



Interwaste Holdings Limited

ANNUAL REPORT 2011



(Incorporated in the Republic of South Africa)

Registration Number 2006/037223/06

JSE Code: IWE

ISIN: ZAE000097903

Our Vision

Interwaste Holdings Limited and its Group companies are dedicated to ensuring that firm commitment, hard work and the utilisation of the latest technologies in the spheres of holistic waste management, innovative landfill management and waste beneficiation will help to secure the viability of Southern Africa for future generations.

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

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Our Mission

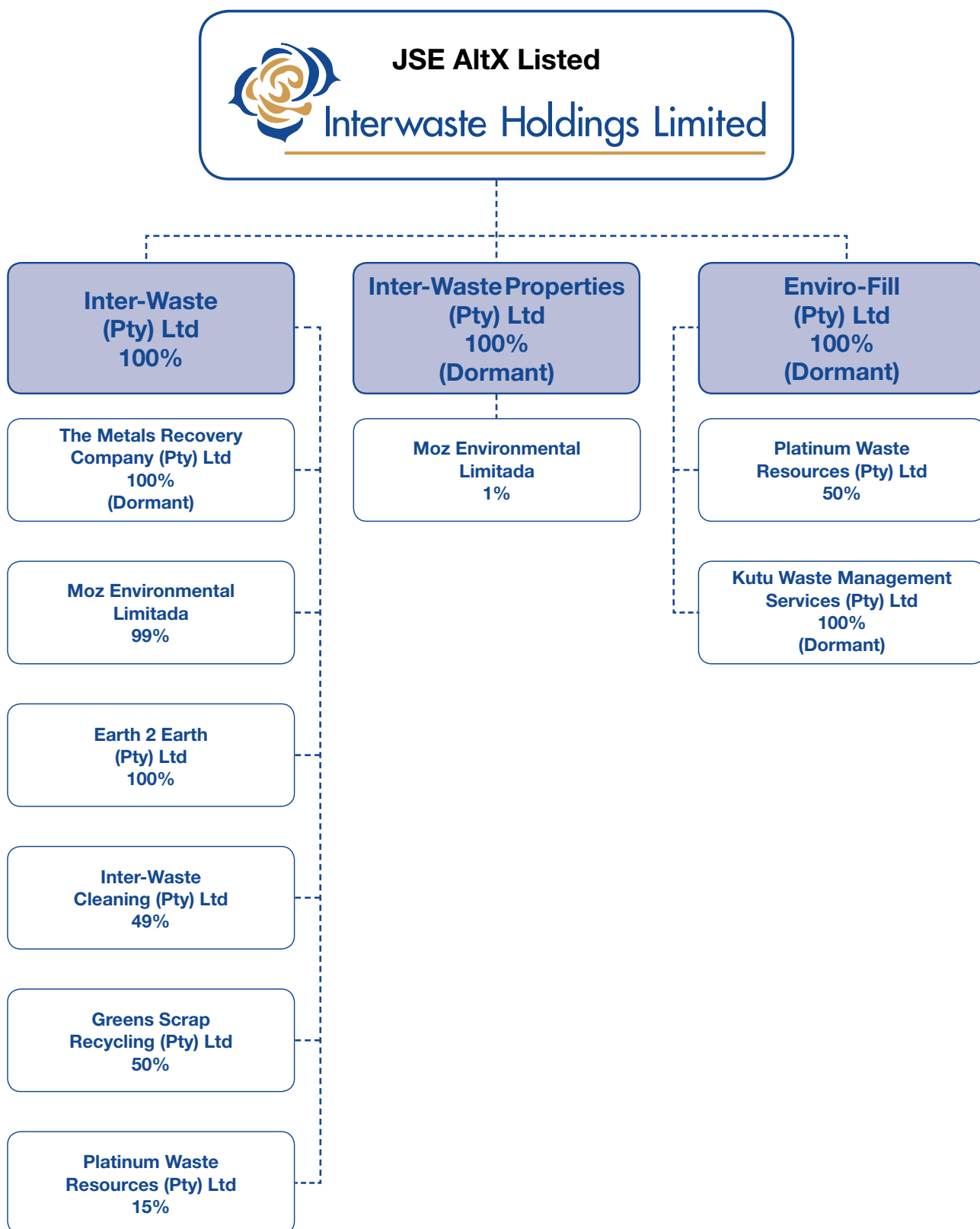
Interwaste has become a leader in waste management in Southern Africa and has established a sound platform for growth by staying at the forefront of waste management technology and by developing superior knowledge of its customers and their needs. We will take advantage of this platform in order to consolidate our position as an industry leader and innovator.

