interim results that were disappointing. By year end, a net profit after tax of R25 million had been achieved from interim profits of R7 million.

Against a background of the global economic crisis, the group achieved revenue for 2009 of R407 million, against revenue for 2008 of R471 million. EBITDA amounts to R71.7 million. Earnings per share amount to 8.1 cents and headline earnings per share amount to 7.6 cents.

The Interwaste group of companies provides comprehensive waste management services to industrial and commercial clients, and local authorities, through its Interwaste Logistics and Enviro-Fill divisions. Its Earth2Earth division manufactures organic fertilisers and the Metals Recovery division trades in waste metal.

Interwaste has a history of phenomenal growth, with a growth rate in excess of 30 percent being sustained over several years. 2009 was the first year in Interwaste's 21 year history that it experienced negative growth. That said, it remains profitable whilst many other companies struggle. The measures put in place in 2009 will stand the group in good stead going forward and the board is confident that the group's performance in 2010 will be more in line with expectations as its customers ramp up their operations in response to improving general economic conditions.

Although the group's 2009 results were disappointing, they proved that it is able to withstand extremely difficult economic conditions and with the restructuring of the group now in place, the enforcement of the Waste Act, and the gradual expected recovery in the economy, the board is confident that it is well placed to make the best of 2010.

It remains to be seen what effect the 2010 soccer world cup will have on the waste industry. There is no doubt that those areas of the group's operations that service the hospitality industry will benefit. Contingency plans have been put in place to deal with less positive eventualities such as strikes and absenteeism.

The company continues striving to improve its Black Economic Empowerment credentials. I am proud to announce that Interwaste (Pty) Ltd, a wholly owned subsidiary of the company, housing its operating divisions, has improved on its BEE rating and is now a level 5 BEE contributor. In addition, the company is also expanding its learnership programme.



Ethan Dube
CHAIRMAN

The Enviro-Fill division remains the only industry player with a SETA accredited training programme in Landfill Management and has recently been appointed to provide training to the Department of Public Works. Such courses are available across South Africa and cover all aspects of the industry, including administration, management, landfill techniques and safety training.

In conclusion, the future looks bright and I believe that the group has the vision, the employees, and the capacity to render returns for 2010 that will be in accordance with expectation. My thanks go to my fellow directors for their tireless dedication to the company. To all our loyal employees, thank you for your hard work. Lastly, thank you to the company's customers, suppliers and stakeholders for their continued faith in the company and for their valuable support.

A handwritten signature in black ink that reads "Ethan".

Ethan Dube
CHAIRMAN

CEO's 2009 Trading Report

The group continued to invest in the future of the business with numerous innovative waste management projects being rolled out to the benefit of our existing and new customer base.

The 2009 year was without doubt the most challenging in the company's twenty one year history. Although the first quarter yielded good growth, the effects of the global economic downturn were keenly felt thereafter, with lower waste volumes being handled by almost all of the company's operations.

It was clear early on that the company would need to focus internally on our operations, systems and people in order to weather the economic crisis. There has been a tremendous focus on cash flow and the management of working capital. The business has been structured into regional hubs in order to extract the highest possible return from the resources available within those regions.

The downturn in the economy also necessitated the implementation of a retrenchment program, for the first time in the group's history.

We were able to renegotiate more favourable terms with our key suppliers and long term escalation clauses based on more realistic indices. We have entered into a transaction to replace our collection fleet over a 3 year period with fixed costs for both vehicle purchases and maintenance. This allows for easier budgeting and flat lining of our overhead costs.

These initiatives resulted in substantial cost savings.

2009 saw the pricing of parts for our existing fleet almost triple in some cases as the Rand weakened against the Yen. This obviously had an influence on our maintenance costs, and ultimately on the bottom line.

It was pleasing to note that the organics division had its best trading year to date. We are hoping this will continue into the future as we strengthen our market position in South Africa and the Middle East.

The Metals Recovery division felt the effects of a rapid decline in commodity prices but by year-end the division had managed to break even. We are confident that this division will return to being a positive contributor to the group in 2010 as prices recover and there is less volatility in the market.

The traditional waste collection business continues to perform well. It has an ever expanding footprint in South Africa and has also been awarded a long term contract with an international mining company in northern Mozambique. New operational centres are planned for 2010 depending on market demands. We are also rolling out innovative new products to existing and new customers which will further enhance our total environmental service offering, thereby maintaining our leadership position as innovators within the waste management sector.

The landfill business saw a drop in revenue due to the postponement of various landfill gas projects which are traditionally high revenue contracts. 2009 saw very little activity in this sector. We have however been successful in increasing our footprint in terms of landfill management contracts and hope to see further expansion of the business with the award of tenders in various new operational areas.



Alan Willcocks
CHIEF EXECUTIVE OFFICER

At the beginning of 2010 the group disposed of its interest in a landfill company in Namibia at a very favourable price. There are limited growth opportunities in Namibia and the decision was taken that the cash raised by the sale of the business, and the redeployment of the management skills provided to the company, would be better invested in the South African market, where opportunities for growth are more abundant.

The group continued to invest in the future of the business with numerous innovative waste management projects being rolled out to the benefit of our existing and new customer base. This allows us to offer unique services in both the recycling and disposal of different waste types.

The collection of debt remains a concern. Many large companies continue to stretch out their payment terms, impacting on our working capital and our ability to build up cash reserves. We do however see this as part of our relationship building and customer retention strategy.

The final results for 2009 are disappointing. That said, the group remained profitable. The group is now in a situation where it is leaner and more focused, with reduced overhead costs and a team which is ready to take the company forward into the next decade.

In closing, 2010 is without doubt going to be an exciting year. The 2010 World Cup will hold many opportunities for all South Africans. Interwaste (Pty) Ltd will celebrate its twenty first year of trading. The group will run with our new regional structure, which we believe will deliver great things. All that remains is to send a word of gratitude to our very loyal and hard working employees, without whom the Interwaste dream would not be possible. To our customers, financiers and investors, thank you for your continued support and to the Interwaste board, thank you for your selfless commitment.

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'A' followed by a smaller, more complex flourish.

Alan Willcocks
CHIEF EXECUTIVE OFFICER

BEE Rating for Interwaste (Pty) Ltd.



BEE Rating Solutions (PTY) LTD

A FULL MEMBER OF ABVA, MEMBERSHIP NO. AM00014

Gables Office Estate, Block D Suite 9, C/O Tennis & J.G. Strijdom Road, Weltevredenpark, Johannesburg, 1709
 PO Box 300, Florida Hills, 1716 / Phone: 0861 111 BEE(233) / Fax: 0865 000 534 or 0861 BEE(233) 444
 Email: verify@beeratingsolutions.co.za / www.beeratingsolutions.co.za

Broad Based Black Economic Empowerment Verification Certificate

Measured Entity

Inter-Waste (Pty) Ltd

Registration no: 1989/003651/07

VAT no: 4950104325

Head Office: Cnr. Avocet & Bromhof Road, Bromhof Johannesburg

Verification Standard Applied: The BBBEE Codes of Good Practice

Scorecard Applied: **LARGE ENTERPRISE**

Element	Score
Ownership	8.28
Management Control	4.82
Employment Equity	3.66
Skills Development	5.76
Preferential Procurement	14.24
Enterprise Development	15
Socio-Economic Development	5
Overall Score	56.76

Broad based BEE status level: A level Five contributor to BEE

BEE Procurement Recognition Level	80%
Black Ownership	15.9%
Black Women Ownership	3.4%
Value Adding Supplier	Yes

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment. The objective of our verification is to verify the validity and accuracy of the BBBEE status represented by the measured entity. BEE Rating Solutions (Pty) Ltd is not responsible for ensuring completeness of information provided to support the BBBEE status.



sanas
BEE Verification Agency
BVA 049



Certificate No: BR563501

Date of issue: 23 MARCH 2010

Expiry Date: 22 MARCH 2011


 Authorised Signatory

Interwaste (Pty) Ltd is a wholly owned subsidiary of Interwaste Holdings Ltd, and houses the group's operating divisions. Interwaste (Pty) Ltd is proud to announce that its BEE rating has improved to that of a Level Five contributor, and is now recognised as a value adding supplier. Clients of Interwaste (Pty) Ltd can now claim 100 percent BEE compliance on services rendered by Interwaste (Pty) Ltd.

Corporate Governance Report

CORPORATE GOVERNANCE

The Board of Interwaste Holdings Ltd recognises that it is ultimately responsible for the group's corporate governance systems and for the implementation thereof. The Board continues its commitment to compliance with the Code of Corporate Practices and Conduct contained in the 2002 King Report on Corporate Governance for South Africa (King II).

For the duration of the period under review, the group adopted the provisions of King II that are appropriate to its size and the nature of its business. The group's corporate governance system, indicating the extent of compliance with King II, is dealt with in more detail below.

The group continues to comply with the provisions of the Listing Requirements of the JSE Limited that are applicable to AltX listed companies.

The Third King Report on Governance for South Africa 2009 (King III) became effective on 1 March 2010. The Board is currently conducting an assessment of King III to determine the extent to which the group complies with the provisions of the code and the extent to which compliance is appropriate given the nature and size of the group.

BOARD STRUCTURE

The Board is a unitary board comprising four executive and two non-executive directors. The individual directors possess the required experience and expertise to effectively lead and control the group.

There is a clear division of responsibilities at the head of the group thereby ensuring a balance of power and authority such that no one individual has unfettered powers of decision making. The roles of the chairman and managing director are separate.

The chairman of the audit committee is an independent non-executive director.

Details of the directors are provided on page 3.

Non-executive directors are afforded unrestricted access to management. Conversely, management are free to consult non-executive directors at any time. All directors are permitted to seek independent, professional advice on matters pertaining to the company.

The Board has unrestricted access to group information, documentation and property.

The company's Designated Adviser attends all board and audit committee meetings.

The company secretary provides the board, and directors individually, with guidance on how best to discharge their responsibilities and is a source of guidance on matters of good governance and ethics.

The directors note the requirement in King III that the Board consist of a majority of non-executive directors and steps are being taken to achieve compliance with this.

RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control of the group, through the executive, and monitors management's implementation of the Board's plans and strategies.

The role of the Board is set out in the Board Charter (See below).

AUDIT COMMITTEE

The Audit Committee consists of Gavin Tipper and Ethan Dube. The managing director, financial director, senior company executives and the external auditors attend Audit Committee meetings, by invitation, as and when required by the committee.

The functions and responsibilities of the Audit Committee are set out in its Terms of Reference which are approved by the Board.

In accordance with the Corporate Laws Amendment Act, 2007, the Audit Committee's obligations include the following:

- Nomination of a registered, independent, auditor for appointment as auditor of the company;
- Determination of fees to be paid to the auditors, as well as the auditor's terms of engagement;
- Ensuring that the appointment of the auditor complies with applicable legislation;
- Determining the nature and extent of any non-audit services which the auditor may provide to the group;
- Pre-approval of any proposed contract with the auditor for the provision of non-audit services; and
- Receipt of any complaints relating to accounting practices, content or the auditing of financial statements, or related matters.

The Audit Committee also considers reports on the group's financial performance, areas of risk and internal controls.

The report of the Audit Committee can be found on page 12 of this Annual Report.

