DOING THE RIGHT THING STARTS...

INTEGRATED REPORT 2015

Interwaste Holdings Limited

...WITH CHANGING THE WAY WE THINK

CONTENTS

WHAT'S INSIDE

> SECTION 1

COMPANY OVERVIEW

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

This integrated annual report describes Interwaste's business, our strategy, the primary risks we face and our approach to managing those risks. It sets out the economic results of what we do and, in the sustainable development report, we describe the environmental and societal aspects of our business. The report also contains comment on the Group's prospects.

Basis of reporting

This report takes account of the provisions of the Companies Act, No 71 of 2008, as amended and the regulations thereto (the "Companies Act"), the Listings Requirements of the JSE Limited ("the Listings Requirements"), King III, the Global Reporting Initiative (GRI) G3 guidelines, and International Financial Reporting Standards ("IFRS"), in regard to the preparation of the annual financial statements.

KPMG audited the financial statements, we were subject to a range of internal and external compliance audits during the year and our BBBEE credentials were externally verified by RVN Empowerment Services in 2015.

Board responsibility

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

Forward looking statements

Any forward looking statements contained in this report are based on the information available to the Company at the time of writing. No representations or warranties, express or implied, are provided in relation to the fairness, accuracy, completeness or reliability of the information, opinions or conclusions in this report.

Interwaste's business

Interwaste is a diversified waste management company listed on the JSE Limited.

Interwaste strives to produce above average returns for shareholders, while taking account of the interests of all stakeholders, in a responsible and entrepreneurially driven manner.

Interwaste specialises in the collection and management of various types of waste streams. We have developed the expertise, and own the necessary equipment, to deal with these wastes.

Key elements of our strategy include:

Growth through the provision of innovative waste management and disposal solutions:

- acquisitive growth where businesses can be acquired which are accretive to the group, on a net, risk adjusted basis;
- the development and active maintenance of long term customer relationships;
- owning or controlling landfill airspace, or alternate disposal mechanisms, and leveraging those to their fullest potential;
- Responsible balance sheet management with a focus on efficient use of capital and driving returns from assets;
- An entrepreneurial approach to opportunities and a preparedness to invest capital behind new ideas.

Overview

Interwaste was established by Alan and Bronwyn Willcocks in 1989, with Alan being the Company's first driver. After considerable growth, Interwaste listed on the Alt-X market of the Johannesburg Securities Exchange in 2007, and transferred its listing to the main board of the Johannesburg Securities Exchange in 2014.

Interwaste's business

Interwaste's business activities, conducted under the Interwaste, Envirowaste and Greens brands, include the collection and disposal of waste, management of the environmental consequences of the waste, landfill management and ownership, the development and implementation of alternatives to landfill disposal, the production of organic compost and related products, metals recovery, where required as part of the service to our clients, water and sewerage treatment and specialised industrial cleaning. Interwaste operates in South Africa and a number of its neighbouring countries.

Business model

As is evident from the above, the Interwaste group comprises a range of businesses, each of which have their own models and generate income in different ways.

Key aspects of our approach to business include:

- People. We strive to attract and retain people who believe in the group, who are committed to outstanding customer service, who are entrepreneurial and have the ability to innovate, and who are ethical. We treat our people with respect, we listen to their opinions and their grievances, and we work hard on establishing and maintaining constructive relationships with all of the unions we deal with;
- Customers. We build long term customer relationships and those relationships are critical to our ability to generate revenue. We work hard to ensure that our customers trust us, that they trust the standards we apply and that they have confidence in our ability to develop effective and economical solutions for their waste;
- Agility. We are an entrepreneurial business in which decisions can be made rapidly. This has enabled us to pursue new business streams, as well as new aspects of existing businesses, and to discontinue parts of the business that perform at sub-par levels over what we consider to be unacceptable periods;
- Capital. We target a responsible capital structure with levels of gearing and liquidity appropriate to the size of the group and the risks it is exposed to.

Waste collection, transportation and disposal

The collection, transportation and subsequent disposal of waste comprises a large part of Interwaste's business. The Group provides advice on waste storage and collection methods and utilises a range of container types and sizes, as well as different collection vehicles, to optimise transportation efficiencies for our customers.

This is a highly competitive industry with relatively low barriers to entry and significant margin pressure. Critical aspects of our success are the scale of our business which enables us to leverage efficiencies, our relationships with customers, access to our own landfills and alternative disposal mechanisms, the detailed reporting we are able to provide on all aspects of waste collection and disposal, and a consistently ethical approach to the disposal of waste.

In the latter part of 2014 we opened a transfer station in Wynberg, Johannesburg. This facilitates the accumulation of waste collected in the various parts of Johannesburg prior to bulking that waste and transporting it to the FG landfill in Olifantsfontein. The concept of the transfer station has taken some time to achieve traction with our customers but is increasingly being used, and an increasing proportion of the anticipated savings and customer benefits are being realised from the facility.

Interwaste specialises in the collection and management of various types of hazardous waste. We have developed the expertise, and own the necessary equipment, to deal with these waste streams

Hazardous waste is generally disposed of at H:H (High Hazard) landfills where the cost of disposal is high. Interwaste has made substantial investments in developing more cost effective and innovative ways of disposing of hazardous waste and through various treatment and reclassification processes has had considerable success in diverting hazardous waste from H:H landfills, while complying with all applicable legislation, thus generating cost savings for our clients. The alternatives to traditional disposal of hazardous waste include detailed analysis of the relatively lower hazardous waste streams with the objective of obtaining regulatory authorisation for disposal of the waste at designated non-H:H landfills capable of accepting such waste, treatment of the waste to reduce the extent to which it is hazardous, or different forms of disposal of the waste, including using the waste as fuel to create thermal energy.

The reduction in the landfill cost of a number of hazardous waste streams that we initially saw in 2014, has continued. To the extent that the lower prices result in market related returns, and not just increased cash flow for the landfill owners, the sustained decrease in disposal costs should impact positively on our customers' businesses. We remain cautious about the economic sustainability of the lower rates, and while we have adjusted our business and our recommended disposal options to take advantage of them, we continue to research alternative disposal mechanisms in anticipation of future rate increases.

The Group is exposed to a variety of risks within the business including the loss of client contracts, an inability to pass operating cost increases on to clients, the loss of key skills related to the management and disposal of hazardous waste, labour unrest and the consequences of any inadvertent breaches of environmental regulations. In addition, there are competitive threats which apply primarily to smaller customers that are price sensitive and relatively less concerned about where and how waste is disposed of, and what audit trail exists in respect of those disposals.

The risks are mitigated through a focus on client relationships and client service, close management and control of all costs, contracts which provide for specified cost increases to be billed to clients, various staff retention mechanisms, considerable investment in our labour force and strict procedures requiring compliance with all applicable legislation and regulations, supported by a strong SHEQ department.

Landfill management

The Group is one of the largest third party landfill managers in South Africa. Interwaste has substantial experience and expertise in this area and is able to ensure that the landfills it manages operate safely and efficiently.

The majority of the South African landfills which are available for third party management are owned by the state, via municipal authorities, and the award of landfill management contracts has become an increasingly politicised area with certain awards based on criteria other than competency to manage the landfills, and other awards made at prices which are insufficient to provide a commercial return on the capital equipment required to properly manage the landfills. The Group has continued to eliminate smaller landfills from its portfolio by not retendering for these landfills and ensures that all landfill tenders are submitted on commercially sensible terms.

During the year Interwaste won a large, multi-year tender to assist a municipality to resolve a significant waste problem it faced, to manage the construction of a landfill, and to manage the landfill. The project has met all of its milestones to date, and both parties have benefitted substantially from the process. We are well positioned to operate contracts of this nature and will respond to other similar tenders should they be issued in future.

In addition to managing third party landfills, Interwaste has constructed the FG landfill which it manages for its own account. This has been a source of exciting growth and we are in the process of licensing further sites for development as landfills. (The licensing of a landfill is a complicated process which generally takes a number of years to complete.)

The licensing of the Klinkerstene landfill near Delmas was completed during the year and we have commenced the construction of the first cell. This cell will accept its first waste in 2016 and with an estimated 100 plus years of airspace, Klinkerstene should be a material part of Interwaste's future.

Where there is demand we also consult on the development of third party landfills. These functions are becoming an increasingly important part of this division's function and have the potential to create significant capital value for the Group.

As a third party landfill manager, Interwaste is exposed to claims should the landfills not be managed in terms of the management contracts, and applicable laws and regulations. This risk is addressed through a strict control regime and regular audits to ensure that required levels of compliance are achieved.

Klinkerstene GLB+ Site

100 years capacity*

(* based on estimated annual volumes)

300 000 tons of waste diverted from **landfill** results in

100 000m³ compost and other **growing products per year**

The business is also exposed to the risk of unprofitable contracts and the loss of contracts for operational and other reasons. Appropriate corrective action is taken on unprofitable contracts and contracts are terminated or run out where returns are not sufficient to justify the risks related to the contracts.

The primary risks arising from landfills managed for the company's own account are environmental liabilities and a failure to generate a commercial return from the investment in the landfill. Landfill staff are properly trained and there is a system of internal control designed to ensure compliance with applicable requirements. Furthermore, management of the landfill is subject to regular compliance audits. These audits are performed by our SHEQ department, by customers and by the regulatory authorities. The returns generated by the landfill managed for the company's own account are regularly reviewed and adjustments are made to operations where necessary.

Compost Manufacturing

Compost Manufacturing is the largest producer of organic growing mediums in Southern Africa. Through Compost Manufacturing the Group diverts over 300 000 tons, per year, of organic material, comprised primarily of waste bark, from landfills. This, together with domestic greens collected at landfill sites and garden waste transfer stations, is used to produce in excess of 100 000 cubic metres a year of export grade compost and other growing products.

The Group has a range of operational controls to ensure that organic growing products are produced to the required standards.

As the division is an important part of a customer service offering, we will continue to operate it with an ongoing focus on profitability. This business is dependent on a supply of raw material, which may not be available in sufficient quantities in future. As we gain clarity on this, a final decision will be made on the future of the business.

Other

In addition to the above, we have a commodities trading division, an effluent recycling division, various recycling activities, and produce refuse derived fuel ("RDF"). By their nature (commodity price driven), the results of these divisions are volatile and less predictable than those generated by the balance of the group.

The income risks are managed through strict control over costs, maximum permitted stock holdings in the case of the commodities trading business, and regular reviews of the viability of each of the operations.

GROUP OPERATING DIVISIONS AND COMPANIES

AS AT 31 DECEMBER 2015

INTERWASTE HOLDINGS LIMITED

- **INTERWASTE (PTY) LTD 100%**
  - EXTENT ROAD PROPERTIES (PTY) LTD 100%
  - GREENS SCRAP RECYCLING (PTY) LTD 100%
  - MOZ ENVIRONMENTAL LIMITADA 99%
  - INTERWASTE SWAZILAND (PTY) LTD 99%
  - PLATINUM WASTE RESOURCES (PTY) LTD 74%
  - INTERWASTE INDUSTRIAL CLEANING (PTY) LTD 50%
  - ENBITEC ENVIRONMENTAL SOLUTIONS (PTY) LTD 50%
  - INTERWASTE CLEANING (PTY) LTD 49%
  - LIMPOPO PLATINUM WASTE (PTY) LTD 70% (DORMANT)
  - EARTH 2 EARTH (PTY) LTD 100% (DORMANT)
  - KAREE INVESTMENTS 67 (PTY) LTD 100% (DORMANT)
  - INTERWASTE ZAMBIA (PTY) LTD 100% (DORMANT)
  - INTERWASTE ENVIRONMENTAL SOLUTIONS (T) (PTY) LTD 99% (DORMANT)
- **INTERWASTE PROPERTIES (PTY) LTD 100% (DORMANT)**
  - MOZ ENVIRONMENTAL LIMITADA 1%
  - INTERWASTE SWAZILAND (PTY) LTD 1%
- **ENVIROWASTE SA (PTY) LTD 100%**

> SECTION 2

LEADERSHIP REVIEW

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER'S REVIEW

Interwaste produced a disappointing result for the year with solid performances by our core operations being dragged down by the impact of low commodity and oil prices on our effluent treatment division, commodities trading division and our Mozambican division.

Revenue grew 14.7% to R957 million, below our target for the year of R1 billion. The ratio of operating expenses to total revenue declined from 31.7% to 30.5%, partly as a result of the decision to purchase rather than lease vehicles as they come up for renewal.

The depreciation charge increased substantially, a consequence of aggressive capital expansion over a number of years. Finance costs increased as a result of higher interest rates and a limited increase in debt levels.

Interwaste's business is highly correlated with the general state of the economy and it is encouraging that our core businesses performed well despite tepid economic growth. As certain of our assets have matured their returns have improved and this, together with the measures taken to control costs in the businesses that are directly exposed to the oil and commodity cycles, will enable the group to continue growing if current economic conditions persist, as seems likely.

Waste management business
12.4%
Revenue growth

Compost manufacturing & sales business
12.5%
Revenue growth

Landfill management business
28.4%
Revenue growth

Segmental review

The waste management business grew revenue by 12.4% however results from operating activities declined by 23.8%. The result included a currency loss of R1.5 million, the impact of a higher proportion of lower margin business and the consequence of lower oil and commodity prices. The Mozambican economy was severely affected by the sustained drop in oil prices and our revenue declined accordingly. We repatriated excess capital and restructured the remaining investment, reduced our cost base, acquired revenue streams that are less dependent on oil/gas exploration spend and anticipate improved results going forward. The effluent treatment and commodities trading businesses were adversely affected by customers in the local oil and commodities industries deferring clean ups and reducing discretionary spend. Margins on commodities declined and our access to tradeable commodities was limited by fewer clean ups. Both of these businesses have relatively low overhead structures, are positive contributors to the group and will provide significant optionality when the volume of clean ups increases.

The compost manufacturing and sales business grew turnover by 12.5% and produced results from operating activities of R5.3 million (2014: loss of R1.2 million). The business is an important part of our overall offering and we have been able to diversify our sources of raw material, thus enabling us to maintain operations at a level which is profitable. As reported previously, the retail side of the business has achieved critical mass and has been a major contributor to the improvement in the overall result.

The landfill management business grew revenue by 28.4% and results from operating activities by 13.5%. The growth in revenue was a function of the sustained volume growth at FG landfill and new landfill management contracts. The division changed its business model over the last two years, eliminating unprofitable management contracts and focussing on larger contracts where our offering attracts a premium, and developing new landfill space. In this regard the Klinkerstene landfill is expected to accept its first waste in April 2016. The landfill will be developed on a cellular basis at a very low cost per cubic metre of airspace and should be strongly cash positive. If fully developed, based on current estimates for the area, Klinkerstene should provide approximately 100 years of airspace.

Initiatives

A number of initiatives on which we reported previously have been progressed.

The Envirowaste business continues to meet expectations and another small Johannesburg based business we acquired has exceeded the warranties contained in the purchase agreement. These operations service an important niche and will continue to trade under separate brands. They are both growing users of the Wynberg transfer station, and are benefitting from the consequent logistical efficiencies. A key factor in the Wynberg transfer station's success will be the extent to which it is used by third parties and we are beginning to see some traction in this area.

The coastal businesses, including the new business in Port Elizabeth, have shown a significant improvement in profitability. The Port Elizabeth operation has won a number of contracts, giving it critical mass, and we are pursuing further opportunities in the area.

Our RDF (refuse derived fuel) plant has been brought into operation and its initial production has been sold. The plant enables us to convert certain waste streams into saleable fuel and enhances our ability to offer a "zero waste to landfill" solution to customers.

We have brought two bailing machines into operation at our Germiston site, enabling us to increase the yields we generate from the recyclables we process, and to better control the recycled products prior to sale.

We continue to work on permitting a number of the landfill sites we have identified. While progress is often slow and the related costs are expensed, not capitalised, we are confident that some of the airspace that will be created through this process will be an invaluable resource in due course.

Our commodities trading and effluent treatment businesses performed solidly. We have built expertise in these areas and have invested strongly in our people; it is therefore gratifying to see the businesses providing the level of returns we had originally envisaged.

> We will carefully target those markets where we have the best capacity to produce meaningful growth, we will control costs tightly and we will look to further leverage the skills base and relationships we have developed.

Prospects

Absent any catalysts for change, which are currently difficult to conceive of, South Africa is likely to remain a challenging place in which to do business. Our economic growth rate is unacceptably low, our infrastructure is creaking in many areas and failing in others, and laws and regulations are applied inconsistently. As the impact of the current rand weakness becomes more pronounced, and the resultant decline in living standards more apparent, we are likely to see higher levels of social unrest and more aggressive wage demands.

Interwaste has grown revenue by 71.3% and results from operating activities by 163.3% over the last three years. While we will continue to target meaningful real revenue growth, our primary objectives for the next year will be to complete a number of the projects currently in progress, to extract value from the investments we have made in recent years and to control costs and manage the margins in our core businesses given the competitive pressures in the market. As a result, barring any unforeseen large opportunities, our level of investment spend should continue to decline.

The overall result for 2015 is below our expectations. There was however, an improvement in the quality of underlying earnings and we are encouraged by how solidly the core businesses are performing. The higher margin operations will continue to be managed as an important and relatively low cost source of optionality.

The benefit of lower oil prices has been partly offset by the substantially weaker rand. Given the low growth outlook and the possibility of further rand weakness, the next year is likely to be challenging. Nonetheless, our fundamentals are solid, we have cut costs in the more volatile areas and we should be cash generative.

Alan Willcocks
Chief Executive Officer

Andisiwe Kawa
Chairperson

THE BOARD OF DIRECTORS

ALAN WILLCOCKS
CHIEF EXECUTIVE OFFICER

Alan co-founded Interwaste with Bronwyn in 1989. Over the past 27 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.
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ANDISIWE KAWA
INDEPENDENT NON-EXECUTIVE CHAIRPERSON

Andisiwe has over 22 years corporate experience both internationally and in South Africa in strategy transformation and finance. She has worked in the services, banking and mining sectors. She currently serves on various boards as a non-executive director. Andisiwe holds an MBA from Wharton Business School, an MA from Columbia University and a BSc from the University of Transkei.

ANDRÉ BROODRYK
GROUP FINANCIAL DIRECTOR

André is a Chartered Accountant. He has extensive experience in the South African financial services industry having worked as a financial director and in the operational departments of companies operating in the investment treasury and banking industries. He has been with Interwaste for 6 years and has developed a detailed knowledge of the waste industry.

LEON GROBBELAAR
LANDFILL DIRECTOR

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

GAVIN TIPPER
NON-EXECUTIVE DIRECTOR

Gavin is a Chartered Accountant with BComm. and BAcc. degrees and a Masters in Business Administration. He has been involved in the financial services sector for 26 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.

BRONWYN WILLCOCKS
NON-EXECUTIVE DIRECTOR

Bronwyn (a co-founder of Interwaste), currently serves as a non-executive director of Interwaste Holdings. She has extensive hands on experience in the waste management industry attained over 27 years of service at Interwaste. On a daily basis, she involves herself in property investment and supports fledgling business entrepreneurs.

FUNANI MOJONO
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Funani is a chemical engineer with extensive experience in waste recycling, supply chain management and business improvement. He has held a number of senior positions in manufacturing businesses. Funani is currently the CEO of Imerys South Africa. Funani is the chairman of the Audit committee and the Social and Ethics committee.

LANDIWE JACKIE MAHLANGU
INDEPENDENT
NON-EXECUTIVE DIRECTOR

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

SUSTAINABILITY REPORT

Interwaste recognises that sustainable business practices are essential to an operating environment that will allow all stakeholders to prosper over the long term.

Accordingly, the Group has established a corporate governance framework that provides for the identification and management of matters relevant to its sustainable operations. These matters are managed at appropriate levels in the business and, where necessary, are elevated to the board. Accountability for sustainability matters is emphasised and there is regular reporting on the management of these matters.

The Group approaches its sustainability responsibilities as follows:

Ethics

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

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

Social and Ethics Committee

The Social and Ethics Committee forms an integral part of the Group's corporate governance structure and discharges its statutory functions within the ambit of formal terms of reference established in terms of the Companies Act, and approved by the board.

The Committee met twice during 2015, with the emphasis of these meetings on:

- Transformation;
- Employment Equity;
- Skills Development; and
- Health and safety of employees, and third parties affected by the Group's operations.

The Committee has four members, one of whom is an independent non-executive director of the Company, and who chairs the Committee. The remainder of the members of the Committee are executive directors and/or prescribed officers. The Company Secretary acts as secretary to the Committee. The Chairman of the Committee reports formally to the board of the Company after each meeting on all matters within the Committee's duties and responsibilities. The Committee is authorised by the board to seek any information it requires from any Group employee in the performance of its duties. The Chairman of the Committee is mandated to report back to shareholders at the Company's annual general meeting.

Further details of the composition and meetings of the Committee, are set out in the corporate governance report from page 33.

