



Interwaste Holdings Limited

**Reviewed Group interim results for the
six months ended 30 June 2009**

Abridged Income Statement

	Reviewed 6 months June 2009 R'000	Reviewed 6 months June 2008 R'000	Audited 12 months Dec 2008 R'000
Revenue	199 654	238 691	471 156
Cost of sales	(127 408)	(163 555)	(298 229)
Gross profit	72 246	75 136	172 927
Other income	212	863	3 286
Operating expenses	(44 332)	(39 043)	(84 076)
Earnings before interest, tax, depreciation and amortisation	28 126	36 956	92 137
Depreciation and amortisation	(11 214)	(7 411)	(21 314)
Profit before interest and taxation	16 912	29 545	70 823
Net interest paid	(7 526)	(7 403)	(16 200)
Profit before taxation	9 386	22 142	54 623
Taxation	(2 500)	(6 666)	(13 530)
Profit for the period	6 886	15 476	41 093
Profit for the period attributable to:			
- Ordinary shareholders	6 329	14 895	39 611
- Non controlling shareholders	557	581	1 482
	6 886	15 476	41 093
Reconciliation of headline earnings			
Profit attributable to ordinary shareholders	6 329	14 895	39 611
Profit on disposal of property, plant and equipment	(74)	(245)	(417)
Headline earnings attributable to ordinary shareholders	6 255	14 650	39 194
Weighted average number of shares in issue on which earnings per share are based	284 733 846	297 419 110	272 061 517
Basic earnings per share (cents)	2.2	5.0	14.5
Profit on disposal of property, plant and equipment (after tax) (cents)	-	(0.1)	(0.1)
Headline earnings per share (cents)	2.2	4.9	14.4
Weighted average number of shares in issue on which earnings per share are based	284 733 846	297 419 110	272 061 517
Equity instrument	-	39 560 439	57 249 691
Fully diluted weighted average shares in issue	284 733 846	336 979 549	329 311 208
Fully diluted earnings per share (cents)	2.2	4.4	12.0
Fully diluted headline earnings per share (cents)	2.2	4.4	11.9

Statement of Comprehensive Income

	Reviewed 6 months June 2009 R'000	Reviewed 6 months June 2008 R'000	Audited 12 months Dec 2008 R'000
Profit for the Period	6 886	15 476	41 093
Other Comprehensive Income, net of tax	-	-	-
Total Comprehensive Income for the period	6 886	15 476	41 093
Total Comprehensive Income attributable to:			
- Ordinary shareholders	6 329	14 895	39 611
- Non controlling interest	557	581	1 482
	6 886	15 476	41 093

Abridged Statement of Financial Position

	Reviewed 6 months June 2009 R'000	Reviewed 6 months June 2008 R'000	Audited 12 months Dec 2008 R'000
ASSETS			
Non-current assets	293 336	261 606	296 280
Property, plant and equipment	240 137	207 101	245 262
Goodwill	49 569	48 534	48 332
Intangible assets	1 402	1 579	179
Other financial assets	-	1 845	-
Deferred tax	2 228	2 547	2 507
Current assets	143 824	153 368	144 490
Inventories	39 809	35 182	41 320
Tax receivable	1 262	2 938	5 505
Trade and other receivables	96 679	90 158	83 578
Bank and cash	6 074	25 090	14 087
Total assets	437 160	414 974	440 770
EQUITY AND LIABILITIES			
Equity	248 089	216 190	241 525
Issued capital	33	34	25
Share premium	175 459	99 568	175 467
Reserves	1 885	77 744	1 573
Retained earnings	66 340	35 926	60 640
Non controlling interest	4 372	2 918	3 820
Non-current liabilities	71 162	79 891	93 720
Other financial liabilities	44 400	59 002	68 496
Shareholder loan	-	150	-
Deferred taxation	26 762	20 739	25 224
Current liabilities	117 909	118 893	105 525
Loans payable	-	550	-
Shareholders' loans	5 415	-	-
Trade and other payables	49 435	60 821	46 970
Current portion of non-current liabilities	58 311	46 307	54 793
Taxation	-	3 094	2 591
Bank overdraft	4 748	8 121	1 171
Total equity and liabilities	437 160	414 974	440 770
Number of shares in issue at period end	336 311 208	246 979 551	253 979 551
Net asset value per share (cents)	72.5	86.4	93.6
Net tangible asset value per share (cents)	57.3	66.1	74.5