Our Goals

Our goals are to:

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

Group Structure



The Board of Directors



Alan Willcocks

Chief Executive Officer

Alan co-founded Interwaste with Bronwyn in 1989. Over the past 23 years Alan has acquired an in-depth knowledge of the waste management sector. He is renowned for innovative waste management solutions and his drive to continually provide better service levels to customers. He is respected and well known in the waste management industry.



Andisiwe Kawa

Independent Non-executive Chairperson

Andisiwe has over 18 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 2 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 23 years. Prior to joining the Coronation Group in 2001 he was a technical partner at KPMG. Gavin holds directorships of a number of listed Companies. He is chairman of the Audit Committee.



Bronwyn Willcocks

Non-executive Director

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



Funani Mojono

Independent Non-executive Director

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

Chairperson and Chief Executive Officer's Review

The 2011 financial year continued to be difficult for the Group. A number of major costs increased at higher rates than the rate at which revenue increased and this negative leverage had a detrimental impact on operating results. Steps were taken during the year to restructure the Group and to reduce costs, however the impact of these steps on the 2011 results was limited and will be more substantial in the 2012 financial year.

A loss in the second six month period resulted in an overall loss for the year. While there were a number of specific factors which contributed to the loss and which have been addressed, the performance for the year was nonetheless disappointing.

The markets in which the Group operates are challenging. Customers are managing costs tightly, growth is limited, and clean ups have been delayed and restricted. While the majority of our clients recognise the importance of ethical waste disposal, we have seen some movement of customers to questionable operators who are able to offer lower rates. Although we regret losing these customers, we had a number of wins and we retained our overall market share.

We are committed to ethical waste disposal and given the governance pressure on corporates and the state's increasing emphasis on this area, we believe that our offering and the confidence our clients can place in the ethical disposal of their waste, will support revenue growth.

We continue to invest in the development of innovative alternatives for waste disposal, and in improving the quality of the service we provide. Given the rapid increases in landfill disposal costs in recent years, our innovations have enabled us to provide significant savings to clients and have become an important source of competitive advantage.

FINANCIAL

Gross margins improved over the previous year and were supported by a contribution from the Group's own landfill. The level of the margins however declined from those achieved in the first half of the financial year as a result of cost pressures.

The waste management business increased revenue by 14.6% over the previous year. Landfill costs were well managed during the second half and our success in developing alternate, cost effective waste disposal options, limited the cost increase for the year to 6%. Fixed vehicle costs increased significantly as a result of the movement to full maintenance leases, this was however offset by lower depreciation and interest charges, resulting in a net increase in the expense of 3%. Fuel, maintenance and other vehicle costs increased by 11%, largely as a result of higher fuel prices during the year. Payroll costs increased by 13%, a function of an above inflation union wage increase and growth in staff numbers. Operating costs excluding payroll increased by 15%, due to administered price increases, professional fees and expenditure on the Group's IT systems.

The metals recovery business was scaled down and revenue decreased by 42%. The loss before interest and taxation reduced substantially relative to the previous financial year and the first six months of the current year. The business forms an important part of the service offering to our customers but the capital available for growth and the permitted levels of risk have been restricted and it is expected to generate small positive returns going forward.