Interwaste has an established and comprehensive code of ethics that applies to all directors and employees and requires high standards of ethical behaviour. The code is communicated to all new employees and is available on the Company intranet.

Stakeholder Engagement

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

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

Stakeholder type	Nature of engagement
Shareholders and media	• Annual general meeting at which shareholders have an opportunity to vote on material resolutions, including the appointment of directors, the remuneration of non-executive directors and the Company's remuneration framework. • Distribution of a broad range of information via the website. • Sens announcements. • Integrated annual report. • Interviews and media briefings. • Ad hoc meetings with investors. • Email notifications.
Customers	• Daily personal and telephonic contact. • Meetings. • Marketing documents and functions. • Website.
Employees and employee representative bodies (including unions)	• Intranet. • Presentations and written communications, including newsletters. • Performance appraisals. • General staff meetings. • Union representative forums. • Industry sector and education training authorities. • Ad hoc events.
Suppliers	• Visits and meetings. • Management and procurement staff interactions. • Correspondence.
Communities and non-profit organisations	• Corporate social investment programmes. • Workplace learning and development programmes for unemployed learners. • Ad hoc engagements in surrounding communities.
Business associations	• Participation in, and / or, membership of relevant industry associations.
Government and regulators	• Contact with industry regulators through industry associations. • Meetings relating to customer waste streams and the efficient disposal thereof.

Accreditation

Interwaste benchmarks its systems, procedures and operations against objectively determined, generally accepted criteria. The standards accredited by independent organisations (including the SABS and the Chemical and Allied Industries Association) are used as the basis for this and systems, procedures and operations are improved where appropriate.

- **ISO 14001 (an international environmental management standard)**
  Interwaste received ISO 14001 accreditation in 2002 and was the first waste management company in South Africa to receive the accreditation in respect of its operational disciplines. The company is audited by an external verification agency on an annual basis and has maintained the accreditation across all operations since it was first awarded.
- **ISO 18001 (an international health and safety standard)**
  Interwaste received ISO 18001 accreditation for operations at the FG landfill facility. The audit and accreditation was achieved during the 2015 financial year and ongoing monitoring will be conducted by T.U.V - an international accreditation agency. The FG site is one of the largest landfill sites in South Africa and implementation of the standard is a key initiative which the company plans to extend to various other facilities and operations.
- **Responsible Care**
  Responsible Care is a global initiative that allows industries to demonstrate improvements in safety over an extended period of time, thereby gaining the trust of stakeholders. As a signatory to the Responsible Care standard, Interwaste implements systems that result in ongoing improvements in employee health and safety, and progress in minimising the impact of its operations on the environment and surrounding communities. The results of which are clearly demonstrated in the consistent reduction of incidents, accidents and improved environmental performance.
- **Safety Quality Assessment Series**
  Interwaste is audited and accredited in accordance with the Safety Quality Assessment Series ("SQAS") standard.

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

Interwaste is accredited by the LG Seta as a Waste Management Training Provider, from NQF Level 1 to 4.

Environment

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

Interwaste successfully underwent a South African Bureau of Standards (SABS) audit during the period under review, which resulted in the retention of its ISO 14001 (an international environmental standard) certification.

Management review the Environmental Management System at least annually in order to ensure, inter alia, its continued suitability, adequacy and effectiveness.

Interwaste's operations are governed by an environmental policy that includes a commitment to continual improvement and that requires the Group to carry out all its activities, and to provide its products and services in a responsible manner that minimises any potentially adverse effects on the environment, and the health and safety of its employees, and which takes account of the interests of affected parties.

Additionally Interwaste has embarked on the implementation of an Integrated Management System incorporating ISO9001, 14001 and 18001 standards, for implementation during the course of 2016.

Customers

An important part of the Group's EMS is the identification and reduction of the negative impacts that its operations have on the environment. A consequence of the progress the Group has made in this area is that we are able to help our customers to reduce the impact of their business on the environment, and affected communities, by offering an Integrated Waste Management solution. The solutions offered are in line with current legislation and where possible are aligned with international best practice.

Compliance function

Interwaste operates in a highly regulated environment, and the Group's compliance function is a critical resource ensuring the implementation of necessary assurance processes and procedures and providing updated information on applicable legislation. Compliance monitoring and advice is provided by the Group's SHEQ Department and the Environmental Compliance and Authorisations Department. Training is provided both internally and by external service providers, on an ongoing basis.

The Group's SHEQ department conducts numerous compliance audits on various aspects of Interwaste's operations each year. The Group's operations are also audited by third parties (including the SABS, T.U.V, National Government Departments, Local Government Departments and customers) on a regular basis.

Interwaste has been successful in improving its compliance results over an extended period and will continue to strive for improvements. In certain cases we have incurred significant costs, including construction costs, to ensure that we are fully compliant with all requirements.

Where issues of non-compliance are identified, the extent of the issues are determined and all affected parties, including the applicable regulators, are notified. The Group then works with the affected parties to mitigate any impacts of the non-compliance and to implement, where possible, controls to prevent any recurrence of the breach.

Employee Well-being

Interwaste's employees are our most important asset and their safety and well-being are of paramount importance to us. A healthy and safe workplace enhances employee morale and productivity and is essential to effective operations, particularly in some of the difficult environments the Company faces.

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

The internal SHEQ department focuses on instilling a strong culture of health and safety at all levels and safety policies are strictly applied. The SHEQ department reviews the safety related incidents that are referred to the applicable workplace committees and these are elevated to management where necessary. The Social and Ethics Committee and / or the Board also receive reports on incidents, where appropriate.

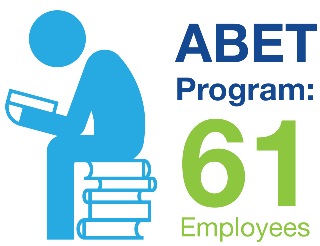
> Interwaste's employees are our most important asset and their safety and well-being are of paramount importance to us. A healthy and safe workplace enhances employee morale and productivity and is essential to effective operations, particularly in some of the difficult environments the Company faces.

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

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

Training Initiatives

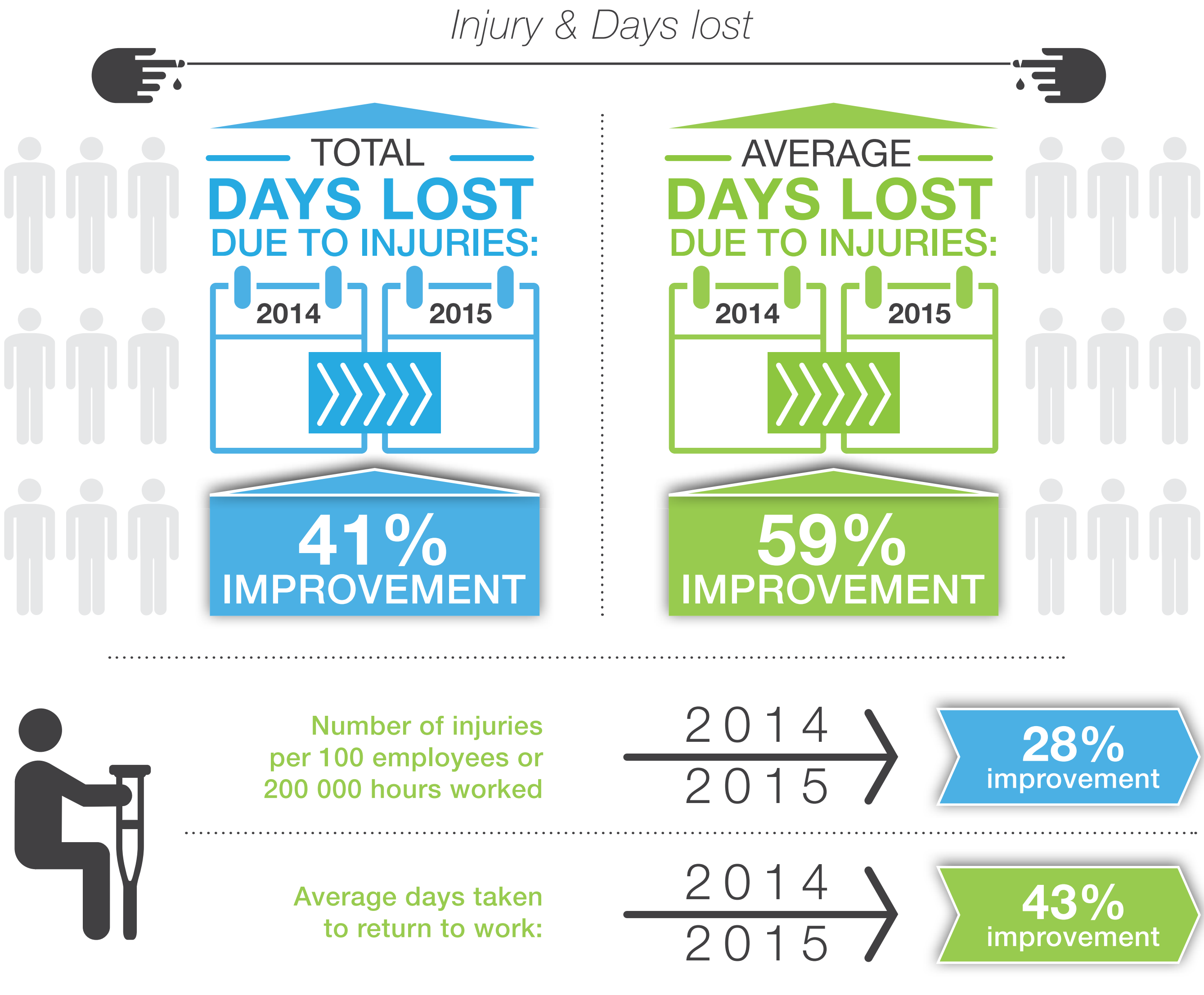
Interwaste recognises the chronic skills gap in South Africa and has embarked on a variety of training initiatives to address this issue, to the extent it applies to our employees.



We have a successful training and learnership programme for employees. In 2015 Interwaste continued offering learnerships, which contribute to a skilled workforce and an empowered staff complement.

For the fifth year in succession we continued the Adult Training and Education Programme, "ABET", and each year we increase the number of learners and extend the geographical areas in which employees are trained. We work with accredited providers to ensure that the employees we train acquire communication, literacy and life skills that prepare them for further skills programmes.

Training is an important part of our transformation process and our Learnership and Training Programmes are designed accordingly.



Broad Based Black Economic Empowerment

Interwaste recognises and supports the Broad Based Black Economic Empowerment Act and its associated Codes of Good Practice. The Company is committed to a process of transformation and progress in this area is measured with reference to the generic broad based black empowerment ("BBBEE") scorecard, and is verified annually by an external agency. Management and the Social and Ethics Committee actively co-ordinate the Company's efforts and ensure that meaningful progress is made.

The new BBBEE codes have been published and have negatively impacted on our BBBEE rating. The rating has been revised and has reduced from level 3 to level 4. Interwaste continues to pursue improvements in this area, and is addressing elements of the scoring which can be improved in line with the current requirements. Interwaste is committed to ongoing improvement in this area and is taking steps to minimise the impact of the new codes on our rating.

Enterprise Development

Mangena Recycling and Cleaning Services is a 100% black-owned company made possible by Interwaste and contributed to by Airports Company South Africa (ACSA), which aims to develop job opportunities and entrepreneurial skills in the recycling field.

In June 2014, Interwaste set up this business (including a recycling plant and equipment) for the community members of the neighbouring rural township – Dukathole - designed to educate those involved around environmental awareness. All revenues generated from this business are allocated to Mangena.

- As part of this initiative 81 employees were trained in: machine operations, health and safety, fire marshalling, first aid and the identification of varying waste streams.

Corporate Social Investment

A widely accepted benchmark for Corporate Social Investment (CSI) spend is 1% of net profit after tax. The Group has invested more than this in each of the past two years. Interwaste strives to make a positive impact on the communities in which it operates and our CSI initiatives are focused on those communities.

In 2011 we launched the eco-friendly initiative - Tops & Tags - using our business model in innovative ways to give back to the community/s in which we operate. The initiative is run through corporates, schools and communities who encourage learners and employees to bring plastic bread tags and bottle tops from home. The more tops and tags collected, the closer the entity gets towards their goal of earning a wheelchair, which can then be donated to a registered recipient of their choice. This has gone a long way in developing a generation of children who are aware of environmental and social issues.

The project has, to date, achieved the following in 2015:

- 39 153 kg's of tops collected
- 1 593 kg's of tags collected
- 263 Wheelchairs donated

Waste Beneficiation

Interwaste has long recognised the value in waste. Through recycling and waste commodity trading, we have been able to divert waste from landfills and have contributed to the re-utilisation of that waste.

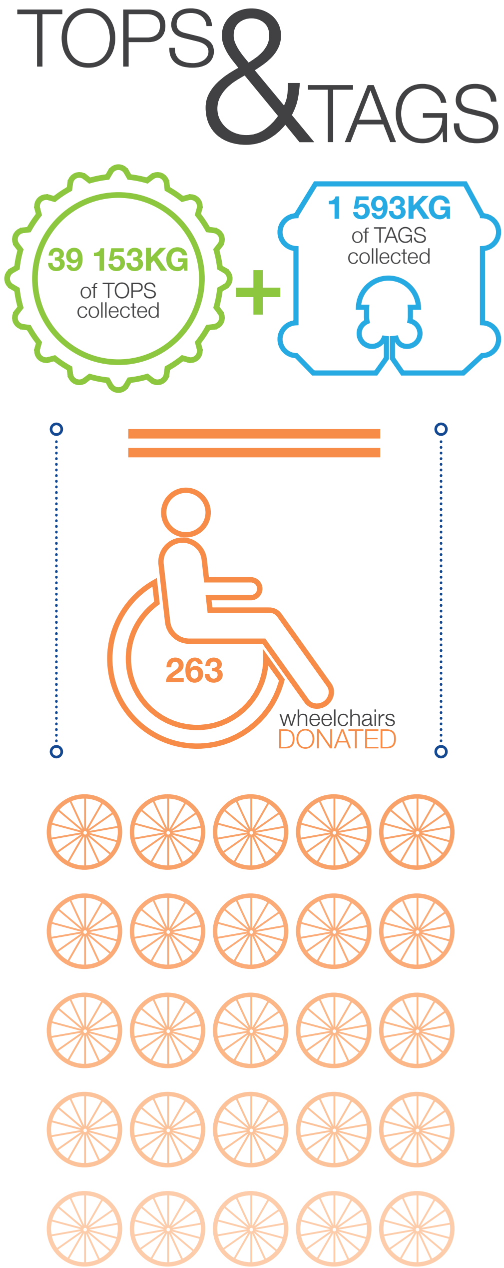
Waste Commodity trading

Interwaste firmly believes that all waste has a potential value and continually investigates alternatives to disposal in order to minimise our environmental footprint and maximise value. A number of our clients produce waste which has a value as a tradable commodity, either as produced, or after further processing. Our commodities trading division is focused on identifying waste which is saleable and then trading it, in partnership with the waste producer where possible, or on a stand-alone basis. The Group currently exports commoditised waste to 5 countries.

On-site services

As part of the provision of a holistic Integrated Waste Management solution Interwaste offers an "On-Site" waste management service. In rendering this service the Group assumes on site responsibility for a customer's entire waste stream and, as part of the service, waste is sorted on site into that which can be recovered and that which must be finally disposed of. This generally results in a reduction of disposal costs through diversion of recyclable material away from landfills and, in certain cases, revenue is generated through the sale of the recyclables. In addition to recyclables, where possible, tradeable materials are identified and sold.

The "On-Site" service also includes significant levels of customer reporting.



Organics production

Interwaste's Compost Manufacturing organics division is the largest producer of organic growing material in Southern Africa, diverting over three hundred thousand tons of organic material (primarily waste bark discarded by the timber industry) from landfills each year. This, together with domestic greens collected at landfill sites and garden-waste transfer stations, goes to produce a hundred thousand cubic metres per year of export-grade compost and growing material, from a production centre in Mpumalanga.

Diversion of Waste from Landfill

Interwaste is at the forefront of leading the technological innovation in the local waste management sector.

Through this innovation, over the 2014/2015 reporting period, we diverted a total of 65 937 tons of waste from landfill compared to the previous year's 26 973 tons. This marks a 144% year-on-year increase in landfill diversion.

Waste derived fuels (WDF) – Blending platform

The Interwaste partnership with Lafarge – the blending platform - entails deriving energy from waste, a relatively low cost, but environmentally sound solution for managing combustible waste products locally.

Through the same partnership, Interwaste pharmaceuticals offers the safe disposal of pharmaceutical waste. This has shown a 748% increase in the diversion of hazardous waste from landfill.

748% increase in the diversion of hazardous waste from landfill

144% increase year-on-year in landfill diversion

Refuse derived fuel (RDF) – New plant

In 2015 we launched the country's first ever RDF plant. Using waste materials from industry and households and sorted municipal solid waste, including: paper, cardboard, wood textiles and plastics, fuel is produced with high calorific value. This RDF can replace conventional fuels (e.g. coal) in production plants for power generation, steam generation and heat generation.

Municipal & Industry Waste:

Interwaste holds a number of municipal contracts and supports the collection and disposal of waste from communities including Cape Town, George, Mossel Bay, Nelspruit, Hazyview, and Gauteng. To ensure all this waste does not end up in a landfill, we have been strategic in sourcing alternative methods of disposal, of which recycling is a key aspect.

Effluent treatment

The treatment of waste water to the required standards - as set out by national environmental agencies – is critical in conserving water resources and turning waste water into a usable resource. Effluent treatment can result in the redistribution of water into the environment for irrigation and dust suppression, as well as to replenish rivers and catchments in our water infrastructure networks. The technology is sufficiently advanced today that effluent can be treated to the level potable water for areas where it is in short supply.

Through Interwaste's efforts in 2015, 4 668 tons of waste water was treated and reused compared to 913 tons in 2014.

In 2015 we launched the country's first ever RDF plant. Using waste materials from industry and households, and sorted municipal solid waste - including paper, cardboard, wood textiles and plastics, we produce fuel with high calorific value.

Anaerobic Digestion

Interwaste provides an Anaerobic Digestion (AD) biogas project, situated in Bronkhorstspruit, with qualified waste. This plant provided its first lot of power to the national grid in October 2015.

Interwaste supplied the company with 4 603 tons of waste in 2015.

RECYCLING EFFORTS

Traditional Recycling

30% increase

from 2014 to 2015

Effluent Treatment

411% increase

from 2014 to 2015

New Alternative Methods

2 new services added

to alternatives to landfill:

- Anaerobic Digestion
- Refuse Derived Fuels

Recycling

112% increase

from 2014 to 2015 in recycling and alternatives to landfill

INTEGRATED WASTE MANAGEMENT

With over 26 years of experience in waste management, Interwaste has successfully integrated its people, facilities and infrastructure into a cohesive force able to provide holistic waste management solutions based on cost effective and environmentally sound systems and practices.

This "Integrated Waste Management" offering takes into account the full life-cycle of waste streams, literally from "cradle to grave".

What is Integrated Waste Management?

Integrated Waste Management is an approach to waste management that focuses on holistic management of waste streams with the objectives of minimising waste, growing recycling and disposal efficiencies, and reducing associated health and environmental impacts.

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

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

The following model of Integrated Waste Management sets out the processes involved in the service:

OUR GOALS

The main objectives of Integrated Waste Management are to:

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

The elements of Integrated Waste Management include:

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

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

- Analysing the current situation and legal framework;
- Making projections of future requirements;
- Setting objectives;
- Developing projects and programmes to reach set objectives;
- Developing and implementing an integrated waste management plan;
- Periodically evaluating and reviewing the plan to ensure objectives are being met.

By making use of the Integrated Waste Management Services, our clients effectively outsource their entire waste management function to Interwaste.

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

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

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

Grow shareholder value

We aim to provide a real annual return to shareholders of at least 10%. In the period since listing,the business has been substantially restructured and, as the results presented in this report evidence, is positioned for profitable growth.

Remain at the forefront of technology in the industry

The shortage of landfill space and increasing waste management and disposal regulation mean that reducing and eliminating waste to landfill are ever increasing priorities. Interwaste has consistently applied innovative technologies to achieve alternatives to disposal of waste, thereby reducing disposal volumes and significantly benefitting our clients. Despite recent reductions in H.H. landfill disposal rates, the shortages of landfill space means that this will continue to be an area of considerable emphasis and investment.

Provide innovative, environmentally sensitive waste management solutions to our clients

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

Continue to grow organically and through acquisitions

We have identified industries where we have a competitive advantage and which offer worthwhile opportunities. Strong growth was recorded in certain of these areas in the current year and we expect further profitable growth in the next year. Our geographical growth has continued with the operation in Mozambique showing positive returns, despite decrease in the oil price.