Corporate Governance Report (continued)

BOARD AND AUDIT COMMITTEE ATTENDANCE

The Board, and Audit Committee, met four times during the year under review. Details of the director's attendance at the meetings are as follows:

Director/Category	Number of Board meetings attended	Number of Audit Committee meetings attended
Ethan Dube <i>Non-executive Chairman</i>	4	4
Alan Willcocks <i>Chief Executive Officer</i>	4	2
Gavin Tipper <i>Independent non-executive</i>	4	4
Ivan John <i>Executive</i>	4	4
Bronwyn Willcocks <i>Executive</i>	4	3
Leon Grobbelaar <i>Executive</i>	3	n/a
Stan Jewaskiewitz ¹ <i>Executive</i>	0	n/a

Note:

1. Stan Jewaskiewitz resigned from his position as an executive director effective 4 September 2009.

BOARD CHARTER AND POLICIES

The role of the Board, as stipulated in the Board Charter, includes:

- The provision of strategic direction to the group;
- The monitoring (and evaluation) of the implementation of strategies, policies and business plans;
- The review and approval of financial objectives, plans and actions;
- The exercise of leadership, integrity and judgement based on fairness, accountability, responsibility and transparency; and
- The identification of key risk areas and key performance indicators.

The Board also functions within the ambit of various policies. These include the following:

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

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 13 to 52 of this Annual Report.

GROUP FINANCIAL DIRECTOR

The Audit Committee is of the opinion that the group's financial director is possessed of the requisite expertise and experience required for him to perform his functions to the group.

INTERNAL CONTROL AND RISK MANAGEMENT

Due to the size of the group, consideration of internal financial controls has been delegated to the Audit Committee.

Historically, internal audit has been managed by the financial director with the assistance of executive management. It is envisaged that during 2010 the internal audit function will be outsourced.

REMUNERATION

Remuneration policy is determined by the board. Executive remuneration is determined by a committee of the board appointed for this purpose. In 2009, this committee consisted of the Chairman of the Board and the CEO.

Contents

10	Report of the Independent Auditors
11	Directors' Responsibilities and Approval
11	Certificate by the Company Secretary
12	Audit Committee Report
13	Directors' Report
15	Statement of Financial Position
16	Statement of Comprehensive Income
17	Statement of Changes in Equity
18	Statement of Cash Flows
19	Accounting Policies
29	Notes to the Financial Statements

Report of the Independent Auditors

TO THE MEMBERS OF INTERWASTE HOLDINGS LIMITED AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of Interwaste Holdings Limited and its subsidiaries, which comprise the directors' report, the statement of financial position at 31 December 2009, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 52.

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 ("IFRS"), the AC500 standards as issued by the Accounting Practices Board and its successor and in the manner required by the Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

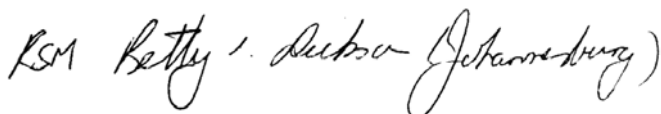
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 auditors' 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the AC500 standards as issued by the Accounting Practices Board and its successor and in the manner required by the Companies Act.



RSM Betty & Dickson (Johannesburg)

Per: **John Jones** (*Partner*)

28 May 2010

Randburg

Directors' Responsibilities and Approval

for the year ended 31 December 2009

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. The financial statements fairly present the state of affairs of the company and of the group as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors are ultimately responsible for the internal financial controls of the group. Management enables the directors to meet their responsibilities by setting standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring material risk.

The directors are of the opinion, based on the information and explanations provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2010 and are satisfied that the group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's and the group's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 10.

The financial statements set out on pages 13 to 52, which have been prepared on the going concern basis, were approved by the Board of Directors and signed on its behalf by:



Alan Willcocks
Director
28 May 2010



Ivan John
Director
28 May 2010

Certificate by Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 1973, as amended, that for the year ended 31 December 2009, 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
28 May 2010

Audit Committee Report

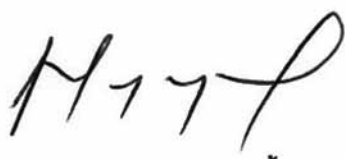
The Interwaste Audit Committee has discharged the functions delegated to it by the board (a summary of the Audit Committee's terms of reference is provided on page 7 in the Corporate Governance Report) and as prescribed to it in terms of the CLAA.

During the financial year ended 31 December 2009, the Interwaste Audit Committee, inter alia:

- Met on four 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 RSM Betty & Dickson (Johannesburg) as the registered independent auditor of the company after satisfying itself through enquiry that RSM Betty & Dickson (Johannesburg) and that Mr John Jones, the designated auditor, are independent of the company;
- Ensured that the appointment of RSM Betty & Dickson (Johannesburg) complied with the requirements of the CLAA relating to the appointment of auditors;
- Determined the fees to be paid to RSM Betty & Dickson (Johannesburg) and its terms of engagement;
- Approved a Non-Audit Services policy which determines the nature and extent of any non-audit services which RSM Betty & Dickson (Johannesburg) may provide to the group. RSM Betty & Dickson (Johannesburg) did not provide non-audit services to the group during the year and therefore it was not necessary for the Audit Committee to pre-approve any contracts for such services.

The Audit Committee recommended the financial statements for the year ended 31 December 2009 to the Board for approval. The Board has subsequently approved the 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

28 May 2010

Directors' Report

The directors have pleasure in submitting their report for the 12 months ended 31 December 2009.

1. 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 the company is listed on the Alternative Stock Exchange (AltX).

2. FINANCIAL RESULTS

The financial results for the year ended 31 December 2009 are set out in detail in these annual financial statements and do not require further comment.

3. 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.

4. POST BALANCE SHEET EVENTS

Other than those disclosed below, the directors are not aware of any matter or circumstance arising since the end of the financial year relevant to an assessment of the financial statements at 31 December 2009.

5. 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. In terms of an agreement approved by the shareholders at a general meeting on 25 August 2008, 90 000 000 ordinary issued shares were cancelled. However the Interwaste, Enviro-fill and Ex-Waste vendors clawed back 82 331 659 of these during the 2009 financial year.

6. BORROWING LIMITATIONS

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

7. SHARE INCENTIVE TRUST

Refer to note 30 for detail about share-based payments during the current year.

8. NON-CURRENT ASSETS

There were no major changes in the nature of non-current assets of the company during the year.

9. DIVIDENDS

No dividends were declared or paid to shareholders during the year ended 31 December 2009.

Platinum Waste Resources and Enviro-fill Namibia, both group subsidiaries, paid dividends of R464 500 to non controlling shareholders.

10. 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 AC500 standards as issued by the Accounting Practices Board and its successor, the Listings Requirements of the JSE Limited and the Companies Act, 61 of 1973 as amended. The accounting policies applied are consistent with those applied in the prior year, except for the adoption of new or revised standards as detailed in note 2 to the annual financial statements.

11. DIRECTORS

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

EG Dube (non-executive Chairperson)

LC Grobbelaar

SM Jewaskiewitz (resigned 4 September 2009)

MIG John

G Tipper (independent director)

BL Willcocks

WAH Willcocks

Directors' Report (continued)

12. 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:

Interwaste House, Corner of Avocet and Bromhof Roads, Bromhof, 2154. Private Bag X23, Northriding 2162

13. DIRECTORS' INTERESTS

At 31 December 2009 the directors and their associates (as defined in terms of the JSE Listings Requirements) had the following direct and indirect beneficial interests in the share capital of the company:

	Number of shares		
	2009 Direct	2009 Indirect	%
Executive directors			
LC Grobbelaar	–	9 290 007	2,76
MIG John	–	–	–
BL Willcocks	–	79 100 951	23,52
WAH Willcocks	78 000	79 100 950	23,54
	78 000	167 491 908	49,82
Non-executive directors			
EG Dube	–	47 500 000	14,12
G Tipper	600 000	–	0,18
	600 000	47 500 000	14,30

There have been no changes in the above interests between the end of the financial year and the date of this report.

14. MAJOR SHAREHOLDERS

Details of the interests of shareholders who are directly or indirectly beneficially interested in 5% or more of the company's share capital, are reflected in the shareholder analysis set out on page 52.

15. INTEREST IN SUBSIDIARIES

Name of subsidiary	Percentage holding	Net income/(loss) after tax
Inter-Waste (Proprietary) Limited	100%	R22 986 780
Enviro-Fill (Proprietary) Limited	100%	R2 380 363
Interwaste Properties (Proprietary) Limited	100%	(R6 518)
Net profit after tax		R25 360 625

16. SPECIAL RESOLUTIONS

A special resolution was approved at the company's annual general meeting on 19 June 2009, granting a general authority, as contemplated in the Companies Act 61 of 1973 ("the Act") for 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 may from time to time decide, subject to the provisions of the Act and the JSE Listing Requirements.

Signed on behalf of the Board



EG Dube
Chairman
28 May 2010



WAH Willcocks
Chief Executive Officer
28 May 2010

Interwaste House, Corner of Avocet and Bromhof Roads, Bromhof, Gauteng, South Africa.

Statement of Financial Position

as at 31 December 2009

Figures in Rand	Notes	Group 2009	Company 2009	Group 2008	Company 2008
ASSETS					
Non-current assets					
Property, plant and equipment	3	272 448 200	43 084	245 262 167	69 623
Investments in subsidiaries	39	–	101 830 663	–	103 679 614
Goodwill	4	49 589 679	–	48 331 814	–
Intangible assets	5	185 044	–	179 200	–
Investments in joint venture	6	1 471 378	–	–	–
Deferred tax asset	14	2 184 647	50 084	2 506 725	40 190
		325 878 948	101 923 831	296 279 906	103 789 427
Current assets					
Inventories	7	37 424 652	–	41 319 912	–
Loans receivable	8	1 441 247	109 917	–	–
Trade and other receivables	9	86 021 962	255 751	83 386 729	780 834
Current tax receivable		10 655 379	–	5 504 785	–
Operating lease asset	10	189 928	–	189 928	–
Loans to group companies	39	–	84 296 620	–	80 350 033
Cash and cash equivalents	11	5 831 160	–	14 086 903	2 548 975
		141 564 328	84 662 288	144 488 257	83 679 842
Total assets		467 443 276	186 586 119	440 768 163	187 469 269
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	12	175 491 253	182 491 253	175 491 253	182 491 253
Share based payments reserve		1 572 469	1 572 469	1 572 469	1 572 469
Retained income		84 800 918	863 152	60 640 966	2 167 743
Non-controlling interest		4 220 642	–	3 819 899	–
		266 085 282	184 926 874	241 524 587	186 231 465
LIABILITIES					
Non-current liabilities					
Long term borrowings	13	54 284 591	–	68 495 492	–
Deferred tax	14	30 946 256	–	25 223 884	–
		85 230 847	–	93 719 376	–
Current liabilities					
Current portion of long term borrowings	13	50 172 352	–	54 793 176	–
Current tax payable		880 737	525 681	2 591 282	764 644
Trade and other payables	15	39 694 273	781 358	46 968 639	473 160
Bank overdraft	11	25 379 785	352 206	1 171 103	–
		116 127 147	1 659 245	105 524 200	1 237 804
Total liabilities		201 357 994	1 659 245	199 243 576	1 237 804
Total equity and liabilities		467 443 276	186 586 119	440 768 163	187 469 269

Statement of Comprehensive Income

for the year ended 31 December 2009

Figures in Rand	Notes	Group 2009	Company 2009	Group 2008	Company 2008
Revenue	16	407 258 749	–	471 156 143	–
Cost of sales	17	(241 625 270)	–	(298 229 002)	–
Gross profit		165 633 479	–	172 927 141	–
Other income		2 482 608	85 302	3 286 429	–
Operating expenses		(122 389 751)	(10 421 098)	(105 389 580)	(10 538 157)
Operating profit/(loss)	18	45 726 336	(10 335 796)	70 823 990	(10 538 157)
Investment revenue	19	3 387 998	9 236 447	4 546 991	10 402 449
Finance costs	20	(13 858 974)	(6 072)	(20 747 051)	(1 732)
Share of profit of joint venture		1 112 625	–	–	–
Profit/(loss) before taxation		36 367 985	(1 105 421)	54 623 930	(137 440)
Taxation	21	(10 653 560)	(199 170)	(13 530 844)	(417 161)
Profit/(loss) for the year		25 714 425	(1 304 591)	41 093 086	(554 601)
Other comprehensive income		–	–	–	–
Total comprehensive income		25 714 425	(1 304 591)	41 093 086	(554 601)
Attributable to:					
Equity holders of the parent		24 970 801		39 610 676	
Minority Interest		743 624		1 482 410	
Earnings per share (cents)	34	8,13		14,56	
Fully diluted earnings per share (cents)	34	8,13		12,03	