Revenue in the organics business declined by 29%, and the loss before interest and taxation by 51%, from the previous year, a function of more concentrated marketing, and sales at higher margins. The proportion of sales through building and retail chains increased during the period with a positive effect on results.

The landfill division grew revenue by 7% and produced a profit before interest and taxation of R5.7 million, a significant improvement over the profit of R1.8 million in the previous year. The bulk of the profit was earned in the first half of the financial year, due to large unscheduled maintenance and repair costs in the second half. The Group's contracts on a number of strategic landfills were extended during the last six months and the business should continue the positive trend established during the year.

The property, plant and equipment base increased in the latter part of the year, mainly as a result of the development of the FG landfill site. This was financed through interest bearing borrowings and the bank overdraft. The landfill rehabilitation provision reflected on the statement of financial position is required as a result of the operation of the site.

The Group generated cash from its operating activities which was reinvested into the business. An additional amount was raised to fund the development of the landfill.

PROSPECTS

Significant effort is being devoted to growing revenue and cutting costs.

FG landfill has been permitted and is authorised to operate as a B-lined site in terms of the new Waste Act, allowing it to accept other than "general" waste. This will bolster the Group's ability to access new sources of revenue and to offer customers holistic solutions for disposal, and should significantly enhance our ability to produce profitable growth. The site has been operating since February 2012 and the results to date are pleasing.

The move to the central Gauteng site was completed in April 2012 and has lead to cost savings. Centralisation of our Gauteng operations is proving to be of substantial benefit and we are seeing improvements in operations and the quality of client service. Exercises to improve vehicle utilisation and staff efficiency are under way. We have permitted a transfer station at our premises in Cape Town which has enabled us to significantly increase the number of hours our trucks can work each day and has lead to a reduction in the size of the fleet. Similar initiatives elsewhere in the country are in progress.

Chairperson and Chief Executive Officer's Review (continued)

Despite careful management of working capital during the year, the various investments we made, and particularly the development of FG landfill, meant that cash flow was tight. We anticipate an improvement in net cash generation during 2012 as there is a lower planned level of fixed investment in 2012 and as we begin to harvest certain of the investments made during 2011.

Our staff are a key asset and have made a remarkable effort through what has been a difficult period for the Group. In order to boost our ability to attract and retain key employees we have proposed a new share option scheme which shareholders will vote on in June 2012.

The markets in which the Group operates are likely to remain difficult. The developments in the economies of South Africa's major trading partners are not encouraging and will impact on the already limited growth levels in our economy, and on our client's

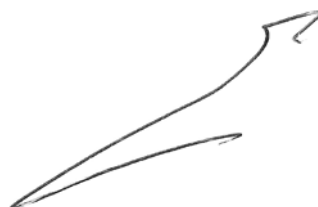
operations. We are likely to see limited growth in the South African waste market during the next year with pressure on pricing.

Considerable time and effort have been invested in building a platform capable of profitable growth in difficult conditions and we will seek to realise the benefit of this during 2012.

We offer our thanks to our staff for their efforts during the year and to our clients and shareholders for their ongoing support.



Andisiwe Kawa
Chairperson



Alan Willcocks
Chief Executive Officer



Interwaste in Action



Interwaste in Action



Executive Management



Dan Nkomo

Enterprise Development Director
Interwaste (Pty) Ltd

Dan Nkomo has been with the organisation for 19 years. He has extensive knowledge of waste management, operations and logistics. Dan possesses qualifications in Road Transport Management and Waste Management from Wits and RAU respectively.



Rajasprey Pillay

Group Human Resource Director
Interwaste (Pty) Ltd

Rajas Pillay holds the following qualifications: BA; BProc; Advanced Diploma and Masters degree (Labour Law and Employee Relations) and has passed the Attorneys Board Exam. She has more than 16 years experience in HR Strategy; Transformation; Corporate Legal and Employee Relations matters.