Actively participate in the transfer of skills to the historically disadvantaged

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

Continue our commitment to BBBEE

Interwaste has improved its BBBEE rating from a level 5 to a level 3. This required considerable effort and investment, which will be continued. The new codes will have a negative effect on our rating, work is being performed to limit the impact.

Attract, develop and retain outstanding talent

Our people are critical to our success and we made a number of senior appointments during the current year, all of whom are making significant contributions to the business. We will continue to search for highly talented people we can bring into the business and we have a carefully designed programme for investing in our employees.

EXECUTIVE MANAGEMENT

DAN NKOMO
ENTERPRISE DEVELOPMENT DIRECTOR INTERWASTE PROPRIETARY LIMITED

Dan Nkomo has been with the organisation for 22 years. He has extensive knowledge of waste management, operations and logistics. Dan possesses qualifications in Road Transport Management and Waste Management from Wits and RAU respectively.

RAJASPREE PILLAY
GROUP HUMAN RESOURCE DIRECTOR INTERWASTE PROPRIETARY LIMITED

Rajas Pillay holds the following qualifications: BA; BProc; Advanced Diploma and Masters degree (Labour Law and Employee Relations) and has passed the Attorneys Board Exam. She has more than 19 years experience in HR Strategy; Transformation; Corporate Legal and Employee Relations matters.

JASON MCNEIL
GROUP SALES AND MARKETING DIRECTOR INTERWASTE PROPRIETARY LIMITED

Jason McNeil holds a Post Graduate Diploma in Business Administration (GIBS) and is currently completing a Masters in Business Administration (GIBS). He has spent the last 20 years in the operational management of environmental solutions in South Africa.

MIKE NICHOLLS
DIVISIONAL DIRECTOR – TECHNICAL SERVICES INTERWASTE PROPRIETARY LIMITED

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

HENNIE SCHOEMAN
REGIONAL DIRECTOR

Hennie holds a MBA (GIBS) and has been involved in waste management for the last 20 years. He is passionate about finding the most effective solutions in transporting waste from customer to end destination.

ALLEN DE VILLIERS
GROUP COMPANY SECRETARY

Allen is an attorney with a BA and a LLB degree and a diploma in Tax Practice. Allen has over 16 years experience in the practice of law with experience in the fields of litigation, commercial law and corporate governance. Allen is also head of Interwaste (Pty) Ltd's Safety, Health, Environment and Quality Department.

GRAEME BAYFORD
REGIONAL DIRECTOR

Graeme Bayford has been active within the waste industry for the past 12 years and holds a National Diploma within the Environmental Sciences.

DAVID JOHNS
REGIONAL DIRECTOR

David is an experienced Metallurgical Engineer and holds a Masters in Industrial Engineering. He has ten years experience in the mining sector and eight years in the waste management and environmental services sector in an operational, technical and business development capacity. David is passionate about people and about providing sustainable and efficient environmental solutions to clients.

> SECTION 3

RISK & GOVERNANCE

CORPORATE GOVERNANCE REPORT

INTERWASTE HOLDINGS LIMITED ("THE COMPANY") IS A PUBLIC COMPANY LISTED ON THE JSE LIMITED.

The Board recognises its responsibility for ensuring that the Company is governed in an ethical, prudent and sustainable manner, in accordance with the provisions of the Companies Act, the JSE Listings Requirements ("the Listings Requirements") and the King Report on Governance for South Africa, 2009 ("King III").

The board of directors ("the Board") of the Company is committed to ensuring that operations are conducted in a responsible manner and with due regard for sustainable environmental, social and economic practices. Management aim to create a culture of good governance across all operations and breaches of operating policies are addressed promptly.

External assurance on matters recommended by King III has not been obtained with respect to this Integrated Report as the cost is likely to exceed the benefit of the assurance. The need for future external assurance will be evaluated annually.

Statement of compliance

The Board is of the view that the Company has complied in all material respects with the provisions of King III, unless otherwise stated in this section of the report or in the detailed King III disclosures set out on pages 37 to 43 of this integrated report, and has complied with the provisions of the Listings Requirements.

Board of directors

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

The Company's Memorandum of Incorporation sets out the general powers of the Board and the directors. The roles and functions of the chairperson and the Chief Executive Officer ("CEO") are formalised in the Company's board charter which is reviewed annually. In order to ensure that conflicts of interest are avoided, Board members are required, at least annually, to provide a general disclosure of their personal financial interests, in terms of section 75 of the Companies Act, and to confirm at each board meeting, that they have no conflicts relating to the matters to be covered at the meeting.

There is a clear division of responsibilities at board level ensuring a balance of power, with functions of chairperson and CEO being separate and independent. No one director is able to exercise unfettered decision making powers.

The board is chaired by Ms A Kawa, an independent non-executive director, who is considered to be free from conflicts of interest. Ms Kawa provides overall leadership and guidance to the Board and sets the ethical tone for the Board. Due to the limited size of the Board, Ms Kawa also serves as a member of the Company's Audit Committee.

The position of CEO is occupied by Alan Willcocks, who is a co-founder of the Company. Alan is responsible for management of the day to day affairs of the Company and for ensuring the achievement of the Company's strategic goals and objectives.

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

The independence of non-executive directors is assessed by the Chair and the Company Secretary, on a regular basis, with reference to non-executive directors' declarations of interest and the applicable provisions of King III. An evaluation of the performance of the directors and the Board as a whole, takes place annually.

The Company secretary, Allen de Villiers, assists the Board in discharging its responsibilities and is a source of guidance on matters of good governance and ethics. The Board believes that the company secretary is suitably qualified and has the requisite knowledge and skills to fulfil his duties and responsibilities, after having evaluated his competence, and having considered his experience and qualifications. The board bases its assessment on the fact that the company secretary has served in this capacity for over 8 years and is an admitted attorney with over 16 years experience. The board confirms that the company secretary maintains an arms length relationship with the board at all times.

The Board meets quarterly and further ad hoc meetings are convened when necessary.

All of the Company's directors may seek independent, professional advice on matters pertaining to the Company, at the Company's expense, and have unrestricted access to management and Company information, documentation and property.

Rotation of directors

In terms of the Company's Memorandum of Incorporation Bronwyn Willcocks and Gavin Tipper retire by rotation at the forthcoming annual general meeting, but being eligible offer themselves for re-election.

Brief curricula vitae of the directors of the Company are provided on pages 14 and 15 of this report.

Board committees

The Board has appointed an Audit & Risk committee, a Remuneration committee, a Nominations committee and a Social & Ethics committee. These committees have formal terms of reference that have been approved by the Board and that reflect, where appropriate, the Company's application of the principles contained in King III and the statutory requirements of the Companies Act.

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

Audit and Risk Committee

The Audit and Risk Committee is chaired by Mr F Mojono, an independent non-executive director, with Ms A Kawa and Mr G Tipper as the other members. Ms Kawa's membership of the Committee is considered appropriate in the context of the size of the Group and the Board, despite her role as chair of the Board.

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

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

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

KPMG incorporated was re-appointed as the Company's external auditor by shareholders at the Company's last annual general meeting. On the recommendation of the Audit Committee, the Board has resolved that the external auditor shall not:

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

In accordance with the requirements of the Companies Act, all non-audit services provided by the external auditor were pre-approved by the Audit Committee.

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

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

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

The report of the Audit Committee is set out on page 52 of this report.

Remuneration Committee

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

The Committee ensures that the Group's executives and managers are remunerated in a manner that is competitive and appropriate to their individual contributions, and ensures that there is an effective remuneration and reward framework so that all employees are fairly paid and retention levels are as targeted.

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

Nominations Committee

The Company's Nominations committee is chaired by Ms A Kawa, an independent non-executive director, and Mr G Tipper, a non-executive director, as the other member. The Committee provides input to the board on senior executive appointments, on appointments of non executive directors and on succession matters.

Social and Ethics Committee

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

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

Meeting attendance

The board met four times, the Audit committee met twice, and the Social and Ethics committee met twice during the year under review. Details of the directors' attendance at the meetings are:

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

Board Charter and Policies

The board functions within a framework provided by, inter alia, its charter and the following group policies:

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

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

Dealings in shares

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

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

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

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 57 to 112 of this Integrated Annual Report.

King III

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

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

The Group's compliance with the requirements of King III is summarised below.

Principle	**Description of compliance**
Chapter 1: Ethical Leadership and Corporate Citizenship	
1.1 The board should provide effective leadership based on an ethical foundation	The Board sets the ethical tone for the business and has ultimate responsibility for the group code of ethics. The Board approves the strategic direction of the group, monitors the implementation thereof and requires adjustments where necessary.
1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen.	Emphasis is placed on complying with all applicable legislation and regulations, and recognising the role the group plays in the environment in which it operates, and the need to contribute positively to that environment. The Board is responsible for the economic, environmental and social performance and reporting of the company.
1.3 The board should ensure that the company's ethics are managed effectively	The Company has a code of ethics which is communicated internally and externally. The Social and Ethics Committee reports to the Board on ethical matters. The relevance of the code of ethics and the effectiveness of its implementation are reviewed on a regular basis.
Chapter 2: Board and Directors	
2.1 The board should act as the focal point for and custodian of corporate governance.	The Board operates in terms of the Memorandum of Incorporation and the board charter. It is responsible for ensuring that sound corporate governance principles are applied throughout the business, that business is conducted on an ethical basis in line with the group's ethical values, and that the interests of all stakeholders are appropriately taken into account.
2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board works with management in determining the strategic direction of the group and monitors the implementation of strategy. In setting strategy it adopts a risk based approach recognising the need to ensure sustainability.
2.3 The board should provide effective leadership based on an ethical foundation.	Refer 1.1 above.
2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer 1.2 above.
2.5 The board should ensure that the company's ethics are managed effectively.	Refer 1.3 above.

King III (continued)

Principle	**Description of compliance**
Chapter 2: Board and Directors (continued)	
2.6 The board should ensure that the company has an effective and independent audit committee.	The membership of the Committee is considered appropriate in the context of the sizes of the Group and the Board. The committee operates in terms of a charter approved by the Board and its effectiveness is informally reviewed on an annual basis.
2.7 The board should be responsible for the governance of risk.	In approving the strategic direction of the Group and monitoring the implementation of strategy, the Board takes account of the risks faced by the Group. The financial aspects of the risk management system are monitored by the Audit Committee, which reports to the Board on that process, and the non-financial aspects are monitored by the Board through the executive.
2.8 The board should be responsible for information technology ("IT") governance.	The Board monitors IT governance through the audit committee and executive management.
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Group operates in a highly regulated environment and has a substantial compliance function designed to ensure adherence to applicable laws and regulations. In addition, it is subject to regular external compliance audits. Consideration is regularly given to non-binding rules, codes and standards and to the need for and value of compliance with those.
2.10 The board should ensure that there is an effective risk-based internal audit function.	As a result of the relatively small size of the Group and the high level of hands on management by the executive, the Group does not have an internal audit function. Where appropriate, specific internal audit assignments are performed by an external service provider.
2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation.	The Company engages with its various stakeholders as appropriate. The extent and nature of the engagements vary based on the interests of the different stakeholders.
2.12 The board should ensure the integrity of the company's integrated report.	The Audit Committee oversees integrated reporting and is responsible for reporting to the Board on the financial aspects of the integrated report and the integrity thereof. The non-financial aspects of the report are considered by the board directly.
2.13 The board should report on the effectiveness of the company's system of internal controls.	The Audit Committee monitors the financial controls and reports to the Board on the results thereof. The Board reviews the effectiveness of the non-financial controls through executive management and ad hoc internal audit engagements. The integrated report includes reporting on the system of internal controls.
2.14 The board and its directors should act in the best interests of the company.	The Board and directors are, inter alia, required to exercise due care, skill and diligence; act in good faith; exercise objective judgement; declare any personal financial interests or conflicts of interest; and not deal in the Company's securities during closed or other price sensitive periods.
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	The application of the going concern principle and the solvency of the Group are reviewed on a regular basis. The Board is aware of and understands its responsibilities regarding business rescue proceedings.
2.16 The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should also not fulfil the role of chairman of the board.	The position of chairperson is held by an independent non-executive director.

King III (continued)

Principle	**Description of compliance**
Chapter 2: Board and Directors (continued)	
2.17 The board should appoint the CEO and establish a framework for the delegation of authority.	The CEO is appointed by the Board and his role and responsibilities are set out in the Board charter. The Group has a formalised framework for the delegation of authority.
2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The Board comprises a majority of non-executive directors and a majority of the non-executives are independent.
2.19 Directors should be appointed through a formal process.	There is a formal process for the appointment of directors and the Board is assisted in the process by the Nominations committee.
2.20 The induction of and on-going training and development of directors should be conducted through formal processes.	Where appropriate, new directors are formally inducted. Training of directors takes place where necessary, however due to the size of the Group the process is not formalised.
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary.	The Company has a competent, qualified and experienced company secretary.
2.22 The evaluation of the board, its committees and the individual directors should be performed every year.	Annual evaluations of the Board, its committees and individual directors, are conducted, and where appropriate follow up actions are taken.
2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The Board has delegated certain functions, without abdicating responsibility, to the executive committee, the Audit and Risk committee, the Remuneration committee, Nominations committee and to the Social and Ethics committee. Where appropriate, ad hoc committees are constituted and functions delegated to those. The Board retains overall responsibility for any functions it delegates.
2.24 A governance framework should be agreed between the group and its subsidiary boards.	Due to the relatively small size of the Group there are limited subsidiary boards. The Group governance framework applies to those boards.
2.25 Companies should remunerate directors and executives fairly and responsibly.	The Remuneration committee reviews the remuneration philosophy and policies on an annual basis and remuneration packages are benchmarked externally where appropriate.
2.26 Companies should disclose the remuneration of each individual director and prescribed officer.	The remuneration of directors and prescribed officers is disclosed in the integrated annual report.
2.27 Shareholders should approve the company's remuneration policy.	Shareholders approve the Company's remuneration policy by way of a non-binding advisory vote at the AGM.

King III (continued)

Principle	**Description of compliance**
Chapter 3: Audit Committees	
3.1 The board should ensure that the company has an effective and independent Audit Committee.	The Audit Committee is comprised of three non-executive directors, elected by shareholders at the Annual General Meeting. The composition thereof is considered appropriate in the context of the sizes of the Group and the Board. The effectiveness of the Audit Committee is assessed on an annual basis.
3.2 Audit Committee members should be suitably skilled and experienced independent non-executive directors.	Audit Committee members are appointed after being assessed as suitably skilled and experienced. Two of the three audit committee members are independent non- executive directors, the third member is a non-executive director.
3.3 The Audit Committee should be chaired by an independent non-executive director.	The Audit Committee is chaired by an independent non-executive director.
3.4 The Audit Committee should oversee integrated reporting.	The Audit Committee operates in terms of its charter which includes the responsibility for overseeing integrated reporting, specifically the financial aspects thereof.
3.5 The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.	The activities of management and external audit are co-ordinated, to the extent practical, and the relationship between management and the external auditors is monitored by the Audit Committee. As noted above, internal audit is limited to ad hoc assignments. Where these are performed they are co-ordinated with the activities of management and, if relevant, external audit.
3.6 The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The Audit Committee evaluates the expertise, experience and resources of the finance function and the financial director on an annual basis.
3.7 The Audit Committee should be responsible for overseeing internal audit.	Due to the relatively small size of the Group, internal audit activities are limited to ad hoc assignments. Where these are performed, they are overseen by the Audit Committee.
3.8 The Audit Committee should be an integral component of the risk management process.	Due to the small size of the Group, the Audit committee, together with the Board, oversees the risk management process.
3.9 The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The Audit Committee recommends the appointment of the external auditor to shareholders at the AGM. The committee is responsible for overseeing the external audit process.
3.10 The Audit Committee should report to the board and shareholders on how it has discharged its duties.	The Audit Committee reports to the Board at relevant board meetings on the discharge of its duties and the integrated report contains a report from the Audit Committee to shareholders. The chairman of the Audit Committee attends the AGM and is available to answer questions from shareholders on matters relevant to the committee.
Chapter 4: The Governance of Risk	
4.1 The board should be responsible for the governance of risk.	In terms of the board charter, the Board is responsible for the governance of risk. Without abdicating any of its responsibilities, the Board delegates certain of these responsibilities to the Audit Committee.

King III (continued)

Principle	**Description of compliance**
Chapter 4: The Governance of Risk	
4.2 The board should determine the levels of risk tolerance.	Risk, and the extent of acceptable risk, are reviewed by the Board as part of the strategic process and are regularly reconsidered as the implementation of strategy is monitored.
4.3 The risk or audit committee should assist the board in carrying out its risk responsibilities.	Refer 4.1 above.
4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Management is responsible for identifying and responding to the risks faced by the business, and for implementing an effective risk management plan. The Board reviews this process.
4.5 The board should ensure that risk assessments are performed on a continual basis.	Risks are assessed on a regular basis as part of normal operational management practices.
4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The consideration of unpredictable risks, and appropriate responses to those risks, is incorporated in normal operational management processes.
4.7 The board should ensure that management considers and implements appropriate risk responses.	Appropriate risk responses are considered and implemented by management on an on-going basis.
4.8 The board should ensure continual risk monitoring by management.	Risks are monitored on a continual basis as part of normal operational management processes.
4.9 The board should receive assurance regarding the effectiveness of the risk management process.	Assurance regarding the risk management process is provided to the Board by management and the Audit Committee. Where appropriate, exceptions or major issues are highlighted and discussed.
4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosures to stakeholders.	The integrated report includes relevant risk disclosures taking into account the nature of the business and competitively sensitive information. The need for other risk disclosures is monitored by the Board.
Chapter 5: The Governance of Information Technology	
5.1 The board should be responsible for information technology ("it") governance.	The Board monitors IT governance through the Audit Committee and executive management.
5.2 IT should be aligned with the performance and sustainability objectives of the company.	IT is designed to support the performance of the Group and to contribute to the achievement of its sustainability objectives.

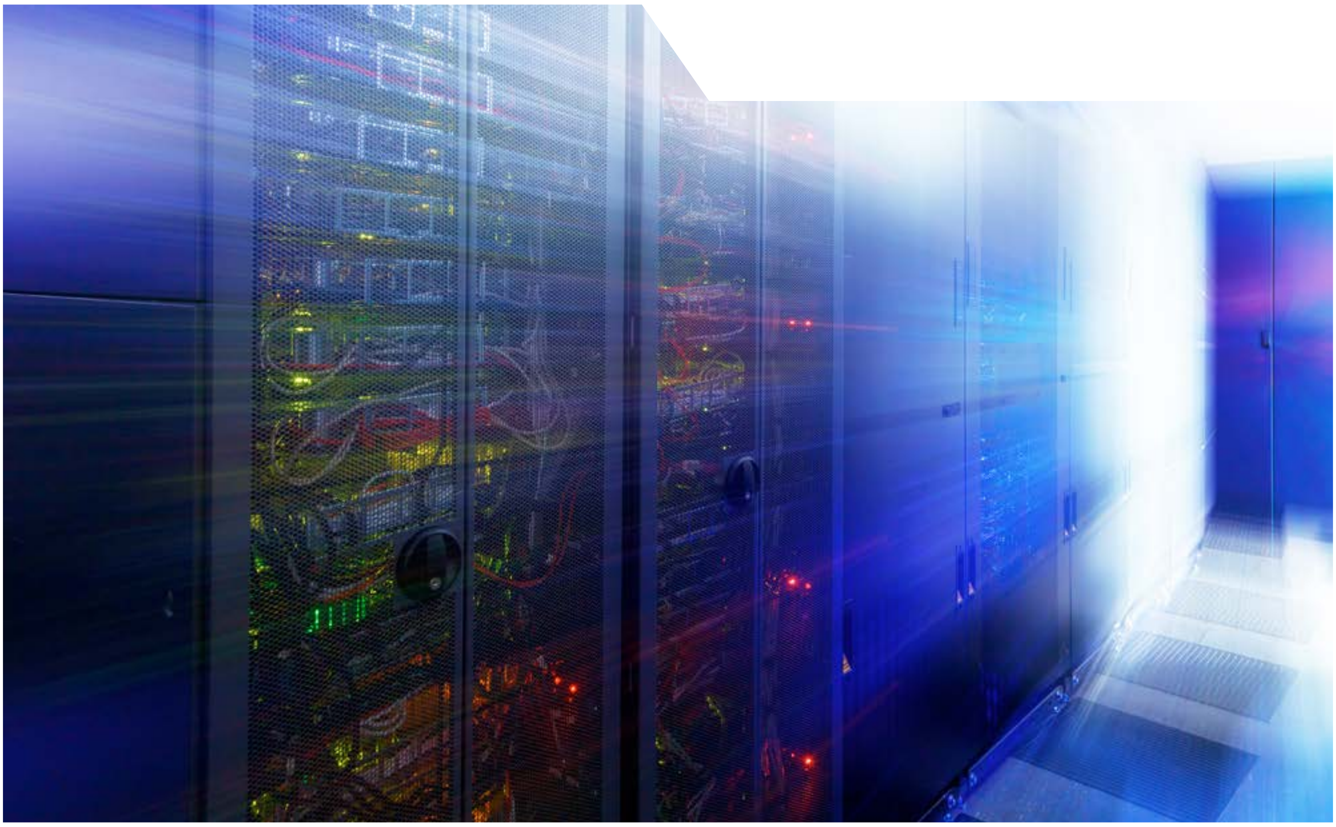
King III (continued)

Principle	**Description of compliance**
Chapter 5: The Governance of Information Technology (continued)	
5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework.	Management is responsible for the implementation of the IT governance framework.
5.4 The board should monitor and evaluate significant IT investments and expenditure.	In line with Company policies for delegation of authority and approval of capital expenditure, the Board considers all significant IT investments and expenditure.
5.5 IT should form an integral part of the company's risk management.	IT is an integral part of risk management and is monitored and reviewed accordingly.
5.6 The board should ensure that information assets are managed effectively.	The management of information and information assets forms part of normal management processes and is subject to regular review and improvement, where applicable.
5.7 A risk committee and audit committee should assist the board in carrying out its responsibilities.	Refer 5.1 above.
Chapter 6: Compliance with Laws, Rules and Standards	
6.1 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board charter requires compliance with applicable laws and regular consideration is given to adherence to relevant non-binding rules, codes and standards.
6.2 The board and each director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	The Board charter requires the Board and individual directors to have a working knowledge of the effects of applicable laws, rules, codes and standards on the Group's business. Where relevant, directors are briefed on these matters.
6.3 Compliance risk should form an integral part of the company's risk management process.	Compliance risk forms part of the Company's risk management framework and processes.
6.4 The board should delegate to management the implementation of an effective compliance framework and process.	Compliance risk and the implementation of an effective compliance framework is delegated to management. There is a compliance department and significant resources are applied to the area.
Chapter 7: Internal Audit	
7.1 The board should ensure that there is an effective risk based internal audit.	Due to the relatively small size of the Group, internal audit activities are limited to ad hoc assignments. These are performed by an external service provider.
7.2 Internal audit should follow a risk based approach to its plan.	Refer 7.1 above. Where ad hoc assignments are performed they are risk based.