Statement of Changes in Equity

for the year ended 31 December 2009

Figures in Rand	Share capital	Share premium	Total share capital	Share-based payment reserve	Retained income	Total attributable to equity holders of the group/ company	Minority interest	Total equity
Group								
Balance at 1 January 2008	33 698	177 269 457	177 303 155	666 429	21 030 290	198 999 874	2 337 489	201 337 363
Total comprehensive income for the year	–	–	–	–	39 610 676	39 610 676	1 482 410	41 093 086
Cancellation of shares	(9 000)	9 000	–	–	–	–	–	–
Share issue costs	–	(1 811 902)	(1 811 902)	–	–	(1 811 902)	–	(1 811 902)
Employees' share option scheme:								
Share option expenses	–	–	–	906 040	–	906 040	–	906 040
Total changes	(9 000)	(1 802 902)	(1 811 902)	906 040	39 610 676	38 704 814	1 482 410	40 187 224
Balance at 1 January 2009	24 698	175 466 555	175 491 253	1 572 469	60 640 966	237 704 688	3 819 899	241 524 587
Total comprehensive income for the year	–	–	–	–	24 970 801	24 970 801	743 624	25 714 425
Dividends paid	–	–	–	–	(464 500)	(464 500)	–	(464 500)
Disposal of subsidiary	–	–	–	–	(346 349)	(346 349)	(342 881)	(689 230)
Total changes	–	–	–	–	24 159 952	24 159 952	400 743	24 560 695
Balance at 31 December 2009	24 698	175 466 555	175 491 253	1 572 469	84 800 918	261 864 640	4 220 642	266 085 282
Company								
Balance at 1 January 2008	34 398	184 268 757	184 303 155	666 429	2 722 344	187 691 928	–	187 691 928
Total comprehensive income for the year	–	–	–	–	(554 601)	(554 601)	–	(554 601)
Cancellation of shares	(9 000)	9 000	–	–	–	–	–	–
Share issue costs	–	(1 811 902)	(1 811 902)	–	–	(1 811 902)	–	(1 811 902)
Employees' share option scheme:								
Share option expenses	–	–	–	906 040	–	906 040	–	906 040
Total changes	(9 000)	(1 802 902)	(1 811 902)	906 040	(554 601)	(1 460 463)	–	(1 460 463)
Balance at 1 January 2009	25 398	182 465 855	182 491 253	1 572 469	2 167 743	186 231 465	–	186 231 465
Total comprehensive income for the year	–	–	–	–	(1 304 591)	(1 304 591)	–	(1 304 591)
Cancellation of shares	8 233	(8 233)	–	–	–	–	–	–
Total changes	8 233	(8 233)	–	–	(1 304 591)	(1 304 591)	–	(1 304 591)
Balance at 31 December 2009	33 631	182 457 622	182 491 253	1 572 469	863 152	184 926 874	–	184 926 874

Statement of Cash Flows

for the year ended 31 December 2009

Figures in Rand	Notes	Group 2009	Company 2009	Group 2008	Company 2008
Cash flows from operating activities					
Cash receipts from customers		404 623 516	–	478 345 545	–
Cash paid to suppliers and employees		(341 467 939)	–	(395 899 998)	–
Cash generated from operations	22	63 155 577	(7 627 025)	82 445 547	(10 260 054)
Interest income		3 355 788	9 204 235	3 942 087	9 797 545
Dividends received		32 210	32 210	604 904	604 904
Finance costs		(13 858 974)	(6 070)	(20 747 051)	(1 732)
Tax paid	23	(11 470 247)	(448 027)	(15 130 552)	(286 807)
Net cash from operating activities		41 214 354	1 155 323	51 114 935	(146 144)
Cash flows from investing activities					
Loans advanced to group companies		–	(3 946 587)	–	(23 826 823)
Purchase of property, plant and equipment	3	(94 359 481)	–	(124 927 175)	(79 656)
Sale of property, plant and equipment		45 972 001	–	54 496 494	–
Purchase of other intangible assets	5	(5 844)	–	–	–
Disposal of subsidiaries	24.1	(689 230)	–	–	–
Acquisition of business	24.2	(3 500 000)	–	–	–
Investment purchased	6	(358 753)	–	–	–
Loans advanced		(1 441 247)	–	48 050	–
Net cash applied to investing activities		(54 382 554)	(3 946 587)	(70 382 631)	(23 906 479)
Cash flows from financing activities					
Proceeds on share issue		–	–	(1 811 902)	(1 811 902)
Advances to shareholders		–	(109 917)	1 200 099	1 200 099
(Repayment of)/proceeds from other financial liabilities		(18 831 725)	–	9 586 559	–
Dividends paid	25	(464 500)	–	(157 500)	–
Net cash (applied to)/ from financing activities		(19 296 225)	(109 917)	8 817 256	(611 803)
Total cash movement for the period		(32 464 425)	(2 901 181)	(10 450 440)	(24 664 426)
Cash at beginning of period		12 915 800	2 548 975	23 366 240	27 213 401
Cash at end of period	11	(19 548 625)	(352 206)	12 915 800	2 548 975

Accounting Policies

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the AC500 standards as issued by the Accounting Practices Board and its successor and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with those applied in the previous period, except for the effect of the adoption of the new or revised standards detailed in note 2.

1.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the annual financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the reported revenue and costs and the disclosed contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The group makes estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results or the financial position reported in future periods are described below.

Inventory

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 stock on hand.

Allowance for doubtful debts

The group assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recognised in the income statement, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions were raised and based on the information available to management.

Allowance for slow moving, damaged and obsolete stock.

An allowance is made to write down stock to the lower of cost or net realisable value. Management have made estimates of the selling prices and direct costs to sell relevant inventory items.

Options granted

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 30.

Impairment testing

Management used the value in use method to determine the recoverable amount of goodwill and intangible assets with indefinite useful lives. Additional disclosure of these estimates is included in note 4 and note 5.

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.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. The group recognises liabilities for anticipated tax audit 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 balance sheet date could be impacted.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Leases

Management has classified all lease agreements that the group is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership to the group. Furthermore, as the operating lease in respect of premises are for relatively short periods of time, management has made a judgement that it would not be meaningful to classify the leases into separate components for the land and for the buildings.

Group financial statements

Management has applied its judgement in assessing whether the commercial and economic relationship with related entities is tantamount to control. If control exists, the relationship of control has been recognised in terms of IAS 27 and SIC 12.

1.2 PROPERTY, PLANT AND EQUIPMENT

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 company; 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, or 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.

Day to day expenses incurred on property, plant and equipment are expensed. Major maintenance that meets the recognition criteria is capitalised.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of the items (other than land) to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the group.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and depreciated over their estimated useful lives.

Residual values and useful lives are reviewed at each financial period-end.

Methods of depreciation, useful lives and residual values are reviewed annually. The following methods and useful lives were applied during the year:

Item	Average useful life
Bins and containers	10 to 15 years (straight line)
Furniture, fixtures and office equipment	3 to 9 years (straight line)
IT equipment and software	3 years (straight line)
Leasehold improvements	Term of the lease (straight line)
Mobile offices	10 years (straight line)
Motor vehicles	4 to 5 years (straight line)
Tools and workshop equipment	6 years (straight line)
Treatment plant and weighbridges	
• Weighbridges	4 to 10 years (straight line)
• Treatment plant	10 000 hours (per hour)
Lifting and other equipment	4 to 8 years (straight line)
Composting equipment	4 to 8 years (straight line)
Buildings	50 years (straight line)
Site development costs	Term of contract (straight line)

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

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.

When a decision is made by the directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5, Non-Current assets Held for Sale and Discontinued Operations, are met, then that asset will be presented separately on the face of the balance sheet. The asset will be measured at the lower of its carrying amount and fair value less costs to sell, and depreciation on the asset will cease.

1.3 GOODWILL

Goodwill is initially measured at cost, being the excess of the business combination consideration over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment.

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of a business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 INTANGIBLE ASSETS

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for on these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their estimated useful lives.

The amortisation periods and methods for intangible assets are reviewed at each financial period-end.

Reassessing the useful life of an intangible asset as definite after it had been classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its estimated useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.5 INVESTMENTS IN SUBSIDIARIES

Company financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Group financial statements

On acquisition the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interest of the parent.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.6 INVESTMENT IN JOINT VENTURES

Investments in jointly controlled entities are accounted for using the equity method and are recognised initially at cost.

In respect of its interest in jointly controlled assets, the group recognises in its financial statements:

- Its share of the jointly controlled assets, classified according to the nature of the assets;
- Any liabilities that it has incurred;
- Its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- Any income from the sale or use of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- Any expenses that it has incurred in respect of its interest in the joint venture.

1.7 FINANCIAL INSTRUMENTS

Initial recognition

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 group's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market value if listed, or a value arrived at by using appropriate valuation models if unlisted.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- Other financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- Where a financial asset and financial liability are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process and when the financial asset or financial liability is derecognised or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.7 FINANCIAL INSTRUMENTS (continued)

Derecognition of financial instruments

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The group derecognises financial liabilities when the group's obligations are discharged, cancelled or expire.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indications of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The particular recognition methods adopted are disclosed in the individual policies stated below.

Shareholders' loans

Loans from shareholders are classified as other financial liabilities. Loans to shareholders are classified as other financial assets.

Loans to (from) group companies

These include loans to and from fellow subsidiaries and subsidiaries.

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

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are carried at amortised cost less any impairments. Impairment is determined on a specific basis. Write-downs of assets are expensed in profit or loss.

Trade and other payables

Trade and other payables are classified as financial liabilities and are measured at amortised cost. Financial liabilities are recognised on the balance sheet when the group becomes party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents are measured at fair value.

Long term borrowings

Long term borrowings are classified as financial liabilities and are measured at amortised cost and comprise original debt less principal payments and amortisation.

Available-for-sale financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract, terms of which require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.7 FINANCIAL INSTRUMENTS (continued)

Loans and receivables

At subsequent reporting dates these are measured at amortised cost using the effective interest method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment'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 investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

1.8 TAX

Current tax assets and liabilities

Current tax for 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 (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

Deferred taxation is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences unless specifically exempt and except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

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 (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or expenses 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
- A business combination.

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

Secondary Tax on Companies is accounted for through profit and loss for the period.

1.9 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.

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. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.10 INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity. Natural bark compost is valued according to standard costing principles.

When inventories are sold, the carrying amount of the inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 IMPAIRMENT OF ASSETS

The group assesses at each balance sheet 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.

Irrespective of whether there is any indication of impairment, the group also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount; and
- Tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the 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.

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

An impairment loss is recognised for cash-generating units 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.

An entity 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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.12 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the group reacquires its own equity instruments, those treasury shares are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received is recognised directly in equity.

Shares in the group held by the Share Incentive Trust are classified as treasury shares. The cost of these shares is deducted from equity.

The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation.