Jason McNeil

Group Sales And Marketing Director
Interwaste (Pty) Ltd

Jason McNeil holds a Post Graduate Diploma in Business Administration (GIBS), and has spent the last 17 years in the operational management of environmental solutions in South Africa.



Mike Nicholls

Divisional Director – Technical Services
Interwaste (Pty) Ltd

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



Allen de Villiers

Group Company Secretary

Allen is an attorney with a BA and a LLB degree and a diploma in Tax Practice. Allen has over 13 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.

Integrated Waste Management

INTRODUCTION

With over 23 years of experience in Waste Management, Interwaste has successfully integrated its people, facilities and infrastructure into a cohesive force able to provide its customers with truly holistic waste management solutions based on proven systems and practices that are cost effective and environmentally sound.

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

WHAT IS INTEGRATED WASTE MANAGEMENT?

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

The main objectives of Integrated Waste Management are to:

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

The elements of Integrated Waste Management include:

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

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

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

By making use of the Integrated Waste Management Service, our clients effectively out source their entire waste management function to Interwaste. Our trained on site waste management staff assume full responsibility for our clients’ waste management plans:

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

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



Sustainability Report

INTRODUCTION

Interwaste's commitment to quality service, innovative waste management solutions, employee wellbeing and environmental conservation has been core to its growth over the last 23 years. Continual review and improvement of its operations in line with these principles, is an important part of the Group's culture.

The Group's commitment to these principles is demonstrated through, inter alia, its:

- strategic objectives;
- environmental stewardship;
- health, safety and environmental management systems;
- communication with its various stakeholders;
- ongoing employee training programmes; and
- corporate social responsibility programmes.

In striving to achieve its goals, Interwaste is mindful of its responsibility to all its stakeholders, including employees, investors, communities in which it conducts business, and the environment.

ACCREDITATION

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

- **ISO 14001 (an international environmental management standard)**

Interwaste was the first waste management company in South Africa to receive ISO 14001 accreditation in respect of all of its operational disciplines.

- **Responsible Care**

As a signatory to the "Responsible Care" standard, Interwaste is required to implement systems that result in ongoing improvements in employee health and safety and in the impact of its operations on the environment.

Interwaste has been audited and accredited in accordance with the Safety Quality Assessment Series ("SQAS") standard.

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

ENVIRONMENT

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

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

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

COMPLIANCE

Interwaste operates in a highly regulated environment, and the Group's compliance function is a critical resource, providing updated information on applicable legislation, ensuring implementation of necessary assurance processes and procedures, and conducting compliance audits. (One hundred internal sheq audits of the Group's sites were undertaken throughout Southern Africa during 2011.)

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

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

EMPLOYEE WELLBEING

Interwaste's employees are its greatest asset and their safety and well being is a Group priority.

Interwaste's Sheq department focuses on instilling a strong culture of health and safety at every level and health and safety policies are strictly applied.

Through the ongoing identification, management and mitigation of risks posed by the Group's operations, and regular training of employees, safety incidents are minimised.

TRAINING INITIATIVES

Interwaste has a successful training and learnership programme for its employees. In 2011, R2.5 million was spent on training based on a detailed training needs analysis and documented career paths.

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

Interwaste has also recognised the need for specialised waste management training and has developed an LG Seta accredited training programme on waste disposal.

As an accredited provider of training, the Group has successfully completed several national training programmes.

WASTE BENEFICIATION

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

Sustainability Report (continued)

- **Waste Commodity Trading**

The resources boom, experienced prior to the current economic crisis, was not an anomaly but an indication of things to come. New industrial powerhouses are demanding increasing quantities of raw materials and are continuously seeking new sources of such materials.

As a response to the growing demand for resources, Interwaste has successfully pioneered waste commodity trading in South Africa with many of our clients across various industry sectors.