King III (continued)

Principle	**Description of compliance**
Chapter 7: Internal Audit (continued)	
7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	Refer 7.1 above.
7.4 The Audit Committee should be responsible for overseeing internal audit.	Refer 7.1 above. Where ad hoc assignments are performed they are overseen by the Audit Committee.
7.5 Internal audit should be strategically positioned to achieve its objectives.	Refer 7.1 above.
Chapter 8: Governing Stakeholder Relationships	
8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation.	The Board recognises the relevance of its different stakeholders and the Company engages with various stakeholders as appropriate. The extent and nature of the engagements vary based on the interests of the different stakeholders.
8.2 The board should delegate to management to proactively deal with stakeholder relationships.	Management is responsible for proactively dealing with stakeholder relationships.
8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The Company recognises material stakeholders with legitimate interests and engages with them as appropriate.
8.4 Companies should ensure the equitable treatment of shareholders.	All shareholders are treated equitably. In dealing with shareholders, the Company complies with the relevant provisions of the Companies Act and the Listings Requirements.
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Refer 8.1 above. The Company's communications with different stakeholders are tailored to the nature of the stakeholders and their interests. (Refer page 18)
8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Should disputes with stakeholders arise, they are addressed in the appropriate forum and resolved as effectively, efficiently and expeditiously as possible.
Chapter 9: Integrated Reporting and Disclosure	
9.1 The board should ensure the integrity of the company's integrated report.	The Audit Committee oversees integrated reporting and is responsible for reporting to the Board on the financial aspects of the integrated report and the integrity thereof. The Board retains responsibility for the integrity of the Integrated Report.
9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Sustainability reporting and disclosure form part of the integrated report.
9.3 Sustainability reporting and disclosure should be independently assured.	External assurance will be considered when the sustainability reporting is more fully developed and the Board is of the view that the value of such assurance will exceed the cost thereof.

IT GOVERNANCE



The Board is cognisant of the strategic importance of information technology ("IT") to the effective functioning of the Group.

The Board is responsible for IT governance and ensures that the Group acquires and retains the resources necessary to ensure the effective functioning of the IT system. IT risks and the mitigation and management of these risks are regularly reviewed and improvements to systems and structures are made where appropriate.

Specifically, the Board is satisfied that appropriate backup procedures and disaster recovery plans are in place.

REMUNERATION REPORT

This report sets out the Group's remuneration philosophy and remuneration policies for non-executive directors, executive directors and senior managers. It also provides details of the remuneration of executive directors and certain senior managers, and the fees paid to non-executive directors, for the financial year ended 31 December 2015.

Remuneration Philosophy

The Group's remuneration philosophy is to pay packages, benchmarked against comparable positions in the market, that facilitate the employment and retention of talented people who have the ability and motivation to drive the Group forward and who can contribute to the achievement of its strategic goals.

The objectives of the remuneration philosophy are to:

- Attract individuals who are innovative, who have high levels of integrity, a strong work ethic and who subscribe to the Group's culture and values;
- Reward individuals appropriately for strong performance and the achievement of the Group's objectives;
- Reward exceptional performance by individuals, measured using a performance management system;
- Retain competent employees who contribute meaningfully to the Group's performance;
- Motivate high levels of performance in line with the Group's strategic objectives and business priorities;
- Recognise and, where possible, address differing employee needs;
- Support the Group's transformation agenda;
- Achieve fairness and equity in remuneration and reward;
- Allow the organisation to compete effectively in the labour market and to recruit and retain high calibre staff.

Remuneration packages for management and executives include an appropriate balance of short and long term rewards designed to ensure that their interests are aligned with those of shareholders.

Interwaste Share Scheme

The Interwaste Share Scheme was approved by shareholders during 2012 and the first allocations were made in terms of the scheme in that year. The document proposing the Scheme stated that "the objectives of the Scheme are to incentivise selected employees through an opportunity to participate in the Company's equity. This should result in an increased alignment of interests between employees and shareholders, motivate improved performance by senior employees and promote the creation of long term shareholder wealth. The Scheme should contribute materially to the Group's ability to retain the employees who participate therein over the medium term."

Composition of remuneration

The remuneration packages of executive directors and senior managers comprise:

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

Guaranteed remuneration

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

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

Short-term incentive schemes

Annual bonuses are based on a combination of the performance of the division to which an employee is attached and their individual performance. The more the employee is able to influence the financial performance of the division, the greater the extent to which his / her bonus is aligned to the performance of the division. The bonuses payable to executive directors are based on a combination of the group's financial performance and their individual performance.

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

Long-term incentive scheme

The Interwaste Share Scheme was introduced during 2012 to provide a mechanism for retaining employees over medium to long term periods, for rewarding them for their contributions to the Group and for aligning their interests with those of shareholders.

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

DIRECTORS', PRESCRIBED OFFICERS' AND KEY MANAGEMENT'S EMOLUMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS							
DIRECTORS' EMOLUMENTS							
Directors' emoluments	**Salary**	**Fees**	**Motor vehicle allowance**	**Bonus and gratuity**	**Sub total**	**Share option expense**	**Total**
Group and Company	**R**	**R**	**R**	**R**	**R**	**R**	**R**
2015							
Executive							
Alan Willcocks	2 640 452	–	–	133 719	2 774 171	–	2 774 171
Leon Grobbelaar	1 798 914	–	158 790	159 910	2 117 614	126 657	2 244 271
André Broodryk	1 921 560	–	120 000	255 195	2 296 755	190 750	2 487 505
Non-executive – fees							
Gavin Tipper	–	100 000	–	–	100 000	–	100 000
Andisiwe Kawa	–	100 000	–	–	100 000	–	100 000
Funani Mojono	–	105 000	–	–	105 000	–	105 000
Bronwyn Willcocks	–	100 000	–	–	100 000	–	100 000
Landiwe Mahlangu	–	88 000	–	–	88 000	–	88 000
	6 360 926	**493 000**	**278 790**	**548 824**	**7 681 540**	**317 407**	**7 998 947**
Other consulting							
Gavin Tipper	–	1 001 100	–	–	1 001 100	–	1 001 100
	6 360 926	**1 494 100**	**278 790**	**548 824**	**8 682 640**	**317 407**	**9 000 047**

Non-executive directors' emoluments

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

DIRECTORS', PRESCRIBED OFFICERS' AND KEY MANAGEMENT'S EMOLUMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

OTHER PRESCRIBED OFFICERS' AND KEY MANAGEMENT'S EMOLUMENTS

The prescribed officers of the Group and Company, as defined in the Companies Act of 2008, and the key management personnel of the Group and Company, as defined in IAS24, are the executive directors of the Company and the executive directors of the Company's major subsidiary, Interwaste Proprietary Limited. The remuneration paid to the executive directors of the Company is disclosed on page 47. The remuneration paid to the other prescribed officers and key management personnel is set out below.

Group and Company	Salary	Bonus and gratuity	Motor vehicle allowance	Other	Sub total	Share option expense	Total
	R	R	R	R	R	R	R
2015							
Dan Nkomo	982 800	81 900	91 013	–	1 155 713	–	1 155 713
Jason McNeil	1 519 800	153 400	126 723	–	1 799 923	136 528	1 936 451
Rajas Pillay	1 194 000	107 600	108 254	–	1 409 854	68 704	1 478 558
	3 696 600	**342 900**	**325 990**	**–**	**4 365 490**	**205 232**	**4 570 772**

› SECTION 4

GROUP ANNUAL FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

CONTENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Section 4: Annual Financial Statements

for the year ended 31 December 2015

The annual financial statements were prepared under the supervision of André Broodryk CA (SA), Financial Director.

The financial statements of Interwaste Holdings Limited have been audited in compliance with Section 30 of the Companies Act of South Africa.

Section 5: Notice to Shareholders

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Interwaste Holdings Limited, comprising the statements of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and the directors' report.

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

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

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

Approval of the group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Interwaste Holdings Limited, as identified in the first paragraph, were approved by the board of directors on 27 May 2016 and are signed by:

Alan Willcocks	André Broodryk
CEO	Financial Director
Authorised Director	Authorised Director

CERTIFICATE BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 2008, as amended, that for the year ended 31 December 2015, 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
27 May 2016

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 pages 34 to 35 in the Corporate Governance Report) and as prescribed in terms of the Companies Act, 71 of 2008.

During the financial year ended 31 December 2015, the Interwaste Audit Committee, inter alia:

- Met on two separate occasions to review the interim and year end results of the group, and to consider regulatory and accounting standard compliance;
- Nominated the appointment of KPMG Inc. as the registered independent auditor of the company after satisfying itself through enquiry that KPMG Inc. and that Mr N Botha the designated auditor, are independent of the company;
- Ensured that the appointment of KPMG Inc. complied with the requirements of the Companies Act relating to the appointment of auditors;
- Determined the fees to be paid to KPMG Inc. and its terms of engagement;
- Approved a non-audit services policy which determines the nature and extent of any non-audit services which KPMG Inc. may provide to the group. All non-audit services were formally approved by the audit committee during the year.

The Audit Committee recommended the group annual financial statements and annual financial statements of Interwaste Holdings Limited for the year ended 31 December 2015 to the Board for approval. The Board has subsequently approved these financial statements which will be open for discussion at the forthcoming annual general meeting.

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

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Funani Mojono
Audit Committee Chairman
Date: 27 May 2016

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have pleasure in submitting their report for the year ended 31 December 2015.

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 sale of recyclable waste, the recovery of previously worked metals and the manufacture of natural bark compost. Operations are based primarily in South Africa, Mozambique and Swaziland and the company is listed on the Johannesburg Stock Exchange (JSE).

FINANCIAL RESULTS

The financial results for the year ended 31 December 2015 are set out in detail in these financial statements and do not require further comment.

GOING CONCERN

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

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, and up to the date of approval of these financial statements, relevant to an assessment of the financial statements at 31 December 2015.

AUTHORISED AND ISSUED SHARE CAPITAL

Alterations to authorised share capital

During the financial year under review the company

- converted the company's par value shares into no par value shares; and
- increased the authorised share capital to 1 000 000 000 no par value shares.

Issue of shares

The company issued 7 750 000 additional shares through a specific issue during the year. The shares were issued to Coronation Capital Limited (6 500 000 shares) and Gavin Tipper (1 250 000 shares) at R1.30 per share.

BORROWING LIMITATIONS

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

SHARE INCENTIVE TRUST

Refer to note 12 for detail on share-based payments during the current year.

NON-CURRENT ASSETS

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

DIVIDENDS

No dividends were declared or paid to shareholders during the year 31 December 2015.

Interwaste Cleaning Proprietary Limited, a group subsidiary, paid dividends of R538 560 (2014: R459 000) to non-controlling shareholders.

ACCOUNTING POLICIES

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

DIRECTORS

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

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

SECRETARY AND REGISTERED ADDRESS

The secretary of the company is:	Allen Stuart de Villiers, (BA) LLB Dip Tax Practice.
The company's registered address is:	2 Brammer Street, Industries East, Germiston South PO Box 382, Germiston, 1400

DIRECTORS' INTERESTS

At 31 December 2015 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			
2015	**Direct**	**Indirect**	**%**
Executive directors			
Leon Grobbelaar	–	2 490 007	0.53%
Alan Willcocks	100 000	74 432 911	15.94%
André Broodryk	2 800 000	–	0.60%
	2 900 000	76 922 918	17.07%
Non-executive directors			
Gavin Tipper	14 006 751	–	3.00%
Bronwyn Willcocks	–	74 432 911	15.92%
	14 006 751	74 432 911	18.92%

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

MAJOR SHAREHOLDERS

Details of the interests of shareholders who hold, directly or indirectly, beneficial interests in 5% or more of the company's share capital, are reflected in the shareholder analysis out on page 113.

INTEREST IN SUBSIDIARIES

	Percentage holding	Net income after tax
		R
Directly Held		
Inter-Waste Proprietary Limited	100%	38 633 188
Envirowaste SA (formerly Enviro-Fill) Proprietary Limited	100%	1 243 281
Interwaste Properties Proprietary Limited	100%	–
		39 876 469

SPECIAL RESOLUTIONS

No special resolutions were passed during the financial year ended 31 December 2015, other than those tabled and passed at the Annual General Meeting in June 2015.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INTERWASTE HOLDINGS LIMITED

Report to the financial statements

We have audited the group financial statements and financial statements of Interwaste Holdings Limited, which comprise the statements of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 112.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Interwaste Holdings Limited at 31 December 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Directors' Report, the Audit Committee Report and the Certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor for Interwaste Holdings Limited for 6 years.

KPMG Inc.

Registered Auditor

____

Per N Botha
Chartered Accountant (SA)
Registered Auditor
Director

27 May 2016
85 Empire Road
Parktown
Johannesburg
2122

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	2015	2014	2015	2014
ASSETS		R	R	R	R
Non-current assets					
Property, plant and equipment	*3*	**674 803 815**	598 589 935	**–**	–
Goodwill	*4*	**61 081 792**	59 381 792	**–**	–
Investments in subsidiaries	*5*	**–**	–	**80 192 799**	79 291 963
Deferred tax assets	*6*	**1 213 317**	440 229	**218 713**	252 346
Loans to group companies	*7*	**–**	–	**257 197 102**	245 362 998
		737 098 924	**658 411 956**	**337 608 614**	**324 907 307**
Current assets					
Inventories	*8*	**11 472 028**	14 746 970	**–**	–
Current tax receivable		**4 744 543**	120 345	**–**	–
Trade and other receivables	*9*	**180 338 389**	164 991 773	**–**	–
Cash and cash equivalents	*10*	**53 153 900**	61 905 653	**12 713**	19 847
		249 708 860	**241 764 741**	**12 713**	**19 847**
Total assets		**986 807 784**	**900 176 697**	**337 621 327**	**324 927 154**
EQUITY AND LIABILITIES					
Equity					
Stated capital	*11*	**317 619 119**	306 497 567	**317 619 119**	306 497 567
Share-based payment reserve	*12*	**4 245 724**	3 294 788	**4 245 724**	3 294 788
Foreign currency translation reserve		**(2 628 148)**	59 679	**–**	–
Retained earnings		**181 240 622**	140 339 260	**10 594 433**	10 008 016
Equity attributable to owners of the company		**500 477 317**	450 191 294	**332 459 276**	319 800 371
Non-controlling interests		**3 685 555**	2 891 266	**–**	–
		504 162 872	**453 082 560**	**332 459 276**	**319 800 371**
Liabilities					
Non-current liabilities					
Interest-bearing borrowings	*13*	**204 876 408**	191 377 716	**–**	–
Provision for site rehabilitation	*14*	**27 930 804**	23 963 712	**–**	–
Deferred tax liabilities	*6*	**46 833 144**	36 866 029	**–**	–
		279 640 356	**252 207 457**	**–**	**–**
Current liabilities					
Interest-bearing borrowings	*13*	**91 461 372**	89 005 558	**–**	–
Trade and other payables	*15*	**111 251 937**	102 844 635	**4 985 626**	4 970 718
Current tax payable		**291 247**	3 036 487	**176 425**	156 065
		203 004 556	**194 886 680**	**5 162 051**	**5 126 783**
TOTAL LIABILITIES		**482 644 912**	**447 094 137**	**5 162 051**	**5 126 783**
TOTAL EQUITY AND LIABILITIES		**986 807 784**	**900 176 697**	**337 621 327**	**324 927 154**