1.13 SHARE-BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability is recognised if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

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 vacation leave and sick 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 expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes (or state plans) are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.15 REVENUE

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 measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Contract revenue comprises:

- The initial amount of revenue agreed in the contract; and
- Variations in contract work, claims and incentive payments:
 - to the extent that it is probable that they will result in revenue; and
 - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest method.

Dividends are recognised, in profit or loss, when the group's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs as are specifically chargeable to the customer under the terms of the contract.

Accounting Policies (continued)

for the year ended 31 December 2009

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities are undertaken to prepare the asset for its intended use or sale.

1.18 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 balance sheet date:

- Foreign currency monetary items are translated using the closing rate;
- Non-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 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 equity. 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.

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.

1.19 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The group has a present 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.

Notes to the Financial Statements

for the year ended 31 December 2009

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

The group adopted the following standards and interpretations that are effective for the current financial year for the first time in the 2009 financial statements. The effect of adopting each of the standards and interpretations was not material. The standards and interpretations were effective for the years beginning on or after 1 January 2009.

IAS 1 (AC 101) (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of nonowner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows'.

IFRS 2 (AC 139) Amendment: IFRS 2 – Share Based Payments: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non fulfilment of that condition

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 1 (AC 101) Presentation of Financial Statements

The amendment is to clarify that financial instruments classified as held for trading in accordance with IAS 39 (AC 133) Financial Instruments: Recognition and Measurement are not always required to be presented as current assets/liabilities.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 8 (AC 103) Accounting Policies Changes in Accounting Estimates and Errors

The amendment clarified that Implementation Guidance related to any Standard is only mandatory when it is identified as an integral part of the Standard.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 10 (AC 107) Events after the Reporting Period

The amendment clarified that if dividends are declared (appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial statements are authorised for issue, the dividends may not be recognised as a liability as no obligation existed at the reporting date. Thus clarifying that in such cases a liability cannot be raised even if there is a constructive obligation

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 (AC 123) Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 18 (AC 111) Revenue

With regard to financial service fees, the term 'direct costs' has been replaced with 'transaction costs' as defined in IAS 39 (AC133) Financial Instruments: Recognition and Measurement. This was in order to remove the inconsistency for costs incurred in originating financial assets and liabilities that should be deferred and recognised as an adjustment to the underlying effective interest rate.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 19 (AC 116) Employee Benefits

With regards to curtailments and negative past service costs clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;
- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service.

The definition of 'return on plan assets' has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation.

The term 'fall due' in the definition of 'short term employee benefits' has been replaced with 'due to be settled'.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 23 (AC 114) Borrowing Costs (as revised in 2007)

The description of specific components of borrowing costs has been replaced with a reference to the guidance in IAS 39 (AC 133) Financial Instruments: Recognition and Measurement on effective interest rate.

Notes to the Financial Statements

for the year ended 31 December 2009

2. NEW STANDARDS AND INTERPRETATIONS (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IAS 34 (AC 127) Interim Financial Reporting

The amendment clarifies that the requirement to present information on earnings per share in interim financial reports applies only to entities within the scope of IAS 33 (AC 104) Earnings per Share.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 (AC 128) Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to determine fair value less cost to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

Amendment to IAS 39 (AC 133) and IFRS 7 (AC 144): Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

Amendments to IFRS 7: Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendment requires additional disclosures about fair value measurement, including separating fair value measures into a hierarchy. The amendments also require liquidity risk disclosure to be separated between non-derivative financial liabilities and derivative financial liabilities.

2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The group has chosen not to early adopt any of the new standards and interpretations that have been issued but were not relevant to the current financial year.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AND RELEVANT

The group has chosen not to early adopt the following standards and interpretations which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2010 or for later periods

IFRS 3 (AC 140) (Revised) Business Combinations

IAS 27 (AC132) (Amended) Consolidated and Separate Financial Statements

IAS 7 (AC 118) Statement of Cash flows: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

IAS 28 (AC 110) Investments in Associates: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

IAS 31 (AC 119) Interests in Joint Ventures: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

IAS 12 (AC 102) Income Taxes – consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

2009 Annual Improvements Project: Amendments to IFRS 2 Share-based payment

2009 Annual Improvements Project: Amendments to IFRS 8 Operating Segments

2009 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

2009 Annual Improvements Project: Amendments to IAS 7 Statement of Cash Flows

2009 Annual Improvements Project: Amendments to IAS 17 Leases

2009 Annual Improvements Project: Amendments to IAS 36 Impairment of Assets

2009 Annual Improvements Project: Amendments to IAS 38 Intangible Assets

Amendment to IFRS 2 – Group Cash-settled Share based Payment Transactions

2.4 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

All other standards and interpretations which have been published and are mandatory to the group's accounting periods beginning on or after 1 January 2010 or later periods are not relevant to its operations.

It is unlikely that the standards and interpretations will have a material impact on the group's annual financial statements.

Notes to the Financial Statements

for the year ended 31 December 2009

	Cost	2009 Accumulated depreciation	Carrying value	Cost	2008 Accumulated depreciation	Carrying value
3. PROPERTY, PLANT AND EQUIPMENT						
Group						
Bins and containers	55 750 225	(18 733 368)	37 016 857	38 671 520	(8 301 152)	30 370 368
Furniture, fixtures and office equipment	2 981 311	(1 808 549)	1 172 762	2 790 470	(1 653 995)	1 136 475
IT equipment and software	9 316 690	(7 757 904)	1 558 786	8 857 579	(6 831 503)	2 026 076
Land and buildings	3 372 836	–	3 372 836	3 372 836	–	3 372 836
Leasehold improvements	1 582 772	(940 994)	641 778	2 074 920	(900 043)	1 174 877
Lifting and other equipment	45 863 804	(5 290 034)	40 573 770	75 802 659	(16 037 369)	59 765 290
Mobile offices	1 801 947	(816 329)	985 618	1 455 521	(508 737)	946 784
Motor vehicles	173 879 122	(43 122 754)	130 756 368	170 891 735	(38 089 591)	132 802 144
Treatment plant and weighbridges	60 497 115	(8 955 190)	51 541 925	12 058 890	(3 459 719)	8 599 171
Site development costs	4 329 946	–	4 329 946	4 329 946	–	4 329 946
Tools and workshop equipment	1 226 247	(728 693)	497 554	1 226 246	(488 046)	738 200
Total	360 602 015	(88 153 815)	272 448 200	321 532 322	(76 270 155)	245 262 167

	Cost	2009 Accumulated depreciation	Carrying value	Cost	2008 Accumulated depreciation	Carrying value
Company						
IT equipment	79 656	(36 572)	43 084	79 656	(10 033)	69 623
Total	79 656	(36 572)	43 084	79 656	(10 033)	69 623

Reconciliation of property, plant and equipment – 2009

	Opening Balance	Additions	Additions Through Business Combinations	Disposals	Depreciation	Total
Group						
Bins and containers	30 370 368	16 165 483	912 500	–	(10 431 494)	37 016 857
Furniture, fixtures and office equipment	1 136 475	207 239	–	–	(170 951)	1 172 763
IT equipment and software	2 026 076	636 712	–	–	(1 104 002)	1 558 786
Land and buildings	3 372 836	–	–	–	–	3 372 836
Leasehold improvements	1 174 877	–	–	(492 148)	(40 951)	641 778
Lifting and other equipment	59 765 290	16 581 625	–	(33 866 722)	(1 906 423)	40 573 770
Mobile offices	946 784	346 426	–	–	(307 592)	985 618
Motor vehicles	132 802 144	7 335 763	1 350 000	(4 461 410)	(6 270 129)	130 756 368
Tools and workshop equipment	738 200	–	–	–	(240 647)	497 553
Site development costs	4 329 946	–	–	–	–	4 329 946
Treatment, plant and weighbridges	8 599 171	53 086 233	–	(4 648 008)	(5 495 471)	51 541 925
	245 262 167	94 359 481	2 262 500	(43 468 288)	(25 967 660)	272 448 200

	Opening Balance	Additions	Additions Through Business Combinations	Disposals	Depreciation	Total
Company						
IT equipment	69 623	–	–	–	(26 539)	43 084
	69 623	–	–	–	(26 539)	43 084

Notes to the Financial Statements

for the year ended 31 December 2009

Reconciliation of property, plant and equipment – 2008

	Opening Balance	Additions	Additions Through Business Combinations	Disposals	Depreciation	Total
Group						
Bins and containers	23 157 401	7 771 007	–	(86 648)	(471 392)	30 370 368
Composting equipment	6 001 885	721 093	–	(6 217 912)	(505 066)	–
Furniture, fixtures and office equipment	581 071	1 730 253	–	(841 760)	(333 089)	1 136 475
IT equipment	2 977 280	1 315 158	–	(488 621)	(1 777 741)	2 026 076
Land	3 372 836	–	–	–	–	3 372 836
Leasehold property	1 543 516	241 671	–	(180 922)	(429 388)	1 174 877
Lifting and other equipment	47 442 262	40 865 786	–	(23 654 180)	(4 888 578)	59 765 290
Mobile offices	984 204	65 213	–	–	(102 633)	946 784
Motor vehicles	100 663 116	66 280 078	–	(22 446 983)	(11 694 067)	132 802 144
Tools and workshop equipment	388 825	511 161	–	–	(161 786)	738 200
Site development	–	4 329 946	–	–	–	4 329 946
Treatment, plant and weighbridges	8 453 777	1 095 809	–	–	(950 415)	8 599 171
	195 566 173	124 927 175	–	(53 917 026)	(21 314 155)	245 262 167

Group

	2009	2008
--	------	------

Pledged as security

Carrying value of assets pledged as security (Refer to note 13):

Motor vehicles	110 599 829	131 050 787
Lifting and other equipment	23 715 425	32 019 856
Land and buildings	–	3 372 836
Site development costs	–	1 805 614

Details of properties

Land and buildings comprise of holding 121,
Pomona Estate, Agricultural Holdings, Kempton Park.
Held under title deed T 93963/2005

– Purchase price: 26 July 2005	2 200 000	2 200 000
– Additions since purchase: 2006	1 010 687	1 010 687
2007	162 149	162 149
	3 372 836	3 372 836

Land and buildings were valued on 1 December 2008 at a market value of R9 100 000 by Mills Fitchet an independent expert.
The assumptions underlying the valuation of land and buildings were based on current market conditions.

Notes to the Financial Statements

for the year ended 31 December 2009

	Cost	2009 Accumulated amortisation	Carrying value	Cost	2008 Accumulated amortisation	Carrying value
--	------	-------------------------------------	-------------------	------	-------------------------------------	-------------------

4. GOODWILL

Group

Goodwill	50 520 872	(931 193)	49 589 679	49 263 007	(931 193)	48 331 814
----------	------------	-----------	------------	------------	-----------	------------

Reconciliation of goodwill – 2009

	Opening balance	Additions through business combinations	Total
Goodwill	48 331 814	1 257 865	49 589 679

Significant goodwill arose on the purchase of the subsidiaries Inter-Waste (Proprietary) Limited and Enviro-Fill (Proprietary) Limited on 1 January 2007. Additions in the current year arose on the acquisition of Ace-Waste (Proprietary) Limited.

Impairment reviews of goodwill

Significant goodwill and the cash-generating unit to which it relates are detailed below:

Unit(s) allocated	Carrying amount
Interwaste group revenue stream	35 812 621
Enviro-Fill group revenue stream	11 853 002

The recoverable amounts of goodwill identified above have been determined on the basis of value in use calculations. The value in use calculations use cash flow projections based on 2009 financial year figures, extrapolated at 10% per annum for a further five years. This five year cumulative cash flow was discounted using a weighted average cost of capital of 20,98%. These assumptions are based on historical results adjusted for anticipated future growth and 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. Management believes that any reasonable possible change in any of its key assumptions would not cause the aggregate carrying amounts to exceed aggregate recoverable amounts.