Interwaste also believes that today's waste is tomorrow's resource and is developing strategic stockpiles of intrinsically valuable waste for future recovery.

- **Recycling**

Interwaste undertook numerous recycling initiatives in 2011, including the roll-out of the eeZee bin system which allows for the collection at source of recyclable materials previously destined for landfill. The easy to use system is designed so that all recyclable materials may be deposited into a single bin without prior separation. Dedicated collection vehicles collect the materials which are transported to a materials recovery facility where they are sorted and sold for recycling.

- **Organics Production**

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

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Interwaste is committed to Broad-Based Black Economic Empowerment (BBBEE). The Group has a level 6 BEE rating and has implemented a detailed plan to improve that rating.

ENTERPRISE DEVELOPMENT

The Group has been able to contribute meaningfully to the upliftment of communities in which it operates, through its enterprise development companies, Platinum Waste Resources (Pty) Ltd ("PWR") and Interwaste Cleaning (Pty) Ltd ("Interwaste Cleaning"), both of which have a level 1 BEE rating.

The Itereleng Waste Recovery Project ("Itereleng") holds an unencumbered thirty five percent stake in PWR and is represented by two directors on the PWR board. Itereleng's members (drawn from the local community) benefit from employment by PWR, associated training and receive a share of the dividends paid by the Company.

Interwaste Cleaning is a company that offers a wide range of specialised cleaning, and associated services. The majority share in the business is held by Mr Dan Nkomo who is also a director of the Company. Mr Nkomo is also the Enterprise Development Director on the board of Interwaste (Pty) Ltd.

CORPORATE SOCIAL INVESTMENT

Interwaste understands that as a corporate citizen, it has a social and moral obligation to invest in the well being of others. In an effort to respond to the challenges of our time, Interwaste has linked its Corporate Sustainability Strategy to its Corporate Social Responsibility programme by embarking on various projects:

- **The Rewards for Waste Programme**

This programme aims to give back to underprivileged schools through a programme of collecting recyclable waste in return for rewards. Launched at the SathyaSai School in Lenasia South on 22 July 2011, the programme will be rolled out to the rest of Gauteng in stages. The programme also aims to educate learners on the environment, global warming and the importance of recycling.

- **The Tops & Tags Initiative**

Employees, Interwaste customers and the public were invited to collect the tops from plastic bottles and bread bag tags. For every 10 000 bread bag tags or plastic bottle tops collected, one registered charity or individual receives a wheel chair. As a result of this initiative, Interwaste donated 22 wheelchairs in 2011.

- **Mdjakeng Rural Community Clean Up Project**

Mdjakeng is an informal settlement situated in the North West Province, which houses approximately 8 000 people. The community did not have access to waste management services. Interwaste launched a waste collection project at no cost to the community to help these individuals to live in a clean and healthy environment where the risk of disease is curbed. Interwaste also educates the community on recycling and the environment.



Corporate Governance Report

INTRODUCTION

Interwaste Holdings Limited ("the Company") is a public company listed on the Alternative Exchange ("AltX") of the JSE Limited ("JSE"). The board of directors ("the Board") of the Company recognises its responsibility for ensuring that the Company is governed in an ethical, prudent and sustainable manner, in accordance with the provisions of the Companies Act, 2008 ("the Companies Act"), the JSE's Listings Requirements and the King Report on Governance for South Africa, 2009 ("King III").

STATEMENT OF COMPLIANCE

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

BOARD OF DIRECTORS

The board is a unitary structure, currently consisting of seven directors, four of whom are non-executive. Two of the non-executives are independent. The Board is in the process of appointing another independent non-executive director who will also serve on the audit committee.

The roles and functions of the chairperson and CEO are formalised in the Company's board charter. There is a clear distinction of responsibilities at board level thereby ensuring a balance of power, with the functions of chairperson and chief executive officer ("CEO") being separate and independent. No one director is able to exercise unfettered decision making powers. All of the Company's directors may seek independent, professional advice on matters pertaining to the Company and have unrestricted access to management and Company information, documentation and property.