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	2015	2014	2015	2014
		R	R	R	R
Revenue	*16*	**956 916 302**	834 473 860	**–**	–
Cost of sales		**(579 929 983)**	(486 039 307)	**–**	–
GROSS PROFIT		**376 986 319**	**348 434 553**	**–**	**–**
Operating expenses		**(292 083 205)**	(264 418 976)	**(12 670 532)**	(13 178 553)
RESULTS FROM OPERATING ACTIVITIES	*17*	**84 903 114**	**84 015 577**	**(12 670 532)**	**(13 178 553)**
Net finance (costs)/income	*18*	**(24 505 108)**	(19 578 417)	**13 629 854**	15 124 814
Finance costs		**(26 480 573)**	(20 366 801)	**–**	(3 095)
Finance income		**1 975 465**	788 384	**13 629 854**	15 127 909
PROFIT BEFORE TAXATION		**60 398 006**	**64 437 160**	**959 322**	**1 946 261**
Taxation expense	*19*	**(18 165 360)**	(18 889 954)	**(372 905)**	(663 099)
PROFIT FOR THE YEAR		**42 232 646**	**45 547 206**	**586 417**	**1 283 162**
Less: non-controlling interests		**(1 331 284)**	(1 224 446)	**–**	–
INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		**40 901 362**	**44 322 760**	**586 417**	**1 283 162**
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit and loss					
Foreign currency translation reserve movement on foreign operations		**(2 687 827)**	(39 526)	**–**	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		**38 213 535**	**44 283 234**	**586 417**	**1 283 162**
Earnings per share (cents)	*24*	**8.77**	**10.82**		
Diluted earnings per share (cents)	*24*	**8.65**	**10.62**		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Stated capital	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	R	R	R	R	R	R	R
BALANCE AT 1 JANUARY 2014	**225 489 941**	**2 063 152**	**99 205**	**96 016 500**	**323 668 798**	**2 125 770**	**325 794 568**
Total comprehensive income							
Profit for the year	–	–	–	44 322 760	44 322 760	1 224 446	45 547 206
Foreign currency translation reserve	–	–	(39 526)	–	(39 526)	–	(39 526)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to shareholders							
Share-based payment transactions (note 12)	–	1 231 636	–	–	1 231 636	–	1 231 636
Share options exercised	11	–	–	–	11	–	11
Issue of ordinary shares	81 007 615	–	–	–	81 007 615	–	81 007 615
Changes in ownership interests in subsidiaries							
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	50	50
Dividends paid to non-controlling interests	–	–	–	–	–	(459 000)	(459 000)
BALANCE AT 31 DECEMBER 2014	**306 497 567**	**3 294 788**	**59 679**	**140 339 260**	**450 191 294**	**2 891 266**	**453 082 560**
Total comprehensive income							
Profit for the year	–	–	–	40 901 362	40 901 362	1 331 284	42 232 646
Foreign currency translation reserve	–	–	(2 687 827)	–	(2 687 827)	–	(2 687 827)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to shareholders							
Share-based payment expense (note 12)	–	1 273 319	–	–	1 273 319	–	1 273 319
Share options exercised	1 267 009	(322 383)	–	–	944 626	–	944 626
Issue of ordinary shares	9 854 543	–	–	–	9 854 543	–	9 854 543
Changes in ownership interests in subsidiaries							
Non-controlling interest in newly established subsidiary	–	–	–	–	–	1 065	1 065
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	500	500
Dividends paid to non-controlling interests	–	–	–	–	–	(538 560)	(538 560)
BALANCE AT 31 DECEMBER 2015	**317 619 119**	**4 245 724**	**(2 628 148)**	**181 240 622**	**500 477 317**	**3 685 555**	**504 162 872**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Company	Stated capital	Share-based payment reserve	Retained earnings	Total equity
	R	R	R	R
BALANCE AT 1 JANUARY 2014	**225 489 941**	**2 063 152**	**8 724 854**	**236 277 947**
Total comprehensive income				
Profit for the year	–	–	1 283 162	1 283 162
Transactions with owners, recorded directly in equity				
Contributions by and distributions to shareholders				
Share-based payment expense	–	1 231 636	–	1 231 636
Share option exercised	11	–	–	11
Issue of ordinary shares	81 007 615	–	–	81 007 615
BALANCE AT 31 DECEMBER 2014	**306 497 567**	**3 294 788**	**10 008 016**	**319 800 371**
Total comprehensive income				
Profit for the year	–	–	586 417	586 417
Transactions with owners, recorded directly in equity				
Contributions by and distributions to shareholders				
Share-based payment – expense (note 12)	–	372 483	–	372 483
Share-based payment – investment in subsidiaries (note 12)	–	900 836	–	900 836
Share option exercised (note 12)	1 267 009	(322 383)	–	944 626
Issue of ordinary shares	9 854 543	–	–	9 854 543
BALANCE AT 31 DECEMBER 2015	**317 619 119**	**4 245 724**	**10 594 433**	**332 459 276**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	2015	2014	2015	2014
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/ (utilised by) operations	*20.1*	**180 022 090**	131 498 439	**(12 605 524)**	(11 708 391)
Finance costs paid	*18*	**(26 480 573)**	(20 366 801)	**–**	(3 095)
Finance income received	*18*	**1 975 465**	788 384	**13 629 854**	15 127 909
Tax paid	*20.2*	**(16 266 620)**	(8 820 935)	**(318 912)**	(148 560)
Net cash inflow from operating activities		**139 250 362**	**103 099 087**	**705 418**	**3 267 864**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(176 552 726)**	(264 676 652)	**–**	–
Proceeds on disposal and scrapping of property, plant and equipment		**5 211 548**	3 919 159	**–**	–
Non-controlling interest in new subsidiary		**1 565**	50	**–**	–
Acquisition of subsidiaries	*20.3*	**(3 200 000)**	(4 901 241)	**–**	–
Net cash outflow on investing activities		**(174 539 613)**	**(265 658 684)**	**–**	**–**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds on issue of share capital		**11 121 552**	81 007 626	**11 121 552**	81 007 626
Loans advanced to group companies		**–**	–	**(11 834 104)**	(84 267 885)
Interest-bearing borrowings raised		**15 954 506**	114 635 164	**–**	–
Dividends paid to non-controlling interests		**(538 560)**	(459 000)	**–**	–
Net cash inflow/(outflow) from financing activities		**26 537 498**	**195 183 790**	**(712 552)**	**(3 260 259)**
Total cash movement for the year		**(8 751 753)**	**32 624 193**	**(7 134)**	**7 605**
Cash and cash equivalents at beginning of year		**61 905 653**	29 281 460	**19 847**	12 242
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	*10*	**53 153 900**	**61 905 653**	**12 713**	**19 847**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Interwaste Holdings Limited is a company domiciled in South Africa.

The address of the company's registered office is 2 Brammer Street, Industries East, Germiston South. The consolidated financial statements of the group as at and for the year ended 31 December 2015, comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities"). The group's activities range across a broad spectrum of sectors (see the segment report and the report of the directors).

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

Statement of compliance

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

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

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

Changes in accounting policies

The group has consistently applied the accounting policies set out in note 1 to all periods presented in these financial statements.

1.1 Significant judgements

In preparing the financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results in the future could differ from these estimates, which differences may be material to the annual financial statements.

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

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

- Note 1.5 – business combinations and goodwill;
- Note 1.6 – measurement of the recoverable amounts of cash generating units containing goodwill;
- Note 1.10 – Taxation;
- Note 1.12 – Provisions and impairments; and
- Note 1.13 – Share-based payments.

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

Impairment of assets

The group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Estimates are based on management's interpretation of market forecasts. Disclosure of these estimates relating to goodwill with an indefinite useful life is provided in note 4.

Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.1 Significant judgements (continued)

Trade receivables

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

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

Property, plant and equipment

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

Taxation

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

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

Share based payments

Management used the Black-Scholes-Merton model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 12.

1.2 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

Borrowing costs

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

Depreciation

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

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value less impairments.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Property, plant and equipment depreciation

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

Depreciation commences when an asset is available for use.

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

Item	Average useful life
Plant and equipment	3 – 20 years
Buildings	4 – 25 years
Leasehold improvements	Term of the lease
Vehicles	2 – 8 years
Computer, furniture and office equipment	3 – 6 years

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

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

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

Subsequent expenditure

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

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

1.3 Intangible assets

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

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

Subsequent expenditure on capitalised intangible assets is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

1.4 Investment in subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

Loss of control

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

1.5 Goodwill

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.5 Goodwill (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

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

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

An impairment loss in respect of goodwill is not reversed.

Acquisitions of non-controlling interests

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

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

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

1.6 Impairment

Non-financial assets

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

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

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

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

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

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

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Impairments

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, for example, default or delinquency by a debtor, or indications that the debtor will enter bankruptcy.

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

All impairment losses are recognised in profit or loss.

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

1.7 Leases

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

Finance leases – lessee

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

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

Operating leases – lessee

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

1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. The group's revenue streams have been disclosed in note 16.

Sale of goods

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

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

Services

Service revenue for the logistics business arises on the collection and disposal of waste on behalf of customers, this revenue is recognised once the waste is disposed of and the service is completed and the timing between the collection and disposal seldom exceeds one day.

For landfill management revenue, revenue is recognised as per the monthly contractually agreed fees raised.

Construction contracts

Revenue relating to construction contracts is accounted for using the percentage of completion method and is measured at the fair value of the consideration received or receivable and include variations and claims; the stage of completion is measured by reference to the relationship of contract costs incurred to date for work performed, relative to the estimated total costs. If circumstances arise that may change the original estimates of revenues, costs or the extent of progress toward completion, estimates are revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Revenue (continued)

Holding company

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

1.9 Finance income and finance costs

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

Financing costs comprise interest payable on borrowings calculated using the effective interest method. Financing costs are recognised in profit or loss. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

1.10 Taxation

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, 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 to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

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

Tax expenses

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.10 Taxation (continued)

Dividend withholding tax

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

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

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

1.11 Translation of foreign currencies

Foreign currency transactions

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

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- 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 other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

Foreign operations

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

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

Foreign exchange gains and losses that arise from a net investment in a subsidiary with a different functional currency (a foreign operation) can be deferred in equity until disposal or substantial partial disposal of the foreign operation. What forms the net investment is a crucial question because it drives the amount of deferral that is allowed. Net investment is restricted to monetary items that meet certain restrictive criteria. Only monetary items for which settlement is neither planned nor likely to occur in the foreseeable future can form part of the net investment in a foreign operation.

1.12 Provisions

Provisions are recognised when:

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

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

Onerous contracts

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 Provisions (continued)

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

Site rehabilitation

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

1.13 Employee benefits

Short-term employee benefits

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

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

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

Share-based payments

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

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

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

Defined contribution plans

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

1.14 Financial instruments

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

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

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

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

Non-derivative financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments

Loans to/(from) group companies and related parties

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

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

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

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

Trade and other payables

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

Trade and other receivables

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method, less any impairment losses.

Share capital

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

1.15 Cash and cash equivalents

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

1.16 Inventories

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

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

1.17 Earnings per share

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

1.18 Segment reporting

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

Segment revenue

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

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

Segment results

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

Segment assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of Interwaste Holdings Limited for the year ended 31 December 2015, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 14	Regulatory Deferral Accounts	January 2014	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	May 2014	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	1 January 2016
IFRS 15	Revenue from contracts with customers	May 2014	1 January 2018
IAS 16 and IAS 41	Agriculture: Bearer Plants	June 2014	1 January 2016
IFRS 9	Financial Instruments	July 2014	1 January 2018
IAS 27	Equity Method in Separate Financial Statements	August 2014	1 January 2016
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	December 2014	1 January 2016
IAS 1	Disclosure Initiative	December 2014	1 January 2016
IFRS 16	Leases	January 2016	1 January 2019

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

IFRS 11, IFRS 14 and the amendments to IAS 16, IAS 38, IAS 16, IAS 41, IAS 27, IFRS 10, IAS 28, IFRS 12 and IAS 28 are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have an impact on the Group, which will include changes in the classification bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model. The group is assessing the potential impact on the financial statements resulting from the application of IFRS 9.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statements of financial position and statements of comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lesees and lessors. The group is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land, buildings and improvements	Vehicles	Plant and equipment	Computer, furniture and office equipment	Assets under construction	Total
	R	R	R	R	R	R
COST						
BALANCE AT 1 JANUARY 2015	**182 400 172**	**257 723 461**	**318 723 362**	**23 768 079**	**36 525 001**	**819 140 075**
Additions through business combinations	–	810 000	1 756 919	378 119	–	2 945 038
Additions	15 753 570	75 734 896	51 011 594	7 473 746	26 578 920	176 552 726
– to enhance existing operations	3 068 560	55 945 317	20 255 875	5 547 046	2 439 655	87 256 453
– to expand operations	12 685 010	19 789 579	30 755 719	1 926 700	24 139 265	89 296 273
Reclassification	12 290 766	–	3 134 828	83 371	(15 508 965)	–
Site rehabilitation cost	1 018 679	–	–	–	–	1 018 679
Disposals and scrapping	(1 019 771)	(11 545 058)	(7 071 259)	(104 021)	–	(19 740 109)
Effect of movements in exchange rates	(2 173 099)	(1 077 310)	(442 494)	(18 299)	(335 191)	(4 046 393)
BALANCE AT 31 DECEMBER 2015	**208 270 317**	**321 645 989**	**367 112 950**	**31 580 995**	**47 259 765**	**975 870 016**
ACCUMULATED DEPRECIATION AND IMPAIRMENTS						
BALANCE AT 1 JANUARY 2015	**(20 491 728)**	**(62 436 507)**	**(124 996 812)**	**(12 625 093)**	**–**	**(220 550 140)**
Current year charge	(19 359 882)	(36 571 196)	(35 069 565)	(4 834 912)	–	(95 835 555)
Disposals and scrapping	910 900	7 895 514	5 727 828	46 656	–	14 580 898
Effect of movements in exchange rates	270 983	276 962	183 664	6 988	–	738 597
BALANCE AT 31 DECEMBER 2015	**(38 669 727)**	**(90 835 227)**	**(154 154 885)**	**(17 406 361)**	**–**	**(301 066 200)**
CARRYING VALUE AT 31 DECEMBER 2015	**169 600 589**	**230 810 762**	**212 958 065**	**14 174 634**	**47 259 765**	**674 803 815**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Group	Land, buildings and improvements	Vehicles	Plant and equipment	Computers, furniture and office equipment	Assets under construction	Total
	R	R	R	R	R	R
COST						
BALANCE AT 1 JANUARY 2014	**136 497 418**	**121 985 346**	**263 368 704**	**23 394 620**	**26 502 263**	**571 748 351**
Additions through business combinations	–	4 005 557	1 084 073	–	–	5 089 630
Additions	30 305 329	135 854 834	63 017 706	9 541 710	25 957 073	264 676 652
– to enhance existing operations	3 599 176	104 037 502	14 744 310	3 546 314	3 304 200	129 231 502
– to expand operations	26 706 153	31 817 332	48 273 396	5 995 396	22 652 873	135 445 150
Transfer from assets under construction	12 695 208	–	3 228 475	19 500	(15 943 183)	–
Reclassification	–	(1 002 257)	1 002 257	–	–	–
Site rehabilitation cost	3 158 237	–	–	–	–	3 158 237
Disposals and scrapping	(279 730)	(4 495 553)	(13 049 242)	(9 188 106)	–	(27 012 631)
Effect of movements in exchange rates	23 710	1 375 534	71 389	355	8 848	1 479 836
BALANCE AT 31 DECEMBER 2014	**182 400 172**	**257 723 461**	**318 723 362**	**23 768 079**	**36 525 001**	**819 140 075**
ACCUMULATED DEPRECIATION AND IMPAIRMENTS						
BALANCE AT 1 JANUARY 2014	**(13 671 503)**	**(42 795 831)**	**(102 795 164)**	**(17 148 350)**	**–**	**(176 410 848)**
Current year charge	(6 807 024)	(22 909 678)	(31 293 767)	(3 859 281)	–	(64 869 750)
Reclassification	–	743 059	(739 160)	(3 899)	–	–
Disposals and scrapping	–	2 546 885	9 842 211	8 386 834	–	20 775 930
Effect of movements in exchange rates	(13 201)	(20 942)	(10 932)	(397)	–	(45 472)
BALANCE AT 31 DECEMBER 2014	**(20 491 728)**	**(62 436 507)**	**(124 996 812)**	**(12 625 093)**	**–**	**(220 550 140)**
CARRYING VALUE AT 31 DECEMBER 2014	**161 908 444**	**195 286 954**	**193 726 550**	**11 142 986**	**36 525 001**	**598 589 935**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Impairment

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

Security

The following property, plant and equipment has been pledged as security for bank loans used to finance the assets:

	GROUP	
	2015	**2014**
Year-end balance for assets under instalment sale agreements/ mortgage bonds	**R**	**R**
Carrying value of capitalised assets	**290 780 969**	237 723 541
Cost	**364 956 678**	270 365 889
Accumulated depreciation	**(74 175 709)**	(32 642 348)
Classification of carrying value of assets committed as security for debt	**290 780 969**	237 723 541
Land, buildings and improvements	**6 450 549**	6 116 936
Vehicles	**183 167 247**	148 439 149
Plant and equipment	**95 642 211**	78 621 849
Computers, furniture and office equipment	**5 520 962**	4 545 607
Current year additions to assets under instalment sale agreements/mortgage bonds	**91 299 240**	131 574 497
Cost of capital assets	**98 778 442**	144 049 502
Accumulated depreciation	**(7 479 202)**	(12 475 005)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

4. GOODWILL

Group	Cost	Accumulated impairments	Carrying value
	R	R	R
2015			
Goodwill	**63 444 799**	**(2 363 007)**	**61 081 792**
2014			
Goodwill	61 744 799	(2 363 007)	59 381 792

RECONCILIATION OF GOODWILL – 2015			
	Opening balance	Acquisitions through business combinations	Total
	R	R	R
Goodwill	**59 381 792**	**1 700 000**	**61 081 792**
RECONCILIATION OF GOODWILL – 2014			
Goodwill	59 381 792	–	59 381 792

IMPAIRMENT REVIEW OF GOODWILL		
Cash generating units		
	2015	2014
– Waste management	**35 148 213**	35 148 213
– Landfill management	**11 853 004**	11 853 004
– Green's Scrap Recycling Proprietary Limited	**5 113 032**	4 113 032
– Envirowaste SA Proprietary Limited	**8 967 543**	8 267 543
TOTAL	**61 081 792**	**59 381 792**

The recoverable amount of goodwill as identified above has been determined on the basis of value in use calculations.

Key assumptions used in the value in use calculations include estimated future revenue streams.

The value in use calculations use cash flow projections based on 2016 budgeted figures, extrapolated at 5% per annum for a further five years. This five year cumulative cash flow was discounted using a weighted average cost of capital.

The discount rate was estimated as the company's weighted average cost of capital (WACC) which was based on a cost of debt and a required rate of return on equity estimated from the risk free rate based on the R186 bond rate of 7.96% (2014: R207 bond of 8.26%), and adjusted for market and small stock premiums.

Such assumptions are based on historical results adjusted for anticipated future growth. These assumptions are a reflection of management's past experience in the market in which these units operate.

Refer to note 20.3 for details of goodwill acquired through business combinations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

4. GOODWILL (CONTINUED)

	2015			2014		
	Weighted average cost of capital	**Cost of debt**	**Required rate of return on equity**	**Weighted average cost of capital**	**Cost of debt**	**Required rate of return on equity**
Landfill management	**15.75%**	**7.38%**	**19.58%**	13.94%	6.66%	17.72%
Waste management	**15.75%**	**7.38%**	**19.58%**	13.94%	6.66%	17.72%
Green's Scrap Recycling Proprietary Limited	**16.79%**	**7.38%**	**21.10%**	14.92%	6.66%	19.22%
Envirowaste SA Proprietary Limited	**16.79%**	**7.38%**	**21.10%**	14.92%	6.66%	19.22%

Based on the above assumptions, the value of recoverable amounts was greater than the carrying amounts of goodwill.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Sensitivity analysis

An analysis of the recoverable amounts of the CGU's for changes in the key valuation assumptions is presented below:

LANDFILL MANAGEMENT CGU VALUE

		WACC		
		14.75%	15.75%	16.75%
Growth rate	4%	272 142 142	237 725 538	209 153 984
	5%	289 359 395	253 089 510	222 988 596
	6%	307 287 736	269 081 231	237 382 418

WASTE MANAGEMENT CGU VALUE

		WACC		
		14.75%	15.75%	16.75%
Growth rate	4%	108 711 930	57 877 023	15 675 523
	5%	121 305 499	68 877 098	25 365 993
	6%	133 988 684	79 950 550	35 116 701

GREEN'S SCRAP RECYCLING PROPRIETARY LIMITED

		WACC		
		15.79%	16.79%	17.79%
Growth rate	4%	25 137 643	22 172 239	19 669 205
	5%	26 397 572	23 300 922	20 687 939
	6%	27 698 062	24 465 603	21 738 860

ENVIROWASTE SA PROPRIETARY LIMITED

		WACC		
		15.79%	16.79%	17.79%
Growth rate	4%	35 233 046	30 847 938	27 146 562
	5%	36 937 559	32 371 199	28 518 060
	6%	38 690 482	33 937 312	29 927 773

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES

Company	Issued share capital	% holding 2015	Shares at cost 2015	Share of net profit
			R	R
2015				
Direct				
– Inter-Waste Proprietary Limited	900	100%	75 375 128	38 633 188
– Envirowaste SA Proprietary Limited	1 000	100%	1 904 289	1 243 281
– Interwaste Properties Proprietary Limited	100	100%	100	–
			77 279 517	39 876 469
Inter-Waste Proprietary Limited Group share based payment allocation			2 913 282	
			80 192 799	39 876 469
Indirect				
– Earth2Earth Proprietary Limited	100	100%	611 290	–
– Interwaste Cleaning Proprietary Limited*	100	49%	49	(342 796)
– Platinum Waste Resources Proprietary Limited	1 000	74%	433 392	1 120 544
– Moz Environmental Limitada (Mozambique)	4 285	100%	4 285	(4 558 074)
– Green's Scrap Recycling Proprietary Limited	120	100%	358 753	1 589 373
– Interwaste Industrial Cleaning Proprietary Limited*	100	50%	50	121 208
– Extent Road Property Proprietary Limited	100	100%	100	384 811
– Interwaste Swaziland Proprietary Limited (Swaziland)	100	100%	100	(194 647)
– Limpopo Platinum Waste Proprietary Limited	100	70%	70	–
– Enbitec Environmental Solutions Proprietary Limited*	1 000	50%	500	1 173 158

* Although the Group owns 50% or less than half of the shares, management has determined that the Group controls these entities by virtue of agreements with the other shareholders that give the Group the majority of the voting rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Company	Issued share capital	% holding 2014	Shares at cost 2014	Share of net profit
			R	R
2014				
Direct				
– Inter-Waste Proprietary Limited	900	100%	75 375 128	37 425 313
– Envirowaste SA Proprietary Limited	1 000	100%	1 904 289	783 767
– Interwaste Properties Proprietary Limited	100	100%	100	–
			77 279 517	**38 209 080**
Inter-Waste Proprietary Limited Group share based payment allocation			2 012 446	–
			79 291 963	**38 209 080**
Indirect				
– Earth2Earth Proprietary Limited	100	100%	611 290	–
– Interwaste Cleaning Proprietary Limited	100	49%	49	1 035 029
– The Metal Recovery Company Proprietary Limited	100	100%	3 057	–
– Kutu Waste Management Services Proprietary Limited	100	100%	1 506 125	–
– Platinum Waste Resources Proprietary Limited	1 000	74%	433 392	298 991
– Moz Environmental Limitada (Mozambique)	4 285	100%	4 285	2 916 515
– Green's Scrap Recycling Proprietary Limited	120	100%	358 753	614 712
– Interwaste Industrial Cleaning Proprietary Ltd	100	50%	50	(29 542)
– Extent Road Property Proprietary Limited	100	100%	100	430 303
– Interwaste Swaziland Proprietary Limited (Swaziland)	100	100%	100	(161 703)
– Limpopo Platinum Waste Proprietary Limited	100	70%	70	167 213
– Enbitec Environmental Solutions Proprietary Limited	1 000	50%	500	–

* Kutu Waste Management Services Proprietary Limited and The Metals Recovery Company Proprietary Limited were deregistered in 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries including consolidated structured entities

The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interests (NCI), before any intra-group eliminations.