A sensitivity analysis has been undertaken and has revealed that a 1% change in the growth rate of 10% would cause the valuation of goodwill to move by an amount of R3.4 million. A 1% change in the weighted average cost of capital would cause a movement of R4.3 million in the valuation. As the impairment test valuation exceeds the carrying amount by approximately 400%, there is minimal risk of an impairment loss at balance sheet date.

	Cost/ Valuation	2009 Accumulated amortisation	2009 Carrying value	Cost	2008 Accumulated amortisation	2008 Carrying value
--	--------------------	-------------------------------------	---------------------------	------	-------------------------------------	---------------------------

5. INTANGIBLE ASSETS

Group

Permit for operation of treatment plant	185 044	–	185 044	179 200	–	179 200
---	---------	---	---------	---------	---	---------

Reconciliation of intangible assets – 2009

	Opening balance	2009 Additions	Total
Permit for operation of treatment plant	179 200	5 844	185 044

Management has determined that the useful life of the intangible asset is indefinite as the permit has no expiry date and management intend to use the permit and treatment plant for an indefinite period. There is no material difference between the fair value of the intangible asset and book value, and no indication of the asset being impaired.

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

6. INVESTMENT IN JOINT VENTURE

Name of company	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
Group				
Greens Scrap Recycling (Proprietary) Limited	50%	–	1 471 378	–
The carrying amount consists of:				
Investment in joint venture			358 753	–
Share of profits of joint venture			1 112 625	–
			1 471 378	–
The aggregate amounts of the following relate to the interest in the joint venture:				
Non-current assets			3 454 171	–
Current assets			1 448 258	–
Non-current liabilities			782 234	–
Current liabilities			4 009 207	–
Income			9 952 545	–
Expenses			5 615 501	–

	2009	2008
--	------	------

7. INVENTORIES

Group		
Consumables	–	732 104
Finished goods	77 464	–
Fuel	479 570	1 184 995
Raw materials	32 928 236	35 251 499
Work in progress	3 939 382	4 151 314
	37 424 652	41 319 912

Raw materials include unprocessed metal stock and bark compost. The bark compost was quantified by independent expert surveyors, SG Henning Surveyors and Management Consultants. The unprocessed metals were quantified by Turner & Townsend, quantity surveyors. Both Turner & Townsend and SG Henning are in no way connected to the Interwaste Group of companies.

The amount of inventories recognised as an expense during the year amounted to R49 365 890 (2008: R76 285 811)

There are no inventories pledged as security for liabilities owing by the group.

No write down of inventory to net realisable value occurred during the year.

	Group 2009	Company 2009	Group 2008	Company 2008
--	---------------	-----------------	---------------	-----------------

8. LOANS RECEIVABLE

Loan to shareholder

Interwaste Holdings Share Incentive Trust	–	109 917	–	–
The loan is unsecured and interest free with no fixed terms of repayment.				

Loan to joint venture

Greens Scrap Recycling (Proprietary) Limited	1 097 611	–	–	–
The loan is unsecured and interest free with no fixed terms of repayment.				

Other

Remade Holdings (Proprietary) Limited	343 636	–	–	–
The loan is unsecured and interest free with no fixed terms of repayment.				

	1 441 247	109 917	–	–
Current Assets	1 441 247	109 917	–	–
	1 441 247	109 917	–	–

There are no material differences between the fair value of the loan to shareholders and its book value.

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
9. TRADE AND OTHER RECEIVABLES				
Accrued income	225 793	–	6 844	–
Deposits	495 879	–	7 481 824	–
Other receivables	2 599 779	55 318	1 628 588	63 103
Prepayments	1 856 770	–	2 964 721	–
Sundry debtors	291 035	–	594 330	–
Trade receivables	80 046 278	–	70 524 603	704 419
VAT	506 428	200 433	185 819	13 312
	86 021 962	255 751	83 386 729	780 834

Fair value of trade and other receivables

There is no material difference between the fair value of trade and other receivables and their book value.

Trade and other receivables impaired

The amount of the provision was R992 942 (2008: R817 839)

The ageing of these receivables is as follows:

Over four months	992 942	–	817 839	–
------------------	---------	---	---------	---

Reconciliation of provision for impairment of trade and other receivables

Opening balance	817 839	–	708 840	–
Provision for impairment	175 103	–	108 999	–
	992 942	–	817 839	–

The creation and release of the provision for impaired receivables has been included in operating expenses in the income statement.

Interwaste (Proprietary) Limited and Enviro-Fill (Proprietary) Limited have ceded the book value of trade debtors, contract and retention monies as security in favour of Standard Bank Limited for the overdraft facilities of the group.

10. OPERATING LEASE ASSET

Opening balance	189 928	–	189 928	–
Movement during the year	–	–	–	–
	189 928	–	189 928	–

There is no material difference between the market and fair value of the operating lease asset.

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
11. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	866 431	–	169 460	–
Bank balances	3 297 106	–	9 726 779	476 244
Short-term deposits	1 667 623	–	2 117 933	–
Prudential Dividend Investment Fund	–	–	2 072 731	2 072 731
Bank overdraft	(25 379 785)	(352 206)	(1 171 103)	–
	(19 548 625)	(352 206)	12 915 800	2 548 975
Current assets	5 831 160	–	14 086 903	2 548 975
Current liabilities	(25 379 785)	(352 206)	(1 171 103)	–
	(19 548 625)	(352 206)	12 915 800	2 548 975

At 31 December 2009 the overdraft facilities were secured by:

A cession of Momentum Life Policy no 94773671 for R2 255 443

Unlimited cross surety including cession of the loan account by Interwaste Holdings Limited.

Unlimited cross surety including cession of the loan account by Enviro-Fill (Proprietary) Limited

Unlimited cross surety including cession of the loan account by Earth 2 Earth (Proprietary) Limited

Unlimited cross surety including cession of the loan account by Interwaste Cleaning (Proprietary) Limited

Unlimited cross surety including cession of the loan account by Interwaste Properties (Proprietary) Limited

Unlimited cross surety including cession of the loan account by The Metals Recovery Company (Proprietary) Limited

Enviro-Fill (Proprietary) Limited has issued an unlimited suretyship in favour of Standard Bank Limited for Kutu Waste Management Services (Proprietary) Limited.

Interwaste (Proprietary) Limited and Enviro-Fill (Proprietary) Limited have ceded the book value of trade debtors, contract and retention monies as security in favour of Standard Bank Limited.

The directors of Enviro-Fill (Proprietary) Limited have signed unlimited personal suretyship in favour of Standard Bank Limited.

Bank overdrafts are repayable on demand, fluctuate and are considered an integral part of the groups' cash management reserves.

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

12. SHARE CAPITAL

Authorised

500 000 000 ordinary shares of R0,0001 each	50 000	50 000	50 000	50 000
---	--------	--------	--------	--------

Reconciliation of number of shares issued:

Balance brought forward	253 979 551	253 979 551	343 979 551	343 979 551
Share cancellation	–	–	(90 000 000)	(90 000 000)
Allotment	82 331 659	82 331 659	–	–
	336 311 210	336 311 210	253 979 551	253 979 551

163 688 790 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.

Issued

336 311 210 ordinary shares of R0,0001 each	33 631	33 631	25 398	25 398
Share premium	175 458 322	182 457 622	175 466 555	182 465 855
Treasury shares	(700)	–	(700)	–
	175 491 253	182 491 253	175 491 253	182 491 253

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
13. LONG TERM BORROWINGS				
Held at amortised cost				
Instalment sale agreements	101 174 547	–	123 214 837	–
Classified as fair value through profit and loss				
The Wilco Family Trust	3 282 396	–	–	–
Absa Bank Limited	–	–	73 831	–
	104 456 943	–	123 288 668	–

The instalment sale agreements are payable over two to three years at interest rates ranging from prime less 2% to prime, secured by motor vehicles and lifting and other equipment. (refer note 3). Instalment sale agreements are held with ABSA Bank, Nedbank, Daimler Chrysler South Africa and BOE Bank.

Instalment sale agreements arose on the acquisition of property plant and equipment. The short term portion of these liabilities will be repaid from operating cash flows.

Non-current liabilities				
At amortised cost	54 284 591	–	68 495 492	–
Current liabilities				
At amortised cost	50 172 352	–	54 793 176	–
	104 456 943	–	123 288 668	–

There is no material difference between the fair value of other financial liabilities and their book value.
The directors have unlimited borrowing powers.

Reconciliation of minimum instalment sale agreement payments and their present value

Group	Present value	Interest	Future value
Within 1 year	42 885 830	4 075 015	46 960 845
Within 2-5 years	48 048 004	6 165 698	54 213 702
	90 933 834	1 024 713	101 174 547

	Group 2009	Company 2009	Group 2008	Company 2008
--	---------------	-----------------	---------------	-----------------

14. DEFERRED TAX

Deferred tax asset/(liability)				
Accelerated capital allowances	(31 954 345)	–	(25 170 705)	–
Deferred lease	(53 179)	–	(53 179)	–
Other originating temporary differences	1 029 730	50 084	836 910	40 190
STC credit	35 000	–	–	–
Tax losses available for set off against future taxable income	2 181 185	–	1 669 815	–
	(28 761 609)	50 084	(22 717 159)	40 190

Reconciliation of deferred tax asset/(liability)

Opening balance	(22 717 159)	40 190	(17 135 838)	–
Accelerated capital allowances	(6 752 363)	–	(4 151 986)	–
(Decrease) in tax loss available for set-off against future taxable income	511 370	–	(2 343 928)	–
Other (originating)/reversing temporary differences	192 820	9 894	357 494	40 190
STC credit	35 000	–	(33 793)	–
Sale of business	(31 277)	–	–	–
Rate change	–	–	590 892	–
	(28 761 609)	50 084	(22 717 159)	40 190

Non-current asset	2 184 647	50 084	2 506 725	40 190
Non-current liability	(30 946 256)	–	(25 223 884)	–
	(28 761 609)	50 084	(22 717 159)	40 190

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
15. TRADE AND OTHER PAYABLES				
Accrued expenses	4 244 237	–	5 752 742	–
Other payables	1 648 839	688 828	1 826 378	400 703
Trade payables	32 014 853	92 530	36 767 950	72 457
VAT	1 786 344	–	2 621 569	–
	39 694 273	781 358	46 968 639	473 160
Accrued expenses represent miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at the year end. The book value of trade and other payables is considered to be in line with their fair value at balance sheet date.				
16. REVENUE				
Sale of goods	354 846 961	–	322 740 883	–
Rendering of services	52 411 788	–	148 415 260	–
	407 258 749	–	471 156 143	–
17. COST OF SALES				
Sale of goods				
Cost of goods sold	176 529 014	–	76 285 811	–
Rendering of services				
Cost of services	65 096 256	–	221 943 191	–
	241 625 270	–	298 229 002	–
18. OPERATING PROFIT/(LOSS)				
Operating profit for the year is stated after accounting for the following:				
Interest from subsidiaries	–	9 204 235	–	9 134 819
Operating lease charges - Contractual amounts				
Premises	5 555 655	–	4 184 674	–
Motor vehicles	126 471	–	104 025	–
Equipment	60 891	–	89 619	–
	5 743 017	9 204 235	4 378 318	9 134 819
Profit on sale of property, plant and equipment	2 524 080	–	579 465	–
Depreciation on property, plant and equipment	25 967 660	26 539	21 314 155	10 033
Employee costs	71 533 910	7 158 314	52 561 495	5 772 811
Loss/(profit) on exchange differences	296 821	–	(155 557)	–