Abridged Statement of Changes in Equity

	Reviewed 6 months June 2009 R'000	Reviewed 6 months June 2008 R'000	Audited 12 months Dec 2008 R'000
Total Comprehensive Income for the period	6 886	15 476	41 093
Share capital	8	-	(9)
Share premium	(8)	(1 202)	9
Treasury shares	-	(76 500)	-
Equity instrument	-	76 500	-
Share issue cost	-	-	(1 812)
Dividends paid	(465)	-	-
Share option expense	143	579	907
Equity at beginning of period	241 525	201 337	201 337
Equity at end of period	248 089	216 190	241 525
Made up as follows:			
Share capital issued	33	34	25
Share premium	175 459	99 568	175 467
Share based reserves	1 885	77 744	1 573
Retained income	66 340	35 926	60 640
Non controlling interests	4 372	2 918	3 820
	248 089	216 190	241 525

Abridged Statement of Cash Flow

	Reviewed 6 months June 2009 R'000	Reviewed 6 months June 2008 R'000	Audited 12 months Dec 2008 R'000
Cash flows from operating activities	11 320	26 090	51 115
Cash flows from investing activities	(7 748)	(24 564)	(70 383)
Cash flows from financing activities	(15 162)	(7 923)	8 817
Net decrease in cash and cash equivalents	(11 590)	(6 397)	(10 451)
Cash and cash equivalents at beginning of period	12 916	23 366	23 367
Cash and cash equivalents at end of period	1 326	16 969	12 916

Abridged Segment Report

	Reviewed 6 months June 2009 R'000	Reviewed 6 months June 2008 R'000	Audited 12 months Dec 2008 R'000
Gross revenue			
Waste management	129 175	123 200	271 958
Metals recovery	15 555	36 546	78 395
Landfill management, construction and rehabilitation	54 924	78 945	120 803
	199 654	238 691	471 156
Profit before interest and taxation			
Waste management	9 426	13 737	34 773
Metals recovery	(547)	8 615	16 331
Landfill management, construction and rehabilitation	8 033	7 193	19 719
	16 912	29 545	70 823
Depreciation			
Waste management	9 716	6 882	15 609
Metals recovery	700	407	999
Landfill management, construction and rehabilitation	798	122	4 706
	11 214	7 411	21 314

Geographical segments are not reported as the company operates mainly in South Africa and its international operations do not meet the IAS 14 thresholds for reportable segments.

Reviewed group interim results for the six months ended 30 June 2009

OVERVIEW

The group started the 2009 trading year with a cautiously optimistic outlook, based on the good results achieved in the second part of 2008 and the imminent promulgation of the Waste Bill, but tempered by the downturn in the economy.

The first quarter yielded good growth with some large clean-up projects concluded. However, the sector suffered a rapid decline in April with the loss of revenue associated with the traditional Easter break being significantly aggravated by the prolonged transport workers strike.

The balance of the second quarter saw suppressed sales, with waste volumes at almost all of our major customers decreasing. The implementation of the National Environmental Management: Waste Act was a welcome event and we believe this will generate additional revenue for the Group in the future.

The year to date results of the group are disappointing, but given the current economic climate were expected.

The waste collection business weathered the economic crisis well in comparison to the group's other divisions and while not recession proof, our strategy to align our business model with responsible waste generators has paid off as there was no compromise on environmental standards from this customer base and revenues were maintained in the most part.