	Enbitec Environmental Solutions Proprietary Limited	Interwaste Industrial Cleaning Proprietary Limited	Platinum Waste Resources Proprietary Limited	Limpopo Platinum Waste Proprietary Limited	Interwaste Cleaning Proprietary Limited
	R	R	R	R	R
	2015	2015	2015	2015	2015
NCI percentage	50%	50%	26%	30%	51%
Non-current assets	1 371 154	5 934 912	200 129	–	513 187
Current assets	17 021 831	4 355 436	6 552 184	730 469	9 349 558
Non-current liabilities	(10 152 191)	(224 673)	–	–	(3 114 436)
Current liabilities	(5 893 478)	(9 882 244)	(680 529)	–	(5 513 945)
Net assets	2 347 316	183 431	6 071 784	730 469	1 234 364
Carrying amount of NCI	1 173 658	91 716	1 578 664	219 141	629 526
Revenue	59 519 211	32 294 881	23 314 693	–	63 821 737
Profit	2 346 316	242 416	1 514 249	–	(699 583)
Total comprehensive income	2 346 316	242 416	1 514 249	–	(699 583)
Profit/(loss) allocated to NCI	1 173 158	121 208	393 705	–	(356 787)
Cash flows from operating activities	(320 516)	4 476 094	2 969 881	–	(6 808 732)
Cash flows from investing activities	(312 562)	(120 617)	–	–	3 223 564
Cash flows from financing activities	1 889 532	(4 340 990)	(2 841 723)	(4 252)	3 114 436
– before dividends to NCI	1 889 532	(4 340 990)	(2 841 723)	(4 252)	3 652 996
– cash dividends to NCI		–	–	–	(538 560)
Net (decrease)/increase in cash and cash equivalents	1 256 454	14 487	128 158	(4 252)	(470 732)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Interest in other entities

Subsidiaries including consolidated structured entities

The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interests (NCI), before any intra-group eliminations.

	Interwaste Industrial Cleaning	Platinum Waste Resources Proprietary Limited	Limpopo Platinum Waste Proprietary Limited	Interwaste Cleaning Proprietary Limited
	R	R	R	R
	2014	2014	2014	2014
NCI percentage	50%	26%	30%	51%
Non-current assets	7 326 570	239 856	–	260 181
Current assets	1 207 759	5 283 920	730 470	8 267 410
Non-current liabilities	–	(2 341)	–	–
Current liabilities	(8 593 313)	(963 900)	–	(5 537 645)
Net assets	**(58 984)**	**4 557 535**	**730 470**	**2 989 946**
Carrying amount of NCI	**(29 492)**	**1 184 959**	**219 141**	**1 524 872**
Revenue	7 133 583	24 369 218	4 328 279	51 605 883
Profit	(59 084)	404 042	238 875	2 112 304
Total comprehensive income	**(59 084)**	**404 042**	**238 875**	**2 112 304**
(Loss)/profit allocated to NCI	**(29 542)**	**105 051**	**71 663**	**1 077 275**
Cash flows from operating activities	–	(903 534)	1 773 905	1 948 100
Cash flows from investing activities	–	497 399	–	(978 584)
Cash flows from financing activities	–	(1 375 379)	(1 774 653)	(459 000)
– before dividends to NCI	–	(1 375 379)	(1 774 653)	–
– cash dividends to NCI	–	–	–	(459 000)
Net (decrease)/increase in cash and cash equivalents	**–**	**(1 781 514)**	**(748)**	**510 516**

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

6. DEFERRED TAX LIABILITIES/(ASSETS)

	2015	2014
GROUP	**R**	**R**
Reconciliation of deferred tax (liabilities)/assets		
At beginning of year	**(36 425 800)**	(28 697 857)
Exchange rate difference on foreign subsidiary	**74 151**	(77 118)
Current year temporary differences recognised in the statement of comprehensive income	**(9 268 178)**	(7 650 825)
AT END OF YEAR	**(45 619 827)**	**(36 425 800)**
Deferred tax (liabilities)/assets comprise:		
– capital allowances	**(48 605 893)**	(39 217 382)
– non-deductible provisions/accruals	**–**	1 379 052
– doubtful debt allowance	**1 410 824**	1 340 343
– leave pay accrual	**2 441 964**	649 409
– prepayments	**(260 373)**	(17 969)
– STC credit	**–**	423 772
– available tax losses	**155 217**	–
– unrealised foreign exchange differences	**(761 566)**	(983 025)
BALANCE AT END OF YEAR	**(45 619 827)**	**(36 425 800)**
Disclosed as follows:		
Deferred tax assets	**1 213 317**	440 229
Deferred tax liabilities	**(46 833 144)**	(36 866 029)
BALANCE AT END OF YEAR	**(45 619 827)**	**(36 425 800)**
COMPANY		
Reconciliation of deferred tax asset		
At beginning of year	**252 346**	560 820
Current year temporary differences	**(33 633)**	(308 474)
AT END OF YEAR	**218 713**	**252 346**
Deferred tax asset comprises:		
– leave pay accrual	**218 713**	252 346
BALANCE AT END OF YEAR	**218 713**	**252 346**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

7. LOANS TO GROUP COMPANIES

	2015	2014
COMPANY	**R**	**R**
Subsidiaries		
Inter-Waste Proprietary Limited	**257 197 102**	245 362 998
The loan is unsecured, bears interest at 4% below the prime bank lending rate per annum, and is repayable on demand, but has to be settled by no later than 31 December 2018. The loan was made during the 2007 financial year to fund operational activities. The loan is unsecured as it is to a wholly owned subsidiary of the company. The company has opted not to require settlement of the loan within the foreseeable future and therefore the loan has been classified as a non-current asset.		
	257 197 102	**245 362 998**

8. INVENTORIES

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	R	**R**	**R**	**R**
Raw materials	**4 227 945**	3 251 271	–	–
Work in progress	**1 555 891**	4 255 793	–	–
Finished goods	**528 303**	1 807 138	–	–
Consumables	**1 565 215**	2 855 212	–	–
Fuel	**3 594 674**	2 577 556	–	–
	11 472 028	**14 746 970**	**–**	**–**

Inventories are reflected after a write down to net realisable value of R nil (2014 – R0.3 million) against raw materials and work in progress. No inventory has been pledged as security for liabilities of the group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Trade receivables	**159 518 983**	154 767 325	**–**	–
Other receivables	**19 600 048**	9 675 015	**–**	–
Financial assets	**179 119 031**	**164 442 340**	**–**	**–**
Prepayments	**1 219 358**	549 433	**–**	–
	180 338 389	**164 991 773**	**–**	**–**

Trade and other receivables were ceded as security for banking facilities provided to the group. Refer to note 10.

As of 31 December 2015, group trade and other receivables are stated after an impairment adjustment of R7 495 367 (2014: R6 182 951).

10. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Cash and cash equivalents consist of:				
– Cash on hand	**910 706**	723 030	**–**	–
– Bank balances	**52 243 194**	61 182 623	**12 713**	19 847
	53 153 900	**61 905 653**	**12 713**	**19 847**

There is no material difference between the fair value of cash and cash equivalents and their carrying value as they are short-term in nature.

The following facilities and guarantees have been provided to Interwaste Proprietary Limited by ABSA Bank:

- Primary lending facility of R29 900 000
- Credit card facility of R300 000
- Fleet card facility of R600 000
- Vehicle and Commercial Asset Finance of up to R105 000 000
- Financial guarantees in favour of various customers of R100 000
- Term loan of R18 666 667

The ABSA facilities have been secured by the following:

- Cession of book debts (Trade and other receivables) by Inter-Waste Proprietary Limited.
- First continuing covering bond over Portion 2 Erf 13 – South Germiston for an amount of R10 000 000.
- Cession of Fire and Sasria Insurance Policy in respect of Portion 2 Erf 13 – South Germiston.
- The assets financed in terms of the Credit Line Facility serve as collateral for the finance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

10. CASH AND CASH EQUIVALENTS (CONTINUED)

Unlimited cross guarantees between the following legal entities, supported by a cession of loan accounts:

- Interwaste Holdings Limited;
- Inter-Waste Proprietary Limited;
- Envirowaste SA Proprietary Limited; and
- Moz Environmental Limitada.

If at any time the Guarantors contribute less than 80% of Interwaste Holdings Limited's revenue, EBITDA, total assets and cash flow from operating activities,measured on a consolidated basis, the bank may request additional guarantees.

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

- Vehicle Asset Finance Facility of R36 000 000
- The assets financed serve as collateral for borrowings
- Overdraft facility of R1 500 000

The following facilities and guarantees have been provided to the Interwaste group by Mercedes-Benz Financial Services South Africa (Pty) Ltd:

– Revolving asset based finance facility of R320 000 000.

The facility is secured by an unlimited guarantee from Interwaste Holdings Limited in favour of Inter-Waste Proprietary Limited.

Inter-Waste has provided suretyship on behalf of Green's Scrap Recycling Proprietary Limited.

11. STATED CAPITAL

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	R	**R**	**R**	**R**
Authorised				
1 000 000 000 ordinary shares of no par value				
Issued				
467 627 877 (2014 – 458 342 877) no par value Stated share capital	**317 619 119**	306 497 567	**317 619 119**	306 497 567
	317 619 119	**306 497 567**	**317 619 119**	**306 497 567**

The company issued 7 750 000 shares through a specific issue during the year. Employees participating in the Group's share-based payment scheme exercised their share options resulting in an increase in issued shares of 1 535 000. Refer to note 12 for additional details.

523 372 123 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

12. SHARE-BASED PAYMENTS

12.1 Previous Share Option Scheme

The share-based payment expense included in the profit or loss for the year amounts to R54 222 (2014 – R156 000) for the Group and company. The expense includes amounts relating to share options issued to a director. The options vest after 3 years, and are required to be exercised within 5 years of the date of grant, failing which they will lapse. Disclosures relating to these share options are as follows:

VESTING DATE FOR SHARE OPTIONS				
1 June 2014	800 000			
1 June 2015	1 600 000			
	2 400 000			

	NUMBER OF SHARE OPTIONS		WEIGHTED EXERCISE PRICE	
	2015	**2014**	**2015**	**2014**
			R	**R**
Outstanding at 1 January	**3 200 000**	3 200 000	**0,54**	0,54
Exercised during the year	**(800 000)**	–	**0,68**	–
OUTSTANDING AT 31 DECEMBER	**2 400 000**	**3 200 000**	**0,48**	**0,54**

12.2 New Share Option Scheme

The share option scheme was approved by shareholders on 8 June 2012.

Information on options granted – New scheme

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

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

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

The options have no voting, dividend or other rights attached to them.

Upon payment of the strike price on vesting, the entity will issue one (1) share for each option.
The Black-Scholes-Merton Model was used to value the share options under both schemes.
The following key assumptions were used in valuing the various option grants:

	2015	**2014**
	%	**%**
Expected volatility	**25% – 39%**	25% – 37%
Risk-free interest rate	**7,32% – 8,07%**	7,15% – 8,02%

Local and international comparable companies were considered in determining the volatility of the Group. Volatility was calculated for 3, 4, 5, 6 and 7 years to match the life of the options. The expected life of the options was based on historical data and expected future trends, and was not necessarily indicative of exercise patterns that may occur.

The share-based payments expense in respect of the scheme included in the profit or loss for the year amounts to R1 219 097 (2014 – R1 075 636) for the group and R318 261 (2014 – R273 673) for the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

12.2 New Share Option Scheme (continued)

Information on options granted

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

	NUMBER OF SHARE OPTIONS		WEIGHTED EXERCISE PRICE	
	2015	2014	2015	2014
			R	R
At 1 January	**16 265 000**	15 535 000	**0,76**	0,57
Allocations made				
– June 2014	**–**	3 495 000	**–**	1,40
– June 2015	**4 110 000**	–	**1,28**	–
Exercised				
– November 2014	**–**	(115 000)	**–**	0,50
– June 2015	**(735 000)**	–	**0,51**	–
Forfeited	**(1 545 000)**	(2 650 000)	**0,89**	0,57
OUTSTANDING AT 31 DECEMBER	**18 095 000**	**16 265 000**	**0,87**	**0,76**

The weighted average share price at the date of exercise for the options was R1.13.

	NUMBER OF SHARE OPTIONS			
	2015	2014		
Vesting date for share options				
15 June 2014	**665 000**	800 000		
15 June 2015	**2 307 500**	3 118 500		
15 June 2016	**3 809 500**	4 215 000		
15 June 2017	**4 834 500**	4 914 000		
15 June 2018	**3 091 500**	2 169 000		
15 June 2019	**2 154 000**	1 048 500		
15 June 2020	**1 233 000**	–		
	18 095 000	**16 265 000**		

12.3 Amounts recognised in respect of share based payments

The total expense for both schemes is R1 273 319 (2014: R1 231 636) for the group and R372 483 (2014: R429 673) for the company. Movements in the company's share based payment reserve include R900 836 which relates to share options awarded to employees of its subsidiary, Interwaste Proprietary Limited.

Total share options exercised amounted to 1 535 000, resulting in an increase in stated capital of R1 267 009 and a decrease of R322 383 in the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13. INTEREST-BEARING BORROWINGS

	2015	2014
Group	**R**	**R**
Secured		
Instalment sale agreements	**277 671 113**	253 747 128
Instalment sale obligations capitalised at rates ranging between prime and 1% below the prime interest rate per annum and are repayable over a period of three to five years. The liabilities are secured by instalment sale agreements over property, plant and equipment as per note 3.		
ABSA		
Term loan	**18 666 667**	25 066 667
The term loan bears interest at a rate equal to 10,20% (average for 2015 is a rate equal to the Internal Bank Rate) and is repayable over a period of 5 years. The security for this liability is detailed in note 10.		
Mortgage bond		
– George	**–**	1 569 479
The mortgage bonds taken out by the group to finance the purchase of properties, are secured by the respective properties, bear interest at the prime interest rate per annum and are repayable over a period of five years.		
	296 337 780	280 383 274
Less: Portion payable within one year included in current liabilities	**(91 461 372)**	(89 005 558)
Portion included in non-current liabilities	**204 876 408**	**191 377 716**
Additional disclosure for interest-bearing borrowings:		
Minimum future payments due		
– within one year	**116 516 939**	110 390 412
– in second to fifth year inclusive	**229 595 265**	218 239 073
TOTAL	**346 112 204**	**328 629 485**
Less: future finance charges	**(49 774 424)**	(48 246 211)
Present value of minimum future payments	**296 337 780**	**280 383 274**
Present value of minimum future payments due		
– within one year	**91 461 372**	89 005 558
– in second to fifth year inclusive	**204 876 408**	191 377 716
PRESENT VALUE OF MINIMUM FUTURE PAYMENTS	**296 337 780**	**280 383 274**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

14. PROVISION FOR SITE REHABILITATION

	2015	2014
Group	**R**	**R**
Balance at 1 January	**23 963 712**	16 836 878
Increase in provision	**3 967 092**	7 126 834
BALANCE AT 31 DECEMBER	**27 930 804**	**23 963 712**

Site rehabilitation provision

A provision is made in respect of the company's obligation to rehabilitate a leased landfill site after decommissioning the facility in the future.

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

Experienced waste management engineers are used in the determination of the estimated site rehabilitation costs. The engineers have provided the company with estimates of the total current costs of rehabilitation for the two landfill cells the company operates, namely cell 1 and cell 2. The 2015 costs of rehabilitation which have been provided by the engineers are R19.7 million (2014 – R18.3 million) and R13.7 million (2014 – R12.7 million) for cell 1 and cell 2 respectively. These costs have been based on 2015 market prices for materials and labour that would be required to rehabilitate the landfill cells based on applicable laws and regulations. For the purposes of computing the provision to be recognised at year-end, these current costs were adjusted for by an average forecast inflation of 6 percent per annum over a period of 5 years, the expected life of the entire landfill, including cells still to be developed, as rehabilitation will only commence once the entire site has been utilised, to determine the expected future rehabilitation costs. The expected future rehabilitation costs were then discounted at a rate of 6 percent over a period of 5 years to calculate the present value of the obligation. At year-end, R14.2 million (2014 – R11.2 million) and R13.7 million (2014 – R12.7 million) were recognised in respect of provisions for rehabilitation costs for cell 1 and cell 2 based on the required rehabilitation for each of the landfill cells.

A risk free rate of 8%, adjusted down to 6%, to reflect the risks specific to the provision was used to discount the provision. Management believes that the future cash flows are highly likely and that the adjustment to the risk free rate appropriately reflects the risks associated with those cash flows. The use of a lower discount rate results in a higher liability; given that the landfill is operational and would have to be rehabilitated if closed at any time, the rate reflects the high degree of certainty of the rehabilitation costs. The remaining life of the cells is currently about 1.4 years and the rehabilitation for these cells can be estimated with certainty. On this basis, management does not consider the rehabilitation provision to be an area of significant uncertainty or judgement.

Management has performed a sensitivity analysis based on reasonable changes to the inputs of the rehabilitation provision and the possible impact of these changes will have a limited impact on the provision.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Trade payables	**59 091 235**	56 789 365	**65 716**	61 565
Other payables	**52 160 702**	46 055 270	**4 919 910**	4 909 153
	111 251 937	**102 844 635**	**4 985 626**	**4 970 718**

16. REVENUE

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Sale of goods	**94 204 077**	104 465 991	**–**	–
Rendering of services	**862 712 225**	730 007 869	**–**	–
	956 916 302	**834 473 860**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

17. RESULTS FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Results from operating activities have been stated after accounting for the following:				
Operating lease charges	**70 265 394**	83 136 881	**–**	–
– premises	**13 607 332**	11 692 806	**–**	–
– equipment	**24 842 673**	28 245 224	**–**	–
– vehicles	**31 815 389**	43 198 851	**–**	–
Legal fees	**911 745**	2 920 453	**348 450**	–
Audit fees – current year	**2 537 874**	2 755 311	**80 605**	–
Bad debts	**3 471 408**	3 186 881	**–**	–
Depreciation	**95 835 555**	64 869 750	**–**	–
– depreciation on buildings and improvements	**19 359 882**	6 807 024	**–**	–
– depreciation on plant and equipment	**35 069 565**	31 293 767	**–**	–
– depreciation on vehicles	**36 571 196**	22 909 678	**–**	–
– depreciation – other	**4 834 912**	3 859 281	**–**	–
Employee costs	**233 873 961**	208 648 811	**73 827 671**	68 467 644
Normal	**220 825 831**	196 465 121	**60 779 541**	56 283 954
Directors' emoluments	**8 682 640**	8 061 026	**8 682 640**	8 061 026
Prescribed officers	**4 365 490**	4 122 664	**4 365 490**	4 122 644
Employee costs paid by subsidiary	**–**	–	**(63 716 769)**	(58 499 970)
Share-based payment expense	**1 273 319**	1 231 636	**372 483**	429 673
(Profit)/loss on disposal and scrapping of property, plant and equipment	**(52 337)**	2 317 542	**–**	–
Consulting fees	**17 091 975**	12 105 529	**1 446 837**	122 121
Management fee paid to subsidiaries	**–**	–	**660 000**	600 000
Foreign currency exchange gains	**(397 611)**	(297 211)	**–**	–
Provident fund contributions	**2 640 986**	2 237 528	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

18. NET FINANCE INCOME/(COSTS)

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Finance income				
Bank accounts	**1 965 673**	788 384	**–**	5 815
Loans to group companies	**–**	–	**13 629 854**	15 122 094
Other interest	**9 792**	–	**–**	–
	1 975 465	**788 384**	**13 629 854**	**15 127 909**
Finance costs				
Interest bearing borrowings	**(23 644 353)**	(18 764 174)	**–**	–
Bank overdraft	**(2 034 491)**	(1 567 102)	**–**	–
Other interest	**(801 729)**	(35 525)	**–**	(3 095)
	(26 480 573)	**(20 366 801)**	**–**	**(3 095)**
	(24 505 108)	**(19 578 417)**	**13 629 854**	**15 124 814**