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
19. INVESTMENT REVENUE				
Dividend revenue				
Unit trusts – local	32 210	32 210	604 904	604 904
Interest revenue				
Subsidiaries	–	9 204 235	–	9 134 819
Fair value adjustment of revenue	2 778 092	–	3 100 819	–
Bank	577 696	–	841 268	662 726
	3 387 998	9 236 447	4 546 991	10 402 449
20. FINANCE COSTS				
Group				
Other financial liabilities	9 574 646	–	8 513 515	–
Bank	1 514 077	6 072	8 737 228	1 732
Fair value adjustment cost of sales	2 770 251	–	3 294 870	–
Late payment of tax	–	–	10 702	–
Other interest paid	–	–	190 736	–
	13 858 974	6 072	20 747 051	1 732
21. TAXATION				
Major components of the tax (expense)/income				
Current				
Local income tax – current period	(4 640 384)	(209 064)	(7 949 563)	(457 351)
	(4 640 384)	(209 064)	(7 949 563)	(457 351)
Deferred				
Temporary difference on tangible assets	(6 752 366)	–	(4 151 986)	–
Tax losses available for set off against future taxable income	511 370	9 894	(2 343 928)	40 190
STC credit	35 000	–	(33 793)	–
Other deferred tax	192 820	–	357 494	–
Rate change	–	–	590 932	–
	(6 013 176)	9 894	(5 581 281)	40 190
	(10 653 560)	(199 170)	(13 530 844)	(417 161)
Reconciliation of the tax expense	%	%	%	%
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	28,00	28,00	28,00	28,00
Capital gains tax	(0,43)	–	(0,13)	–
Disallowable charges	7,85	(46,00)	2,44	(330)
Tax loss used	(0,47)	–	–	–
Exempt income	–	–	(1,11)	–
Temporary differences	(5,66)	–	(4,43)	(1,52)
	(29,29)	(18,00)	24,77	(303,52)

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
22. CASH GENERATED FROM OPERATIONS				
Profit before taxation	36 367 985	(1 105 421)	54 623 930	(137 440)
Adjustments for:				
Depreciation and amortisation	25 967 660	26 539	21 314 155	10 033
Profit on sale of assets	(2 524 080)	–	(579 465)	–
Dividends received	–	(32 212)	(604 904)	(604 904)
Interest received	(3 387 998)	(9 204 235)	(3 942 087)	(9 797 545)
Finance costs	13 858 974	6 072	20 747 051	1 732
Share-based payment expense	–	–	906 040	–
Impairment of investment	–	1 848 951	–	–
Income from joint venture	(1 112 625)	–	–	–
Changes in working capital:				
Inventories	3 895 260	–	(16 757 672)	–
Trade and other receivables	(2 635 233)	525 083	7 189 402	(75 641)
Deposits	–	–	2 311 200	–
Trade and other payables	(7 274 366)	308 198	(2 762 103)	343 711
	63 155 577	(7 627 025)	82 445 547	(10 260 054)
23. TAX PAID				
Current tax for the period recognised in income statement	(10 653 560)	(199 170)	(13 530 844)	(417 161)
Deferred tax adjustment	6 013 176	(9 894)	5 581 281	(40 191)
Sale of business	31 276	–	–	–
Tax (payable) opening balance	2 913 503	(764 644)	(4 267 486)	(594 099)
Tax receivable closing balance	(9 774 642)	525 681	(2 913 503)	764 644
	(11 470 247)	(448 027)	(15 130 552)	(286 807)

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	2009	2008
--	------	------

24. BUSINESS COMBINATIONS

24.1 DISPOSAL OF SUBSIDIARIES

Group

Fair value of assets disposed of – Cyclone Engineering (Proprietary) Limited

Property, plant and equipment	1 255 918	–
Trade and other receivables	887 806	–
Trade and other payables	(251 026)	–
Tax liability	(406 562)	–
Other financial liabilities	(847 807)	–
Cash	979 762	–
Deferred tax liability	(33 063)	–
Loans from shareholders	(951 615)	–
Outside shareholders	(342 881)	–
Total net assets disposed of	290 532	–

Net cash outflow on disposal

Cash disposed of	(979 762)	–
------------------	-----------	---

Net cash disposed of	(689 230)	–
-----------------------------	------------------	----------

On 31 December 2009, the company disposed of 36,9% of Cyclone Engineering (Proprietary) Limited.

24.2 ACQUISITION OF BUSINESSES

Group

Fair value of assets acquired – Ace Waste (Proprietary) Limited

Property, plant and equipment	2 262 500	–
Total net assets acquired	2 262 500	–
Goodwill	1 237 500	–
Cash outflow on acquisition of business	3 500 000	–

On 1 January 2009, the group acquired the operations of Ace Waste (Proprietary) Limited.

The purchase consideration was allocated to property, plant and equipment at fair value, with the remainder allocated to goodwill.

The goodwill relates to trading opportunities and cost synergies.

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	2009	2008
25. DIVIDENDS PAID		
Group		
Dividends	(464 500)	–
	(464 500)	(157 500)
26. RELATED PARTIES		
Group		
Relationships		
Shareholder	The Wilco Family Trust	
Shareholder	Frilma Family Trust	
Shareholder	Tibiyo Ta Mbuyze Trust	
Shareholder	Kusasa Trust	
Shareholder	GL Share Trust	
Shareholder	MB Nicholls	
Shareholder of Enviro-Fill Namibia (Proprietary) Limited	National Property Academy CC	
Shareholder of Enviro-Fill Namibia (Proprietary) Limited	Hamutenya & Kaulinge Investments	
Michael Nicholls shareholder	Ex-Waste (Proprietary) Limited	
Director	EG Dube	
Director	WAH Willcocks	
Director	LC Grobbelaar	
Director	BL Willcocks	
Director	MIG John	
Director	SM Jewaskiewitz	
Director	GR Tipper	
Related party balances		
Loan accounts – Owing (to)/by related parties		
Ex-Waste (Proprietary) Limited	–	(3 560 068)
Directors emoluments	6 125 810	5 212 556

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	2009	2008
--	------	------

26. RELATED PARTIES (continued)

Company

Relationships

Subsidiary	Inter-Waste (Proprietary) Limited
Subsidiary	Enviro-Fill (Proprietary) Limited
Special purpose entity	Interwaste Holdings Share Incentive Trust
Sub-subsidiary	Earth2Earth (Proprietary) Limited
Sub-subsidiary	Interwaste Properties (Proprietary) Limited
Sub-subsidiary	The Metals Recovery Company (Proprietary) Limited
Sub-subsidiary	Interwaste Cleaning (Proprietary) Limited
Sub-subsidiary	Kutu Waste Management Services (Proprietary) Limited
Sub-subsidiary	Platinum Waste Resources (Proprietary) Limited
Sub-subsidiary	Enviro-Fill Namibia (Proprietary) Limited
Sub-subsidiary	Cyclone Engineering (Proprietary) Limited
Sub-subsidiary	Envitech Projects (Proprietary) Limited
Director	EG Dube
Director and Trustee of the N2 Property Trust	WAH Willcocks
Director	LC Grobbelaar
Director and Trustee of the N2 Property Trust	BL Willcocks
Director	GR Tipper
Director	MIG John
Shareholder	MB Nicholls
Shareholder	GL Share Trust
Shareholder	Kusasa Trust
Shareholder	Tibiyo Ta Mbuyze Trust
Shareholder	Frilma Family Trust
Shareholder	The Wilco Family Trust

Related party balances

Loan accounts – Owning (to)/by related parties

Inter-Waste (Proprietary) Limited	79 392 919	62 334 076
Enviro-Fill (Proprietary) Limited	–	13 117 957
Interwaste Holdings Share Incentive Trust	4 946 917	4 837 000
Interwaste Properties (Proprietary) Limited	66 703	61 000
The Wilco Family Trust	3 282 386	–

Related party transactions

Interest received from related parties

Inter-Waste (Proprietary) Limited	(9 584 070)	(7 332 945)
Enviro-Fill (Proprietary) Limited	–	(1 801 875)

Directors Emoluments	6 125 870	5 212 556
-----------------------------	------------------	------------------

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
27. AUDITORS' REMUNERATION				
Fees	1 328 690	51 170	1 258 018	273 239
Consulting	–	–	21 000	256 176
	1 328 690	51 170	1 279 018	529 415

	Salary	Enter- tainment	Motor Vehicle Allowance	Bonus	Total
--	--------	--------------------	----------------------------	-------	-------

28. DIRECTORS' EMOLUMENTS

Group and Company 2009

Executive	Salary				
Alan Willcocks	1 964 406	–	–	68 459	2 032 865
Bronwyn Willcocks	1 193 420	–	–	39 780	1 233 200
Leon Grobbelaar	1 228 384	–	120 000	45 361	1 393 745
Ivan John	1 248 000	–	72 000	44 000	1 364 000
Non-Executive	Fees				
Ethan Dube	48 000	–	–	–	54 000
Gavin Tipper	54 000	–	–	–	48 000
	5 736 210	–	192 000	197 600	6 125 810

The company allocated 600 000 share options through the Interwaste Share Incentive Scheme to Ivan John at an exercise price of 68 cents per share. The vesting dates are as follows:

20% one year after acceptance date, 25% two years after acceptance date, 25% three years after acceptance date and 30% four years after acceptance date

Group and Company 2008

Executive					
Alan Willcocks	1 719 786	1 400	40 000	–	1 761 186
Bronwyn Willcocks	1 068 902	1 400	–	–	1 070 302
Leon Grobbelaar	990 400	–	140 000	–	1 130 400
Ivan John	564 000	–	36 000	72 625	672 625
Neels Venter	373 159	–	73 844	–	447 003
Stanislaus Marthinus Jewaskiewitz	131 040	–	–	–	131 040
	4 847 287	2 800	289 844	72 625	5 212 556

29. COMPARATIVE FIGURES

Comparative figures for Interwaste Holdings Limited and Interwaste Holdings Group are shown for all financial statement elements.

30. SHARE INCENTIVE SCHEME

Information on options granted during the year

In terms of the Interwaste Holdings Share Incentive Scheme, shares are sold to selected employees. The purchase price is equal to the middle market price of the shares on the JSE Limited on the trading day immediately preceding the allocation to the employee. The purchase consideration is funded by a loan from the share incentive trust to the employee. Shares vest in tranches over a period of four years. Employees may not take delivery of the shares until the vesting date and until the portion of the loan relating to the shares taken up has been repaid. Employees are never forced to take delivery of the scheme shares.

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

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

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

	2009	2008
Expected volatility	47%	47%
Risk-free interest rate	8,34 - 9,13	8,58 - 9,15
Expected dividend yield	–	–
Expected employee exit rate	12	12

The expected life of the options is based on historical data and expected future trends and is not necessarily indicative of exercise patterns that may occur. The expected volatility in 2009 and 2008 of 47% reflects the assumption that the historical volatilities of 47% are indicative of future trends.