Income in the organics business dropped rapidly with the slow-down in the economy. We did, however, manage to increase our export sales in the first quarter, although this sector has subsequently contracted. This is a traditionally seasonal business and the third quarter has started well.

The metals recycling business was badly affected by the decline in metal demand and prices as a result of the turmoil in international markets. We are seeing signs of a recovery in prices and we have adapted our business model which should result in a positive contribution from the division by year end.

The landfill division's revenues came under pressure as volumes decreased. Encouragingly, we have been successful in the award of tenders for several new sites which will start up during the second half of the year.

Despite the recession, we continued to invest in the business where appropriate. The investment was made carefully with a view to taking advantage of the opportunities arising as a result of the downturn and positioning the group for future growth. The significant increase in the depreciation charge reflects investment in the prior period.

Operating expenses increased as a result of the steps taken to accommodate the group's growth in the second part of 2008. As the downturn impacted our customers and volumes declined, steps were taken to address the cost base but not quickly enough. There has subsequently been decisive action in this regard and cost ratios should improve during the second half of the year.

The group experienced a squeeze on its cash during the period. Many customers delayed payments, suppliers were under pressure and required payments timeously and the group was faced with a fixed cost structure which had grown and a need to invest in certain parts of the business. While there are adequate buffers on cash, considerable attention has been devoted to this area and to the optimisation of cash flows.

FINANCIAL RESULTS

Group revenue decreased by 16,4% to R199,6 million (2008: R238,6 million).

Gross profit decreased by 3,85% to R72,2 million (2008: R75,1million). EBITDA dropped by 23,8% to R28,1 million (2008: R36,9 million).

Rising input costs, particularly landfill costs and fleet expenses, reduced margins during the first part of the period. Steps were taken to manage this during the second quarter.

Headline earnings of R6,3 million were achieved against R14,7 million for the comparative interim period, while profit attributable to ordinary shareholders dropped 58% to R6,3 million (2008: R14,9 million).

Considerable attention is being paid to gearing, working capital levels, the optimal use of capital and cost containment.

Salient Features

- Revenue down 16.4%
- Headline earnings down 57%
- Continued investment in business

PROSPECTS

During the first half of the year the group underwent a restructuring process and implemented a regional management structure in terms of which all of our business interests function as a singular unit. This has, and will continue to, enable us to leverage off the synergies in the different divisions to achieve revenue growth and cost savings. Costs continue to be a major part of our focus. We are engaging our customers and suppliers to ensure we achieve effective cost savings and cash management.

The third quarter has seen an upturn in all divisions. Sales are in line with budget and we are hopeful that, should the upturn continue, the group's year end results will be more in line with expectations.

DIVIDEND

The group will not pay a dividend for the interim period, in the light of current market conditions and the anticipated cash requirements for the business.

Platinum Waste Resources and Enviro-Fill Namibia, both group subsidiaries, paid dividends of R0,47m to non controlling shareholders.

BASIS OF PREPARATION

The interim results have been prepared in accordance with IAS 34 (Interim Financial Reporting). The accounting policies used to prepare these interim financial statements are consistent with those applied in the prior interim period and at previous year-end and are in accordance with International Financial Reporting Standards.

STATEMENT ON GOING CONCERN

The financial statements have been prepared on the going-concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

AUDITORS' REVIEW

The auditors, RSM Betty & Dickson (Johannesburg), have reviewed these interim results. A copy of their unqualified review opinion is available for inspection at the company's registered office.

APPRECIATION

The directors would like to thank our staff for their extended efforts and our clients for their support during the period.

On behalf of the Board
30 September 2009

WAH Willcocks
Managing Director

I John
Financial Director

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

CORPORATE INFORMATION

Non executive directors: EG Dube (Chairperson), G Tipper
Executive directors: WAH Willcocks (MD); I John (FD); LC Grobbelaar; BL Willcocks;
SM Jewaskiewicz (Resigned)
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Designated Adviser: Vunani Corporate Finance