19. TAXATION EXPENSE

Major components of the tax expense				
Current taxation	**8 897 182**	11 239 129	**339 272**	354 625
– current year	**8 535 384**	11 239 129	**339 272**	354 625
– prior year	**361 798**	–	**–**	–
Deferred taxation				
– current year temporary differences	**9 268 178**	7 650 825	**33 633**	308 474
	18 165 360	**18 889 954**	**372 905**	**663 099**
Reconciliation of tax expense	%	%	%	%
Reconciliation between statutory tax rate and average effective tax rate.				
Statutory tax rate	**28,00%**	28,00%	**28,00%**	28,00%
Disallowed charges	**0,59%**	0,47%	**–**	0,04%
Share based payment expense	**0,43%**	0,71%	**1,49%**	6,03%
Unrecognised temporary differences	**0,14%**	(0,18%)	**–**	–
Effect of tax rates in foreign jurisdictions	**0,32%**	0,29%	**–**	–
Prior year adjustment	**0,60%**	0,02%	**–**	–
EFFECTIVE TAX RATE	**30,08%**	**29,31%**	**29,49%**	**34,07%**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

20. CASH FLOW NOTES

20.1 Cash generated from/(utilised by) operations

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Profit before taxation	**60 398 006**	64 437 160	**959 322**	1 946 261
Adjustments for:				
Depreciation and amortisation	**95 835 555**	64 869 750	**–**	–
Finance costs	**26 480 573**	20 366 801	**–**	3 095
Finance income	**(1 975 465)**	(788 384)	**(13 629 854)**	(15 127 909)
(Profit)/loss on disposal of property, plant and equipment	**(52 337)**	2 317 542	**–**	–
Landfill rehabilitation provision	**3 967 092**	7 126 834	**–**	–
Gain on bargain purchase	**(1 000)**	–	**–**	–
Share-based payment transactions	**950 936**	1 231 636	**50 100**	429 673
Foreign currency translation reserve	**(2 687 827)**	(39 526)	**–**	–
Exchange rate changes effect – deferred tax	**(74 151)**	77 118	**–**	–
Exchange rate changes effect – property, plant and equipment	**3 307 796**	(1 434 364)	**–**	–
Decrease in provision for onerous lease	**–**	(532 308)	**–**	–
Changes in working capital:				
Increase in trade and other receivables	**(3 583 368)**	(50 974 452)	**–**	–
(Decrease)/increase in trade and other payables	**(7 519 187)**	28 792 132	**14 908**	1 040 489
Decrease/(increase) in inventories	**5 994 146**	(793 263)	**–**	–
Change in estimate – site rehabilitation cost	**(1 018 679)**	(3 158 237)	**–**	–
	180 022 090	**131 498 439**	**(12 605 524)**	**(11 708 391)**

20.2 Tax paid

Balance (payable)/receivable at beginning of year	**(2 916 142)**	(497 948)	**(156 065)**	50 000
Tax recognised in the statement of comprehensive income	**(8 897 182)**	(11 239 129)	**(339 272)**	(354 625)
Balance (receivable)/payable at end of year	**(4 453 296)**	2 916 142	**176 425**	156 065
	(16 266 620)	**(8 820 935)**	**(318 912)**	**(148 560)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

20. CASH FLOW NOTES (CONTINUED)

20.3 Business combinations

During the year, as part of its growth strategy, the group acquired several businesses that provide waste management services as part of its growth strategy. Acquisition of these businesses enabled the group to increase its share of the waste management industry through access to these businesses' customer bases. The group also expects to reduce costs through economies of scale. The value of the assets acquired is realisable and no impairments have been identified. No contingent liabilities were acquired as part of the business combinations. The total outflows on business combinations amounted to R3 200 000. Refer to notes below for additional details.

20.3.1 Enbitec Proprietary Limited

On 1 January 2015 Enbitec Environmental Solutions Proprietary Limited (a dormant subsidiary) acquired the business of Enbitec Proprietary Limited for an amount of R nil. Interwaste Proprietary Limited holds a 50% share in Enbitec Environmental Solutions Proprietary Limited.

Presented below is a summary of the acquisition date carrying and fair values of the identifiable assets and liabilities acquired:

	Fair values on acquisition
	R
Property, plant and equipment	1 445 038
Trade and other receivables	11 763 248
Inventory	2 719 204
Trade and other liabilities	(15 926 490)
Net identifiable assets and liabilities	**1 000**
Purchase consideration	–
Gain on bargain purchase	**1 000**
Purchase consideration	–
Cash received	–
NET CASH OUTFLOW	–

20.3.2 Mr Bin Proprietary Limited

On 1 April 2015 Green's Scrap Recycling Proprietary Limited acquired the business of Mr Bin Proprietary Limited for an amount of R2 500 000. Interwaste Proprietary Limited holds a 100% share in Green's Scrap Recycling Proprietary Limited.

Presented below is a summary of the acquisition date carrying and fair values of the identifiable assets and liabilities acquired:

	Fair values on acquisition
	R
Property, plant and equipment	1 500 000
Net identifiable assets and liabilities	**1 500 000**
Purchase consideration	(2 500 000)
Goodwill	**(1 000 000)**
Purchase consideration paid	(2 500 000)
Cash received	–
NET CASH OUTFLOW	**(2 500 000)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

20. CASH FLOW NOTES (CONTINUED)

20.3.3 Dumpit Proprietary Limited

On 1 May 2015 Envirowaste SA Proprietary Limited acquired the business of Dumpit Proprietary Limited for an amount of R700 000. Interwaste Holdings Limited holds a 100% share in Envirowaste SA Proprietary Limited.

Presented below is a summary of the acquisition date carrying and fair values of the identifiable assets and liabilities acquired:

	Fair values on acquisition
	R
Net identifiable assets and liabilities	–
Purchase consideration	(700 000)
Goodwill	**(700 000)**
Purchase consideration paid	(700 000)
Cash received	–
NET CASH OUTFLOW	**(700 000)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

21. COMMITMENTS

21.1 Premises operating leases – as lessee

	GROUP	
	2015	2014
	R	R
Minimum lease payments due		
– within one year	**1 833 687**	1 397 604
– in second to fifth year inclusive	**2 059 277**	1 847 899
	3 892 964	**3 245 503**

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

21.2 Landfill operating leases – as lessee

Minimum lease payments due		
– within one year	**7 421 298**	6 140 509
– in second to fifth year inclusive	**38 958 393**	24 562 037
	46 379 691	**30 702 546**

The lease commitment relates to land used for landfill waste disposal. The duration of the lease is the earlier of 31 December 2025 or the group disposing of 6,3 million tonnes of waste on the property. Lease payments are based on volumes disposed of at a rate that increases annually in line with inflation. At current disposal rates, it is expected that there are 5 years remaining on the lease.

21.3 Motor vehicles operating leases – as lessee

Minimum lease payments due		
– within one year	**21 091 908**	31 655 031
– in second to fifth year inclusive	**5 101 102**	29 625 091
	26 193 010	**61 280 122**

The group leases certain of its motor vehicles under operating leases. Leases escalated in line with prime interest rates and typically run for periods of three to four years.

21.4 Capital commitments

– authorised and contracted	**–**	–
– authorised but not contracted	**21 341 000**	59 200 749
	21 341 000	**59 200 749**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

22. RELATED PARTIES

Identity of related party relationships

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

Subsidiaries of the group	Inter-Waste Proprietary Limited Interwaste Cleaning Proprietary Limited Envirowaste SA Proprietary Limited Limpopo Platinum Waste Proprietary Limited (Dormant) Green's Scrap Recycling Proprietary Limited Platinum Waste Resources Proprietary Limited Extent Road Property Proprietary Limited Interwaste Swaziland Proprietary Limited Moz Environmental Limitada Interwaste Properties Proprietary Limited Earth 2 Earth Proprietary Limited (Dormant) Interwaste Industrial Cleaning Proprietary Limited Karee Investments 67 Proprietary Limited (Dormant) Enbitec Environmental solutions Proprietary Limited Interwaste Zambia Proprietary Limited (Dormant) Interwaste Environmental Solutions (T) Proprietary Limited (Dormant)
Trusts relating to directors	Wilco Family Trust N2 Property Trust
Other related party	Interwaste (Mauritius) Limited
Directors	A Kawa AP Broodryk BL Willcocks GR Tipper L Mahlangu LC Grobbelaar PF Majono WAH Willcocks
Significant shareholders	The Wilco Family Trust Refer also to shareholder analysis.

Related party balances

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

Investments in subsidiaries	Note 5
Loans to group companies	Note 7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

22. RELATED PARTIES (CONTINUED)

	2015	2014
	R	R
RELATED PARTY TRANSACTIONS		
Group		
N2 Property Trust – Property rentals paid	**(973 373)**	(2 802 200)
Dividends paid to non–controlling interests	**(538 560)**	(459 000)
Company		
Inter-Waste Proprietary Limited – Interest received	**13 629 854**	15 122 094
Inter-Waste Proprietary Limited – Management fee received	**63 716 769**	58 499 970
Inter-Waste Proprietary Limited – Management fee paid	**(660 000)**	(600 000)

Emoluments paid to directors and prescribed officers have been disclosed in note 28. Share options awarded to directors and executive management have been disclosed in note 12. The share option expense related to share options awarded to each director has been disclosed in note 28.

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Credit risk

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

Trade and other receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	R	R	R	R
Loans to group companies	–	–	257 197 102	245 362 998
Cash and cash equivalents	53 153 900	61 905 653	12 713	19 847
Trade receivables	159 518 983	154 767 325	–	–
Other receivables	19 600 048	9 675 015		
	232 272 931	226 347 993	257 209 815	245 382 845
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Domestic	154 772 744	133 998 995	–	–
Foreign – Mozambique	4 345 912	19 556 888	–	–
Foreign – Swaziland	400 327	1 211 442	–	–
	159 518 983	154 767 325	–	–

The aging of trade receivables at reporting date was:

	2015		2014	
	Gross	Impairment allowance	Gross	Impairment allowance
Group	R	R	R	R
Not past due	77 798 610	–	84 907 746	–
Past due 30 days	46 099 061	–	43 263 554	–
Past due 60 – 120 days	43 116 679	(7 495 367)	32 778 976	(6 182 951)
	167 014 350	(7 495 367)	160 950 276	(6 182 951)

The company has no trade receivables at year end.

	GROUP		COMPANY	
	2015	2014	2015	2014
Movement in impairment allowance	R	R	R	R
Balance at 1 January 2015	(6 182 951)	(7 159 520)	–	–
Bad debts written off in current year	3 471 408	4 886 988	–	–
Impairment allowance created	(4 783 824)	(3 910 419)	–	–
BALANCE AT 31 DECEMBER 2015	(7 495 367)	(6 182 951)	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

The following are the contractual maturities of financial liabilities:

Group	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	No fixed maturity
	R	R	R	R	R
At 31 December 2015					
Non-derivative liabilities					
Interest-bearing borrowings	**296 337 780**	**346 112 204**	**116 516 939**	**229 595 265**	**–**
Trade and other payables	**111 251 937**	**111 251 937**	**111 251 937**	**–**	**–**
	407 589 717	**457 364 141**	**227 768 876**	**229 595 265**	
At 31 December 2014					
Non-derivative liabilities					
Interest-bearing borrowings	280 383 274	328 629 485	110 390 412	218 239 073	–
Trade and other payables	102 844 635	102 844 635	102 844 635	–	–
	383 227 909	**431 474 120**	**213 235 047**	**218 239 073**	**–**

Company	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	No fixed maturity
	R	R	R	R	R
At 31 December 2015					
Non-derivative liabilities					
Trade and other payables	4 985 626	4 985 626	4 985 626	–	–
At 31 December 2014					
Non-derivative liabilities					
Trade and other payables	4 970 718	4 970 718	4 970 718	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk arises due to the fact that the interest rates on liabilities fluctuate.

The interest rate risk profile of the interest bearing financial instruments was:

	2015		2014	
		Interest rate		Interest rate
Group	**R**	**%**	**R**	**%**
Variable rate instruments				
Cash and cash equivalents	**53 153 900**	**0,57% – 5,80%**	61 905 653	0,40% – 4,35%
Interest bearing borrowings	**(296 337 780)**	**9,25% – 10,25%**	(280 383 274)	8,5% – 9,25%
Company				
Variable rate instruments				
Loans to group companies	**257 197 102**	**5,75%**	245 362 998	8,25%
Cash and cash equivalents	**12 713**	**–**	19 847	–

Sensitivity analyses

A change of 100 basis points in interest rates at the reporting date would have increased or decreased group and company profit or loss and equity by R2 431 839 (2014 – R1 199 946) and R2 572 098 (2014 – R1 162 195) respectively, on the basis that all other variables remain constant.

Currency risk

The group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the company. The currency in which these transactions are primarily denominated is Mozambican Metical (MT) as a result of the group's operations in Mozambique. There is no currency risk with regards to operations in Swaziland, due to a 1:1 exchange rate.

Group

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

	2015		2014	
	ZAR	MT	ZAR	MT
	R	R	R	R
Trade and other receivables	**173 757 585**	**6 580 804**	144 368 197	20 074 143
Cash and cash equivalents	**37 858 312**	**15 295 588**	52 069 225	9 836 428
Trade and other payables	**(110 149 657)**	**(1 102 280)**	(97 556 909)	(5 287 726)
Interest bearing borrowings	**(296 337 780)**	**–**	(280 383 274)	–
Statement of financial position exposure	**(194 871 540)**	**20 774 112**	**(181 502 761)**	**24 622 845**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
South African Rand	2015	2014	2015	2014
MT 1	**0.32**	0.36	**0.32**	0.35

Sensitivity analysis

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

			GROUP	
			2015	2014
31 December			R	R
MT			**1 412 640**	1 674 353

A 10 percent strengthening of the Rand against Mozambican Metical at 31 December would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

FAIR VALUE ANALYSIS

	2015		2014	
Group	Carrying value	Fair value	Carrying value	Fair value
	R	R	R	R
Assets				
Trade and other receivables	**179 119 031**	**179 199 031**	164 442 340	164 442 340
Cash and cash equivalents	**53 153 900**	**53 153 900**	61 905 653	61 905 653
Liabilities				
Interest-bearing borrowings	**296 337 780**	**296 337 780**	280 383 274	280 383 274
Trade and other payables	**111 251 937**	**111 251 937**	102 844 635	102 844 635

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2015		2014	
Company	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
	R	**R**	**R**	**R**
Assets				
Loan to group company	**257 197 102**	**257 197 102**	245 362 998	245 362 998
Cash and cash equivalents	**12 713**	**12 713**	19 847	19 847
Liabilities				
Trade and other payables	**4 985 626**	**4 985 626**	4 970 718	4 970 718

Fair values versus carrying amounts

Estimation of fair values

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

Interest-bearing borrowings

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

Trade and other receivables/payables

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

Loan to group company

The loan does not have fixed repayment terms and is payable on demand. The company has opted not to require settlement of the loan within the foreseeable future therefore the loan has been classified as non-current. The carrying amount of the loan approximates its fair value as it bears interest at the rate that is comparable to market rates.

Non-derivative financial assets and liabilities

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

Fair value hierarchy

At 31 December 2015 and 2014, the group did not have financial instruments or other assets carried at fair value, by valuation method, requiring fair value hierarchy classification disclosures.

Capital management

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	GROUP	
	2015	2014
	R	R
Total liabilities	**482 644 912**	447 094 137
Less: positive cash balances	**(53 153 900)**	(61 905 653)
	429 491 012	385 188 484
Total equity	**504 162 872**	453 082 560
Debt to capital ratio at 31 December	**0.85**	0.85

There were no changes to the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements, other than facilities in regard to the guarantees disclosed in note 10.

24. BASIC EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

The calculation of basic earnings per ordinary share of 8.77 cents (2014: 10.82 cents) is based on a profit of R40 901 362 (2014: profit of R44 322 760) and a weighted average number of shares in issue of 466 374 466 (2014: 409 464 398).

The calculation of diluted earnings per ordinary share of 8.65 cents (2014: 10.62 cents) is based on a profit of R40 901 362 (2014: profit of R44 322 760) and a weighted average number of shares in issue of 472 937 529 (2014: 417 189 252).

Weighted average number of shares

	2015	2014
Number of shares in issue	**467 627 877**	458 342 877
Weighted average number of shares (basic)		
Issued ordinary shares at 1 January	**458 342 877**	395 977 877
Effect of shares issued in January 2015	**7 155 479**	–
Effect of shares issued in October 2014	**–**	13 473 288
Effect of share options exercised	**876 110**	13 233
	466 374 466	409 464 398
Diluted Weighted average number of shares (diluted)		
Weighted average number of shares	**466 374 466**	409 464 398
Dilutive portion of share options	**6 563 063**	7 724 854
Diluted weighted average number of shares	**472 937 529**	417 189 252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

25. HEADLINE EARNINGS AND FULLY DILUTED HEADLINE EARNINGS PER SHARE

The headline earnings per ordinary share of 8.76 cents (2014: earnings of 11.23 cents) is based on a profit of R40 835 533 (2014: profit of R46 000 390) and a weighted average number of shares in issue of 466 374 466 (2014: 409 464 398).

The diluted headline earnings per ordinary share of 8.63 cents (2014: earnings of 11.02 cents) is based on profit of R40 835 533 (2014: profit of R46 000 390) and a weighted average number of shares in issue of 472 937 529 (2014: 417 189 252).

	2015	2014
	R	R
Reconciliation of headline earnings:		
Attributable profit per the statement of comprehensive income	**40 901 362**	44 322 760
Adjustment for :		
– (profit)/loss on disposal of property, plant and equipment	**(52 337)**	2 317 542
– taxation on loss/(profit) on disposal of property, plant and equipment	**14 654**	(648 912)
– non-controlling interest effect of adjustments	**(28 146)**	9 000
	40 835 533	**46 000 390**
Headline earnings per share (cents)	**8.76**	11.23
Fully diluted headline earnings (cents)	**8.63**	11.02

The net asset value per share is 107 cents (2014: 98.2 cents) and is based on a net asset value of R500 477 317 (2014: R450 191 294) and shares in issue of 467 627 877 (2014: 458 342 877). The tangible net asset value per share is 94 cents (2014: 85.3 cents) and is based on a net tangible asset value of R439 395 525 (2014: R390 809 502) and shares in issue of 467 627 877 (2014: 458 342 877).