The fair value of the share options that were granted over the year to 31 December 2009 is R0. (2008: R906 040)

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

30. SHARE INCENTIVE SCHEME (continued)

The following table illustrates the number and weighted average exercise prices of share options held by eligible participants:

	2009 Number of share options	2009 Weighted average exercise price (R)	2008 Number of share options	2008 Weighted average exercise price (R)
At 1 January	5 829 000	1,00	6 325 000	1,00
New allocations	1 100 000	1,00	–	1,00
Redeemed allocations	–	1,00	–	1,00
Forfeited allocations	(905 000)	1,00	(496 000)	1,00
Outstanding at 31 December	6 024 000	1,00	5 829 000	1,00
Average subscription price per share	1,00	1,00	1,00	1,00

The options outstanding at 31 December 2009 become unconditional on the following dates:

	2009 Subscription price (R)	2009 Number of shares	2008 Subscription price (R)	2008 Number of shares
13 June 2008	1,00	769 000	1,00	769 000
13 June 2009	1,00	1 776 250	1,00	1 581 250
13 June 2010	1,00	1 581 250	1,00	1 581 250
13 June 2011	1,00	1 897 500	1,00	1 897 500
		6 024 000		5 829 000

The number of shares that could be utilised for the purpose of the scheme, at 31 December 2009, was 976 000 (2008: 1 171 000)

Should the participant resign from the Group prior to the vesting dates as indicated above, the shares will not be awarded, payment will not be required, and the rights to shares will be forfeited.

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

The Board of Directors has approved strategies for the management of financial risks, which are in line with corporate objectives.

The policies are applied:

- Minimise interest rate, currency and market risk where possible and practical;
- Financial risk management activities are carried out and monitored centrally;
- Financial risk management activities are carried out on a prudent and consistent basis.

The main market risks to which the group is exposed are interest rate risk, credit risk and liquidity risk.

The following table summarises the carrying amount of financial assets and liabilities recorded at 31 December 2009 by IAS 39 category:

	Group 2009	Company 2009	Group 2008	Company 2008
Loans and receivables: Trade and other receivables	85 515 534	55 318	83 200 910	780 834
Loans and receivables: Loans to group companies	–	84 296 620	–	80 350 033
Loans and receivables: Cash and cash equivalents	5 831 160	–	14 086 903	2 548 975
Loans and receivables: Shareholder loans	–	109 917	–	–
	91 346 694	84 461 855	97 287 813	83 679 842
Measured at amortised cost:				
Borrowings and instalment sale agreements	104 456 943	–	123 288 668	–
Other financial liabilities: Trade and other payables	37 907 928	781 358	44 347 070	473 162
Bank overdraft	25 379 785	352 206	1 171 103	–
	167 744 656	1 133 564	168 806 841	473 162

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (continued)

Capital risk management

The group manages capital in a manner that safeguards its ability to continue as a going concern and maintains an optimal capital structure to reduce the cost of capital.

Credit risk

Credit risk arises mainly on cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standings and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluates the credit risk relating to customers on an ongoing basis. Credit guarantee insurance is purchased when deemed appropriate.

The table below shows the credit limit and balance of the five major trade receivables at the balance sheet date.

Debtor	Rating	Credit limit	31 December 2009	31 December 2008
Debtor A	Not done	None	5 572 194	5 791 206
Debtor B	Not done	None	2 074 804	2 401 729
Debtor C	Not done	None	1 766 251	2 074 804
Debtor D	Not done	None	1 577 760	1 934 416
Debtor E	Not done	None	1 395 227	1 903 039
The aging of trade receivables at 31 December 2009 was:				
Less than 30 days			33 090 349	31 604 426
31 – 60 days			22 980 487	19 832 639
61 – 90 days			6 963 292	7 042 611
91 – 180 days			1 477 490	6 688 021
Over 180 days			15 534 660	5 356 906
			80 046 278	70 524 603

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, company management maintains flexibility in funding by maintaining availability under committed credit lines.

The group manages liquidity risk through an ongoing review of future commitments and available credit facilities.

Cash flow forecasts are prepared and borrowing facilities are monitored.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year Group	Company	Between 1 and 2 years Group	Company
At 31 December 2009				
Long term borrowings (current and long term portions)	50 172 352	—	54 284 591	—
Trade and other payables	37 907 928	781 358	—	—
Bank overdraft	25 379 785	352 206	—	—
At 31 December 2008				
Long term borrowings (current and long term portions)	54 793 176	—	68 495 492	—
Trade and other payables	44 347 070	473 160	—	—
Bank overdraft	1 171 103	—	—	—

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	2009	2008
--	------	------

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (continued)

Interest rate risk

Group

The group's exposure to interest rate risk arises on financial assets and liabilities. There are fixed, floating rate and non-interest bearing instruments. At present the group does not hold receivables that are long-term in nature. The following table analyses the breakdown of liabilities by type of interest rate:

	Floating Rate	Floating Rate
Interest bearing		
Other financial (liabilities)/assets	(104 456 943)	(123 288 668)
Cash and cash equivalents	5 831 160	14 086 903
Bank overdraft	(25 379 785)	(1 171 103)
Non interest bearing		
Trade and other receivables	86 515 534	83 200 910
Trade and other payables	37 907 928	44 347 070

Sensitivity analysis

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R446 420 (2008: R397 342).

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R892 840 (2008: R794 684).

The analysis has been performed for floating interest rate financial liabilities. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing their cash flows and therefore in terms of the impact on net expenses.

Company

The following table analyses the breakdown of assets by type of interest rate.

The company's exposure to interest rate risk arises on financial assets and liabilities. There are fixed, floating rate and non-interest bearing instruments. At present the company does not hold receivables that are long term in nature.

	2009	2008
Floating rate	78 997 497	78 062 008
Non-interest bearing	5 202 668	5 617 834
	84 200 165	83 679 842

Sensitivity analysis

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R284 391 (2008: R281 023).

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R568 782 (2008: R562 046).

Foreign currency risk

As the group operates internationally, it is exposed to foreign currency risk as part of its normal industrial and commercial business.

In particular, the group is exposed to USD currency risk due to sales made to the relevant countries.

The group does not hedge foreign exchange exposure.

Financial assets as at 31 December 2009 analysed by currency other than the Rand are as follows:

	2009 Trade and other receivables	2008 Trade and other receivables
USD	103 850	86 565

Sensitivity analysis

A hypothetical 10% increase/decrease in the exchange rate of the Rand against the USD would increase/decrease profits after tax by R51 731 (2008: R82 193).

The company has no exposure to foreign exchange risk.

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Group 2009	Company 2009	Group 2008	Company 2008
--	---------------	-----------------	---------------	-----------------

32. CONTINGENCIES

Tax consequences of undistributed reserves

STC on remaining reserves	7 709 174	78 468	5 512 815	197 067
---------------------------	-----------	--------	-----------	---------

The group has signed an unlimited cross deed of suretyship for Inter-Waste (Proprietary) Limited, Enviro-Fill (Proprietary) Limited, Earth 2 Earth (Proprietary) Limited and The Metals Recovery Company (Proprietary) Limited.

	2009	2008
--	------	------

33. COMMITMENTS

Operating leases - as lessee

Minimum lease payments due

- within one year	5 180 800	1 342 887
- within two to five years	3 898 959	1 930 624
	9 079 759	3 273 511

Operating lease payments represent rentals payable by the group for certain of its office properties.

Leases are negotiated for an average term of one year with an option to renew for a further 5 years.

Group capital commitments - Enviro-Fill (Proprietary) Limited - Property R2,5 million

34. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on earnings of R24 970 801 (2008: R39 610 676) and a weighted average number of shares in issue of 307 205 722 (2008: 272 061 517).

The weighted average number of shares is 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 Interwaste Holdings Share Incentive Scheme purchased 7 000 000 shares on 14 June 2007.

The calculation of fully diluted earnings per ordinary share is based on earnings of R24 970 801 (2008: R39 610 676) and a weighted average number of shares in issue of 307 205 722 (2008: 329 311 207).

35. HEADLINE EARNINGS AND FULLY DILUTED HEADLINE EARNINGS

The headline earnings per ordinary share of 7.54 cents (2008: 14.41 cents) is based on earnings of R23 153 463 (2008: R39 193 461) and a weighted average number of shares in issue of 307 205 722 (2008: 272 061 517).

The weighted average number of shares is 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 Interwaste Holdings Share Incentive Scheme purchased 7 000 000 shares on 14 June 2007.

The fully diluted headline earnings per ordinary share of 7.54 cents (2008: 11.90 cents) is based on earnings of R23 153 463 (2008: R39 193 461) and a weighted average number of shares in issue of 307 205 722 (2008: 329 311 207).

	2009	2008
Reconciliation of headline earnings:		
Attributable profit per the income statement	24 970 801	39 610 676
Adjusted for:		
- Profit on sale of property, plant and equipment	(1 817 338)	(417 215)
Fully diluted headline earnings	23 153 463	39 193 461

The net asset value per share is 77,4 cents (2008: 93,6 cents).

The tangible net asset value per share is 62,6 cents (2008: 74,5 cents).

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	2009	2008
36. SEGMENT REPORT		
Group		
Gross revenue		
Waste management	255 747 833	289 205 526
Compost manufacturing and sales	57 146 300	61 146 107
Landfill management, construction and rehabilitation	94 364 616	120 804 510
	407 258 749	471 156 143
Operating profit before interest and tax		
Waste management	30 329 312	48 116 825
Compost manufacturing and sales	3 469 708	7 534 635
Landfill management, construction and rehabilitation	15 315 314	19 719 521
	49 114 334	75 370 981
Depreciation		
Waste management	17 787 786	15 189 979
Compost manufacturing and sales	2 050 421	1 417 746
Landfill management, construction and rehabilitation	6 129 453	4 706 430
	25 967 660	21 314 155
Investment revenue		
Waste management	3 196 788	4 388 295
Compost manufacturing and sales	28 679	61 712
Landfill management, construction and rehabilitation	162 531	96 984
	3 387 998	4 546 991
Finance costs		
Waste management	12 454 242	8 124 742
Compost manufacturing and sales	641 905	6 367 521
Landfill management, construction and rehabilitation	762 827	6 254 788
	13 858 974	20 747 051
Taxation		
Waste management	8 577 847	8 869 227
Compost manufacturing and sales	786 454	916 216
Landfill management, construction and rehabilitation	1 289 259	3 745 401
	10 653 560	13 530 844
Revenue from other segments		
Waste management	15 412 250	12 426 038
Compost manufacturing and sales	2 576 489	20 082 850
Landfill management, construction and rehabilitation	13 461 685	23 135 507
	31 450 424	55 644 395
Segment assets		
Waste management	344 256 332	333 548 872
Compost manufacturing and sales	9 491 761	706 620
Landfill management, construction and rehabilitation	113 695 183	106 512 671
	467 443 276	440 768 163
Segment liabilities		
Waste management	108 282 275	124 277 367
Compost manufacturing and sales	7 599 001	3 532 391
Landfill management, construction and rehabilitation	85 476 719	71 433 818
	201 357 995	199 243 576
Capital expenditure		
Waste management	95 538 734	89 002 851
Compost manufacturing and sales	-	7 123 275
Landfill management, construction and rehabilitation	1 083 247	28 801 049
	96 621 981	124 927 175

For management purposes the group is organised into three 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.

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

	Beneficial Direct	2009 Beneficial Indirect	Total	Beneficial Direct	2008 Beneficial Indirect	Total
37. DIRECTORS' SHAREHOLDING						
Executive						
Alan Willcocks	78 000	79 100 950	79 178 950	78 000	40 077 234	40 155 234
Bronwyn Willcocks	-	79 100 951	79 100 951	-	46 585 316	46 585 316
Leon Grobbelaar	-	9 290 007	9 290 007	-	7 516 948	7 516 948
Stanislaus Marthinus Jewaskiewitz	-	20 000	20 000	-	260 000	260 000
Ivan John	-	-	-	-	-	-
Non executive						
Ethan Gilbert Dube	-	47 500 000	47 500 000	-	47 500 000	47 500 000
Gavin Tipper	600 000	-	600 000	300 000	-	300 000
	678 000	215 011 908	215 689 908	378 000	141 939 498	142 317 498

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

The company has not been advised of any changes to the above interests between the end of the financial year and the date of this report.

38. 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 Income Statement, was R2 563 482 (2008: R1 532 042).