26. SEGMENT REPORT

	GROUP	
	2015	2014
	R	R
Gross revenue		
Waste management	**760 384 119**	676 330 265
Compost manufacturing and sales	**46 096 429**	40 989 139
Landfill management, construction and rehabilitation	**150 435 754**	117 154 456
	956 916 302	**834 473 860**
Results from operating activities		
Waste management	**35 084 914**	46 022 959
Compost manufacturing and sales	**5 324 128**	(1 214 573)
Landfill management, construction and rehabilitation	**44 494 072**	39 207 191
	84 903 114	**84 015 577**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

26. SEGMENT REPORT (CONTINUED)

	GROUP	
	2015	**2014**
	R	**R**
Depreciation		
Waste management	**75 945 144**	54 183 404
Compost manufacturing and sales	**1 654 908**	2 474 620
Landfill management, construction and rehabilitation	**18 235 503**	8 211 726
	95 835 555	**64 869 750**
Net finance costs		
Waste management	**(24 244 736)**	(19 455 488)
Compost manufacturing and sales	**(109 536)**	(157 568)
Landfill management, construction and rehabilitation	**(150 836)**	34 639
	(24 505 108)	**(19 578 417)**
Taxation		
Waste management	**(3 260 564)**	(6 418 823)
Compost manufacturing and sales	**(1 568 318)**	3 128 511
Landfill management, construction and rehabilitation	**(13 336 478)**	(15 599 642)
	(18 165 360)	**(18 889 954)**
Segment assets		
Waste management	**846 361 892**	735 889 652
Compost manufacturing and sales	**22 160 464**	30 056 063
Landfill management, construction and rehabilitation	**118 285 428**	134 230 982
	986 807 784	**900 176 697**
Segment liabilities		
Waste management	**430 481 654**	399 084 434
Compost manufacturing and sales	**6 402 914**	6 501 635
Landfill management, construction and rehabilitation	**45 760 344**	41 508 068
	482 644 912	**447 094 137**
Capital expenditure		
Waste management	**159 852 385**	246 283 222
Compost manufacturing and sales	**–**	24 500
Landfill management, construction and rehabilitation	**16 700 341**	18 368 930
	176 552 726	**264 676 652**

For management purposes the group is organised into three major operating divisions: waste management, compost manufacturing and landfill management. These represent 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 2015 (CONTINUED)

27. DIRECTORS' SHAREHOLDING

	2015			2014		
	Beneficial direct	Beneficial indirect	Total	Beneficial Direct	Beneficial Indirect	Total
Executive						
Alan Willcocks	**100 000**	**74 432 911**	**74 532 911**	100 000	79 633 700	79 733 700
Leon Grobbelaar	**–**	**2 490 007**	**2 490 007**	–	2 740 007	2 740 007
André Broodryk	**2 800 000**	**–**	**2 800 000**	2 000 000	–	2 000 000
Non-executive						
Gavin Tipper	**14 006 751**	**–**	**14 006 751**	12 756 751	–	12 756 751
Bronwyn Willcocks	**–**	**74 432 911**	**74 432 911**	–	79 633 701	79 633 701
	16 906 751	**151 355 829**	**168 262 580**	**14 856 751**	**162 007 408**	**176 864 159**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

28. DIRECTORS', PRESCRIBED OFFICERS' AND KEY MANAGEMENT'S EMOLUMENTS

28.1 Directors' emoluments

	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Sub total	Share option expense	Total
	R	R	R	R	R	R	R
Group and Company							
2015							
Executive							
Alan Willcocks	2 640 452	–	–	133 719	2 774 171	–	2 774 171
Leon Grobbelaar	1 798 914	–	158 790	159 910	2 117 614	126 657	2 244 271
André Broodryk	1 921 560	–	120 000	255 195	2 296 755	190 750	2 487 505
Non-executive – fees							
Gavin Tipper	–	100 000	–	–	100 000	–	100 000
Andisiwe Kawa	–	100 000	–	–	100 000	–	100 000
Funani Mojono	–	105 000	–	–	105 000	–	105 000
Bronwyn Willcocks	–	100 000	–	–	100 000	–	100 000
Landiwe Mahlangu	–	88 000	–	–	88 000	–	88 000
	6 360 926	493 000	278 790	548 824	7 681 540	317 407	7 998 947
Other consulting							
Gavin Tipper	–	1 001 100	–	–	1 001 100	–	1 001 100
	6 360 926	1 494 100	278 790	548 824	8 682 640	317 407	9 000 047

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

28. DIRECTORS', PRESCRIBED OFFICERS' AND KEY MANAGEMENT'S EMOLUMENTS (CONTINUED)

28.1 Directors' emoluments (continued)

	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Sub total	Share option expense	Total
	R	R	R	R	R	R	R
Group and Company							
2014							
Executive							
Alan Willcocks	2 336 683	–	–	194 724	2 531 407	–	2 531 407
Leon Grobbelaar	1 673 378	–	170 819	224 172	2 068 369	118 235	2 186 604
André Broodryk	1 788 000	–	120 000	278 250	2 186 250	284 893	2 471 143
Non-executive directors' emoluments							
Non-executive – fees							
Gavin Tipper	–	78 000	–	–	78 000	–	78 000
Andisiwe Kawa	–	54 000	–	–	54 000	–	54 000
Funani Mojono	–	57 000	–	–	57 000	–	57 000
Bronwyn Willcocks	–	78 000	–	–	78 000	–	78 000
Landiwe Mahlangu	–	78 000	–	–	78 000	–	78 000
	5 798 061	**345 000**	**290 819**	**697 146**	**7 131 026**	**403 128**	**7 534 154**
Other consulting							
Gavin Tipper	–	930 000	–	–	930 000	–	930 000
	5 798 061	**1 275 000**	**290 819**	**697 146**	**8 061 026**	**403 128**	**8 464 154**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

28. DIRECTORS', PRESCRIBED OFFICERS' AND KEY MANAGEMENT'S EMOLUMENTS (CONTINUED)

28.2 Other prescribed officers' and key management's emoluments

The prescribed officers of the Group and Company, as defined in the Companies Act of 2008, and the key management personnel of the Group and Company, as defined in IAS24, are the executive directors of the Company and the executive directors of the Company's major subsidiary, Interwaste Proprietary Limited. The remuneration paid to the executive directors of the Company is disclosed above under note 28.1. The remuneration paid to the other prescribed officers and key management personnel is set out below.

Group and Company	Salary	Bonus and gratuity	Motor vehicle allowance	Other	Sub total	Share option expense	Total
	R	R	R	R	R	R	R
2015							
Dan Nkomo	**982 800**	**81 900**	**91 013**	**–**	**1 155 713**	**–**	**1 155 713**
Jason McNeil	**1 519 800**	**153 400**	**126 723**	**–**	**1 799 923**	**136 528**	**1 936 451**
Rajas Pillay	**1 194 000**	**107 600**	**108 254**	**–**	**1 409 854**	**68 704**	**1 478 558**
	3 696 600	**342 900**	**325 990**	**–**	**4 365 490**	**205 232**	**4 570 722**
2014							
Dan Nkomo	918 505	76 542	74 444	47 104	1 116 595	–	1 116 595
Jason McNeil	1 344 000	180 000	137 706	–	1 661 706	128 893	1 790 599
Rajas Pillay	1 110 000	125 000	109 363	–	1 344 363	63 480	1 407 843
	3 372 505	**381 542**	**321 513**	**47 104**	**4 122 664**	**192 373**	**4 315 037**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

29. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the group to provide retirement benefits to certain of the group's employees. The group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pensions Fund Act of 1956 as amended. The group's contribution to the provident fund for the year, which has been charged to the statement of comprehensive income, was R2 640 986 (2014: R2 237 528).

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

30. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising, since the end of the financial year and up to the date of approving the financial statements, which require disclosure in or adjustment to the financial statements.

31. DIVIDENDS PAID

No dividends were declared or paid to shareholders during the year ended 31 December 2015.

Interwaste Cleaning Proprietary Limited, a group subsidiary, paid dividends of R538 560 (2014: R459 000) to non-controlling shareholders.

32. 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.

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2015

SHAREHOLDER SPREAD	No. of shareholders	%	No. of Shares	%
1 – 1,000 shares	282	19.75%	126 149	0.03%
1,001 – 10,000 shares	385	26.96%	1 818 039	0.39%
10,001 – 100,000 shares	569	39.85%	22 903 414	4.90%
100,001 – 1,000,000 shares	159	11.13%	44 388 777	9.49%
1,000,001 shares and over	33	2.31%	398 391 498	85.19%
TOTAL	**1 428**	**100.00%**	**467 627 877**	**100.00%**

DISTRIBUTION OF SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Banks	2	0.14%	1 342 613	0.29%
Brokers	4	0.28%	1 696 096	0.36%
Close Corporations	15	1.05%	1 739 990	0.37%
Empowerment	1	0.07%	12 500 000	2.67%
Endowment Funds	2	0.14%	50 213	0.01%
Individuals	1 124	78.71%	77 077 785	16.48%
Investment Companies	3	0.22%	72 024 466	15.41%
Mutual Funds	17	1.19%	101 070 666	21.61%
Nominees and Trusts	135	9.45%	180 771 458	38.66%
Other Corporations	12	0.84%	570 530	0.12%
Pension Funds	58	4.06%	5 479 015	1.17%
Private Companies	51	3.57%	12 765 425	2.73%
Public companies	4	0.28%	539 620	0.12%
TOTAL	**1 428**	**100.00%**	**467 627 877**	**100.00%**

PUBLIC/NON-PUBLIC SHAREHOLDERS	No. of shareholdings	%	No. of Shares	%
Non-Public Shareholders	16	1.12%	246 842 633	52.79%
Directors and associates of the company	15	1.05%	174 916 167	37.40%
Strategic Holder (more than 10%)	1	0.07%	71 926 466	15.39%
Public Shareholders	1 412	98.88%	220 785 244	47.21%
TOTAL	**1 428**	**100.00%**	**467 627 877**	**100.00%**

Beneficial shareholders holding 5% or more			No. of Shares	%
Wilco Family Trust			148 865 822	31.83%
Coronation Capital Limited – Private Equity			71 926 466	15.39%
Empowerment			**No. of Shares**	**%**
National Empowerment Fund			12 500 000	2.67%

› SECTION 5

NOTICE TO SHAREHOLDERS

SHAREHOLDERS' DIARY

SALIENT DATES

- FINANCIAL YEAR-END . . . . 31 DECEMBER
- ANNUAL GENERAL MEETING . . . . 30 JUNE 2016

REPORTS

- INTERIM RESULTS FOR HALF YEAR TO JUNE 2016 . . . . AUGUST 2016
- ANNUAL RESULTS FOR 2016 . . . . 31 MARCH 2017

INTERWASTE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/037223/06)

(JSE share code: IWE)

(ISN: ZAE000097903)

("Interwaste" or "the Company" or "the Group")

Interwaste Holdings Limited

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom of the Company, 2 Brammer Road, Germiston South, Gauteng, South Africa on Thursday, 30 June 2016 at 14H00 to conduct the business as listed below.

(The record date for receipt of the notice of Annual General Meeting is Friday, 27 May 2016. The record date in terms of section 59 of the Companies Act, 2008, ("the Companies Act") for shareholders to be recorded in the Register in order to be able to attend, participate and vote at the annual general meeting is Friday, 24 June 2016).

To consider and, if deemed fit, to pass with or without modification, the ordinary resolutions 1 to 7 below. In terms of the Companies Act, for an ordinary resolution to be adopted, it must be supported by more than 50 percent of the total number of votes which the shareholders present or represented by proxy at the meeting are entitled to cast.

1. To receive and adopt the annual financial statements for the year ended 31 December 2015, together with the reports of the directors, the audit committee and the external auditors.

2. To re-elect Mrs B Willcocks as a non-executive director of the Company. In terms of the Company's Memorandum of Incorporation she retires by rotation but being eligible, offers herself for re-election.*

3. To re-elect Mr G Tipper as a non-executive director of the Company. In terms of the Company's Memorandum of Incorporation he retires by rotation but being eligible, offers himself for re-election.*

4. To re-appoint KPMG as the independent external auditors of the Company and to appoint Mr N Botha as the registered auditor who will undertake the audit of the Company for the ensuing year.

5. To elect, as separate resolutions, the members of the Audit and Risk Committee. The proposed members of the committee are:

   5.1 Mr P Mojono (Chairman);

   5.2 Mr G Tipper; and

   5.3 Ms A Kawa.*

   The Board has satisfied itself that these directors are suitable for appointment to the Audit and Risk committee as contemplated in the Companies Act.

   *(*Brief CVs of the directors appear on pages 14 and 15 of the integrated report.)*

6. To endorse, by way of a non-binding, advisory ordinary resolution, the Company's remuneration policy as set out in the Remuneration Report.

7. That pursuant to the Memorandum of Incorporation of the Company, and subject to the Companies Act and the Listings Requirements of the JSE Limited ("Listings Requirements"), the directors of the Company be and are hereby authorised, by way of a general authority to allot and issue ordinary shares for cash as and when suitable opportunities arise, subject to the following conditions:

   7.1 that the shares be of a class already in issue or where this is not the case, be limited to such shares or rights that are convertible into a class already in issue;

   7.2 that the shares only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements, and not to related parties;

7.3 that the shares to be issued or sold do not exceed 15 percent, i.e 70 144 182 shares, of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements and the Companies Act;

7.4 that the maximum discount at which such shares be issued or sold, is 10 percent of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date of determination of the issue or selling price;

7.5 that such authorisation is valid only until the next annual general meeting or for 15 months from the date of this resolution, whichever is the earlier date;

7.6 that an announcement giving full details of any issue, including the number of securities issued and the average discount to the weighted average traded price over the prior 30 business days, be published at the time of any issue or sale representing, on a cumulative basis within a financial year, 5 percent or more of the number of securities in issue prior to the issue.

VOTING

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

To consider and if deemed fit, to pass with or without modification, special resolutions 8 to 10 below. In terms of the Companies Act for a special resolution to be adopted, it must be supported by at least 75% of the total number of votes which the shareholders present or represented by proxy at the meeting are entitled to cast.

8. That with effect from 1 July 2016 the fees payable to the non-executive directors of the Company be R16 000 per board meeting, R10 500 per audit committee meeting, R8 500 per general meeting, R5 300 per social and ethics committee and remuneration committee meeting attended.

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

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

   9.1 that the Company and its subsidiaries are authorised by their Memoranda of Incorporation to repurchase such shares;

   9.2 that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the Company and the counterparty;

   9.3 that the general authority be valid only until the next annual general meeting or for 15 months from the date of the approval of this special resolution, whichever is the earlier date;

   9.4 that an announcement be published giving such details as may be required in terms of the Listings Requirements when the Company has cumulatively repurchased three percent of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of shares and for each three percent in aggregate of the initial number of that class acquired thereafter;

   9.5 that at any one time the Company may only appoint one agent to effect any repurchase on the Company's behalf;

   9.6 that the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20 percent of the Company's issued share capital as at the date of passing this resolution, or 10 percent of the Company's issued share capital in the case of an acquisition of shares in the Company by the subsidiaries of the Company;

   9.7 that the repurchase of shares may not be made at a price greater than 10 percent above the weighted average traded price of the shares as determined over the five business days immediately preceding the date on which the transaction is effected;

9.8 that the repurchase of shares may not be made by the Company and/or its subsidiaries during a prohibited period as defined by the Listings Requirements of the JSE unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;

9.9 that the board of directors passes a resolution authorising the repurchase and that the Company passes the solvency and liquidity tests set out in section 4 of the Companies Act and that since the tests were done there have been no material changes to the financial position of the group;

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

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

In terms of the Listings Requirements, the following disclosures are required with reference to the repurchase of the Company's shares as set out in the resolution number 9 above:

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

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

VOTING

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

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

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

subject to:

10.1 such authorisation being valid only until the next annual general meeting or for 15 months from the date of this resolution, whichever is the earlier date;

10.2 the board of the Company being satisfied immediately after providing the financial assistance, that the Company would satisfy the solvency and liquidity test; and

10.3 the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

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

11. That the maximum number of ordinary shares in the Capital of the Company that may be subject to options under the Interwaste Holdings Limited Share Option Scheme, approved by shareholders on 8 June 2012 be increased by 25 million to a total of 50 million ordinary shares by amending clause 4.1 of the Interwaste Holdings Limited Share Option Scheme Document:

    "4.1 No more than 25 million Shares may be subject to Options under the Scheme. This number may only be varied with the approval of the JSE and the Company in general meeting."

    to read as follows:

    "4.1 No more than 50 million Shares may be subject to Options under the Scheme. This number may only be varied with the approval of the JSE and the Company in general meeting."

The reason for this resolution is to authorise the amendment of the Interwaste Holdings Limited Share Option Scheme Document in order to provide that a total of 50 million ordinary shares in the capital of the Company may be subject to options under the scheme, in order to continue incentivising selected employees through an opportunity to participate in the Company's equity.

VOTING

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

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 14 and 15 of this integrated report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above ordinary and special resolutions, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above ordinary and special resolutions contain all information required by law and the Listings Requirements.

MATERIAL CHANGES

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

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

Major shareholders of the Company (Refer to page 113)

Share capital (Refer to page 86)

VOTING AND ATTENDANCE

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

ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

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

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

The CSDP or broker, as the case may be, of dematerialised shareholders, other than those with own-name registration, should contact such dematerialised shareholders to ascertain how they wish their votes to be cast at the annual general meeting and thereafter cast their votes in accordance with their instructions. If such dematerialised shareholders have not been contacted, it is recommended that they contact their CSDP or broker, as the case may be, to advise them as to how they wish their vote to be cast. Dematerialised shareholders, other than those with own-name registration, who wish to attend the annual general meeting, must request a Letter of Representation from their CSDP or broker, as the case may be, but must not complete the attached form of proxy.

ELECTRONIC PARTICIPATION

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

Physical address:

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

Postal address:

PO Box 61051, Marshalltown, 2107

Fax Number:

+27 11 688 5238

by no later than 14H00 on Friday, 17 June 2016 advising that they wish to participate via electronic communication in the annual general meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain the following information:

a) if the shareholder is an individual, a certified copy of his identity document and/or passport;

b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the general meeting via electronic communication;

c) a valid e-mail address and/or facsimile number (the "Contact Address/Number"); and

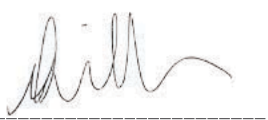
d) if the Shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication.

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

SALIENT DATES

Record date to receive notice this notice of annual general meeting	27 May 2016
Last day to trade to be eligible to vote at the annual general meeting	17 June 2016
Record date for determining those shareholders entitled to vote at the annual general meeting	24 June 2016

BY ORDER OF THE BOARD



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Allen Stuart De Villiers (BA) LLB
Company Secretary
27 May 2016

DIRECTORATE AND ADMINISTRATION

DIRECTORS	**Executive Directors** WAH Willcocks – Chief Executive Officer LG Grobbelaar – Landfills and Effluent Treatment Director AP Broodryk – Financial Director
	Independent Non-executive Chairperson A Kawa
	Independent Non-executive Directors PF Mojono L Mahlangu
	Non-executive Director BL Willcocks GR Tipper
COMPANY SECRETARY	AS de Villiers 2 Brammer Road, Industries East, Germiston South Telephone: 011-323 7300
REGISTERED OFFICE	2 Brammer Road, Industries East, Germiston South PO Box 382, Germiston, 1400
COMPANY REGISTRATION NUMBER	2006/037223/06
AUDITORS	KPMG Inc. KPMG Crescent, 85 Empire Road, Parktown, 2193 Private Bag 9, Parkview, 2122
TRANSFER SECRETARIES	Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg, South Africa, 2001 PO Box 24, Newtown, 2113
BANKERS	ABSA Bank Limited Pallazo Towers West, Monte Casino Boulevard Fourways, 2055 PO Box 782991, Sandton, 2146
ATTORNEYS	Fluxmans Inc. 11 Bierman Avenue, Rosebank, 2196 Private Bag X41, Saxonwold, 2196
DESIGNATED ADVISOR	Grindrod Bank, 4th Floor, Grindrod Tower 8A Protea Place, Sandton, 2196 PO Box 78011, Sandton, 2196

FORM OF PROXY

INTERWASTE HOLDINGS LIMITED

Interwaste Holdings Limited

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

FORM OF PROXY

FOR USE BY CERTIFICATED SHAREHOLDERS AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 14H00 ON THURSDAY, 30 JUNE 2016.

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 full in block letters)

of (Address in block letters)

With the following telephone numbers: Work Telephone Number:

Home Telephone number:

Cellular Telephone Number:

being a member/members of Interwaste Holdings Limited and entitled to votes, hereby appoint

1. or failing him/her

2. or failing him/her

the chairman of the meeting

as my/our proxy to act for me/us at the annual general meeting, to be held at Interwaste Holdings Limited, 2 Brammer Road, Germiston South, Gauteng, South Africa on Thursday, 30 June 2016 at 14H00 and at any adjournment thereof, as follows:

	Number of Interwaste Shares		
	In favour	**Against**	**Abstain**
1. Adoption of financial statements			
2. Re-election of Mrs B Willocks			
3. Re-election of Mr G Tipper			
4. Re-appointment of KPMG as the Company's independent auditors and Mr N Botha as the registered auditor			
5.1 Appointment of Mr P Mojono to the audit and risk committee			
5.2 Appointment of Mr G Tipper to the audit and risk committee			
5.3 Appointment of Ms A Kawa to the audit and risk committee			
6. Approval of the remuneration philosophy of the Company			
7. General authority to allot and issue shares for cash			
8. Special Resolution – Approval of non-executive director's fees for the ensuing year			
9. Special Resolution – General authority to repurchase shares			
10. Special Resolution – Authorisation to provide financial assistance			
11. Increase of share capital available to Interwaste Holdings Limited Share Option Scheme to 50 million ordinary shares			

Signed at on 2016

Member

Please read the instructions on the following page 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 ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), to reach Computershare by no later than 14H00 on Tuesday, 28 June 2016 or they may be handed to the chairperson of the annual general meeting at any time prior to the commencement of voting on the ordinary and special resolutions tabled at the annual general meeting.
3. The form of proxy must be delivered as per paragraph 2 above, before the proxy exercises any rights of the shareholder at the general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting the words "the chairman of the annual general meeting". Any such deletion must be individually initialled by the shareholder, failing which they will not have been validly affected. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.
5. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).
6. Each shareholder is entitled, at any time, to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.
7. Voting instructions for each of the resolutions must be completed by filling in the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.
8. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.
9. The appointment of a proxy is suspended at any time, to the extent that the shareholder concerned chooses to act directly and in person in the exercise of any rights as a shareholder. The appointment is revocable by the shareholder cancelling it in writing, or making a later inconsistent appointment, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument or the date on which the revocation instrument is delivered to the proxy and the Company.
10. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
11. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
12. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of representation to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
13. Shareholders who wish to attend and vote at the meeting must ensure that their letters of representation from their CSDP or broker reach the transfer secretaries not later than 14H00 on Tuesday, 28 June 2016.
14. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
15. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that must be delivered by the Company to the shareholder must be delivered to the shareholder or the proxy/proxies (if the shareholder has directed the Company to do so in writing and has paid any reasonable fee charged by the Company for doing so).
16. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.
17. Subject to revocation by the shareholder, the proxy appointment remains valid only until the end of the meeting at which it is intended to be used.

Transfer secretaries' office
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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

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

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to a decision contemplated in section 60 of the Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
   3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
   3.2. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   3.3. a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provides otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   9.1. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
   9.3. the company must not require that the proxy appointment be made irrevocable; and
   9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

CONTACT DETAILS

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GPS coordinates: JOHANNESBURG - 028 11’14.3”E, 26 13’40.7”S

Interwaste Holdings Limited