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

	Group 2009	Group 2008	Company 2009	Company 2008
39. INVESTMENT IN SUBSIDIARIES				
Unlisted shares at cost	-	-	101 830 663	103 679 614
Net amount owing by subsidiaries	-	-	84 296 620	80 350 033
	-	-	186 127 283	184 029 647

An analysis of subsidiaries and loans to group companies is set out in the Schedule of Investments in Subsidiaries and Shareholder Analysis.

Schedule of Investments in Subsidiaries & Shareholder Analysis

for the year ended 31 December 2009 (continued)

	Share capital	% holding 2009	Shares cost 2009	Amounts owing by/(to) subsidiaries	Share of net profit/loss
1. INVESTMENTS IN SUBSIDIARIES					
Direct					
Inter-Waste (Proprietary) Limited	900	100	76 519 277	79 392 919	21 602 076
Enviro-Fill (Proprietary) Limited	100	100	25 311 286	-	276 948
Interwaste Properties (Proprietary) Limited	100	100	100	66 701	(6 518)
Indirect					
Earth2Earth (Proprietary) Limited	100	100	588 137	-	864 469
Interwaste Cleaning (Proprietary) Limited	100	49	49	-	520 235
The Metal Recovery Company (Proprietary) Limited	100	100	100	-	-
Kutu Waste Management Systems (Proprietary) Limited	100	100	1 506 125	-	482 843
Platinum Waste Resources (Proprietary) Limited	100	65	98 520	-	1 360 459
Enviro-Fill Namibia (Proprietary) Limited	100	50	52	-	260 113
Cyclone Engineering Projects (Proprietary) Limited	100	36,95	370	-	-
Envitech Projects (Proprietary) Limited	100	51	100	-	-
			104 024 116	79 459 620	25 360 625

Company	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
Inter-Waste (Proprietary) Limited	100	100	76 519 277	76 809 910
Enviro-Fill (Proprietary) Limited	100	100	25 311 286	26 869 604
Interwaste Properties (Proprietary) Limited	100	100	100	100
			101 830 663	103 679 614

Loans to group companies

Subsidiaries

Inter-Waste (Proprietary) Limited	79 392 919	62 334 076
The loan is unsecured, bears interest at the prime bank lending rate minus 1%, 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 a wholly owned subsidiary of the company.		
Enviro-Fill (Proprietary) Limited	-	13 117 957
The loan is unsecured, bears interest at the prime bank lending rate minus 1%, per annum, and has no fixed terms of repayment.		
Interwaste Share Incentive Trust	4 837 000	4 837 000
The loan is unsecured, interest free 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 a wholly owned subsidiary of the company.		
Interwaste Properties (Proprietary) Limited	66 701	61 000
The loan is unsecured, bears interest at the prime bank lending rate minus 1%, 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 a wholly owned subsidiary of the company.		
	84 296 620	80 350 033

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

Schedule of Investments in Subsidiaries & Shareholder Analysis

for the year ended 31 December 2009

	Number of shareholders	%	Number of shares	%
--	---------------------------	---	---------------------	---

2. SHAREHOLDER ANALYSIS

Holdings

1- 1 000	323	33,65	173 797	0,05
1 001- 10 000	341	35,52	1 596 506	0,47
10 001- 100 000	214	22,28	7 569 468	2,25
100 001-1 000 000	59	6,15	20 384 851	6,06
>1 000 000	23	2,40	306 586 588	91,17
	960	100,00	336 311 210	100,00

	Number of shareholders	%	Number of shares	%
--	---------------------------	---	---------------------	---

Analysis of holdings

Banks	1	0,10	704 353	0,21
Brokers	1	0,10	450	0,00
Close Corporations	12	1,25	119 561	0,04
Endowment funds	2	0,21	7 913	0,00
Individuals	828	86,25	36 206 446	10,77
Insurance companies	1	0,10	9 756 509	2,90
Investment companies	9	0,94	7 165 193	2,13
Medical aid schemes	1	0,10	9 056	0,00
Mutual funds	7	0,73	13 573 964	4,04
Nominees and trusts	52	5,42	188 474 393	56,04
Other corporates	9	0,94	79 089	0,02
Pension funds	6	0,63	305 191	0,09
Private companies	30	3,13	72 909 092	21,68
Share trusts	1	0,10	7 000 000	2,08
	960	100,00	336 311 210	100,00

	Number of shareholders	%	Number of shares	%
--	---------------------------	---	---------------------	---

Public/non-public shareholders

Public	949	98,85	112 341 302	33,40
Non-public	11	1,15	223 969 908	66,60
Directors and associates	10	0,05	216 969 908	64,52
Share Incentive Trust	1	0,10	7 000 000	2,08
	960	100,00	336 311 210	100,00

Beneficial shareholders holding 5% or more.

Other than the directors and their associates there are no shareholders who are beneficially, directly or indirectly, interested in 5% or more of the company's issued share capital.

Shareholder	Number of shares Direct	Number of shares Indirect	%
Willcocks, BL	-	79 100 951	23,52
Willcocks, WAH	78 000	79 100 950	23,54
Dube, EG (Georgia Avenue Investments 32 (Pty) Limited)	-	47 500 000	14,12

Shareholders' Diary

Salient dates

Financial year-end	31 December 2010
Annual General Meeting	29 June 2010

Reports

Interim results for half year to June 2010	September 2010
Abridged annual results announcement for 2010	31 March 2011
Annual Financial Statements for 2010	31 March 2011

Notice to Shareholders

Interwaste Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2006/037223/06)

JSE code: IWE ISIN: ZAE000097903

("the Company")

Notice to shareholders

Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom of the Company, corner of Avocet and Bromhof Roads, Bromhof, Gauteng, South Africa on Tuesday 29 June 2010 at 14:00 to conduct the following business:

1. To receive and adopt the annual financial statements of the group for the financial year ended 31 December 2009, including the directors' report and the report of the auditors therein.
2. To re-elect the following directors:
 - 2.1 GR Tipper
 - 2.2 WAH Willcocks

who, in terms of the Company's articles of association retire by rotation at the annual general meeting, but, being eligible, offer themselves for re-election.

An abbreviated curriculum vitae in respect of each director offering himself for re-election is set out on page 3 of this annual report.

3. To re-appoint RSM Betty & Dickson (Johannesburg) as the independent auditors of the Company and to appoint Mr John Jones, being a member of RSM Betty & Dickson (Johannesburg), as the individual registered auditor who will undertake the audit of the Company, for the ensuing year.
4. To approve the fees of the directors for the year ended 31 December 2009 as contained on page 44 of the annual financial statements.

To consider and, if deemed fit, to pass with or without modification, the following resolutions:

Ordinary resolution

5. "Resolved that all the unissued shares in the capital of the Company be placed under the control of the directors at their discretion until the next annual general meeting of the Company as a general authority in terms of section 221(2) of the Companies Act 61 of 1973, as amended ("the Act"), subject to the provisions of the Act and the Listings Requirements of the JSE Limited."

Ordinary resolution

6. "Resolved that pursuant to the articles of association of the Company and subject to the Act and the Listings Requirements of the JSE, the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue ordinary shares for cash on the following basis:
 - 6.1 that the shares must be of a class already in issue;
 - 6.2 the shares may only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;
 - 6.3 that the shares may not in any one financial year in the aggregate exceed 50% of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with the Listings Requirements of the JSE;
 - 6.4 that the maximum discount at which such shares may be issued or sold, as the case may be, is 10% 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, as the case may be and as agreed between the Company and the party subscribing for the shares;
 - 6.5 that such authorisation be valid only until the next annual general meetings or for 15 months from the date of this resolution, whichever is the earlier date;
 - 6.6 that an announcement giving full details; including the impact on net asset value, net tangible asset value, earnings per share, and headline earnings and, if applicable, diluted earnings and diluted headline earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue."
 - 6.7 that this authority include any options/convertible securities that are convertible into an existing class of equity securities."

Voting

In terms of the Listings Requirements of the JSE, the approval of a 75% majority of the votes cast in favour of this resolution by all shareholders present or represented by proxy (excluding the DA and the controlling shareholders together with their associates) is required to approve this resolution.

Notice to Shareholders (continued)

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 be a shareholder of the Company.

In terms of the Listing Requirements of the JSE, any shares held by the Interwaste Share Incentive Trust will not have their votes taken into account when determining the results of voting in respect of ordinary resolution number 6 set out in this notice.

Certificated shareholders

A Form of Proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the annual general meeting in person. Forms of Proxy must be completed and received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, by no later than 14h00 on Friday, 25 June 2010. Registered certificated shareholders and dematerialised shareholders with own-name registration who complete and lodge Forms of Proxy will nevertheless be entitled to attend and vote in person at the general meeting to the exclusion of their appointed proxy/(ies) should such member wish to do so.

Dematerialised shareholders

Beneficial owners of dematerialised shares who wish to attend the Annual General Meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation. In terms of the relevant custody agreement entered into between the shareholder and his/her CSDP or broker, the shareholder must provide the CSDP or broker with their voting instructions should they not be able to attend the Annual General Meeting in person.

By order of the Board



Allen Stuart de Villiers (BA) LLB
Company Secretary

28 May 2010

Directorate and Administration

DIRECTORS

Executive Directors

WAH Willcocks - Chief Executive Officer

LC Grobbelaar - Chief Operating Officer

MIG John – Group Financial Director

BL Willcocks

Non-executive Chairman

EG Dube

Independent Non-executive Director

GR Tipper

COMPANY SECRETARY

AS de Villiers

Corner of Avocet and Bromhof Roads, Bromhof, 2154

Telephone: (011) 792 9330

Facsimile: (011) 792 8998

REGISTERED OFFICE

Corner of Avocet and Bromhof Roads, Bromhof, 2154

PO Box 73503, Fairlands, 2030

COMPANY REGISTRATION NUMBER

2006/037223/06

AUDITORS

RSM Betty & Dickson (Johannesburg)

Corner of Cross & Charmaine Avenue, President Ridge, Randburg

PO Box 1734, Randburg, 2125

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 Biermann Avenue, Rosebank, 2196

Private Bag X41, Saxonwold, 2196

DESIGNATED ADVISER

Vunani Corporate Finance

Vunani House, Athol Ridge Office Park

151 Katherine Street, Sandton, 2196

PO Box 411216, Craighall, 2024

Form of Proxy

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 SHAREHOLDERS HOLDING SHARE CERTIFICATES 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 14:00 ON TUESDAY 29 JUNE 2010.

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)

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, corner of Avocet and Bromhof Roads, Bromhof, Gauteng, South Africa on Tuesday 29 June 2010 at 14:00 and at any adjournment thereof, as follows:

	Number of Interwaste Shares		
	In Favour	Against	Abstain
1. Adoption of annual financial statements			
2. Re-election of directors			
2.1 GR Tipper			
2.2 WAH Willcocks			
3. Re-appointment of independent auditors			
4. Approval of the fees of the directors			
5. To place the unissued share capital under the control of the directors			
6. General Authority to issue shares for cash			

Signed at

on

2010

Member

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

Form of Proxy - Instructions

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, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown 2107, Fax +27 11 688 5238), to reach the Company by no later than 14:00 on Friday 25 June 2010.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders' choice in the space/s provided, with or without deleting the words "the chairman of the 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.
4. Any alterations or corrections to this Form of Proxy have to be initialled by the relevant signatory(ies).
5. Each shareholder is entitled 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.
6. Voting instructions for each of the resolutions must be completed by filling 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.
7. 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.
8. 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.
9. 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.
10. 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 authority 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.
11. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 14:00 on Friday 25 June 2010.
12. 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.
13. 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.

Transfer secretaries' office

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