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

Andisiwe provides overall leadership and guidance to the Board and sets the ethical tone for the Board. Due to the small size of the Board, Andisiwe also serves as a member of the Company's audit committee.

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

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

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

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

The Board meets quarterly, but ad hoc meetings may also be convened where this is deemed necessary. Representatives of

the Company's designated advisors, Vunani Corporate Finance, attend all Board and audit committee meetings.

ROTATION OF DIRECTORS

In terms of the Company's Articles of Association, André Broodryk and Funani Mojono retire by rotation at the forthcoming annual general meeting, but being eligible offer themselves for re-election.

Brief curriculum vitae of the directors of the Company are provided on page 3 of this report.

BOARD COMMITTEES

The Board has appointed an Audit & Risk Committee, a Remuneration Committee and a Social and Ethics Committee. These committees are subject to formal terms of reference.

• Audit & Risk Committee

The audit committee is currently chaired by Gavin Tipper, a non-executive director, with Funani Mojono and Andisiwe Kawa as the other members of the committee. The Board notes that, in terms of King III, the committee chair should be independent and the Board chairperson should not serve on the committee. Therefore, the composition of the committee is under review. The Board is also in the process of appointing an additional independent non-executive director, who will serve on the committee.

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

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

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

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 Committee assists the Board in the discharge of its duties relating to risk management by, inter alia, reviewing key risks applicable to the Group and the management and mitigation thereof.

The report of the audit committee may be found on page 16 of this report.

• Remuneration Committee

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

Corporate Governance Report (continued)

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

• Social and Ethics Committee

The Company's social and ethics committee is chaired by Andisiwe Kawa and consists of André Broodryk, Rajasree Pillay and Bruce Buys. Once the appointment of the additional independent non executive is completed, that director will be asked to join the committee. The social and ethics committee is tasked with discharging the functions as set out in the Company's Act, 2008 (as amended) and the Companies Regulations 2011, including monitoring the Company's activities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relations and labour and employment.

The social and ethics committee operates in terms of a mandate approved by the Board.

REMUNERATION PHILOSOPHY

The Group's remuneration philosophy is to pay packages benchmarked against comparable positions in the marketplace that facilitate the employment, and retention, of individuals who are innovative, characterised by integrity, a good work ethic, appropriate experience and who subscribe to Group's culture and values.

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

- rewards individuals for the achievement of the Group's objectives and motivates high levels of performance;
- rewards exceptional performance by individuals through a performance management system;
- allows the organisation to compete effectively in the labour market and to recruit and retain high calibre staff; and
- achieves fairness and equity in remuneration and reward.

BOARD AND AUDIT COMMITTEE ATTENDANCE

The Board and audit committee met four times during the year under review. Details of the directors' attendance at the meetings are as follows:

Director	Number of Board meetings attended	Number of Audit Committee meetings attended	Category
Andisiwe Kawa	4	4	Non-executive Chairperson
Alan Willcocks	4	4	CEO
Gavin Tipper	4	4	Non-executive
Bronwyn Willcocks	4	4	Non-executive
André Broodryk	4	4	Executive
Funani Mojono	2	2	Independent non-executive
Leon Grobbelaar	4	3	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 all their dealings on behalf of the Company.

KING III

The Board considers good corporate governance as vital to the sustainability of the Group, and believes that the structures currently in place are appropriate based on the Group's size, complexity and current requirements. The Board is cognisant of the challenges faced in balancing the achievement of the Company's strategic goals with the implementation of all of the principles contained in King III. A process of review of the Company's practices against the provisions of King III is ongoing and the results thereof form the basis of efforts to further improve corporate governance structures, within the confines of available resources and having regard to what is practical and sensible given the Group's size.

IT GOVERNANCE

The Board is cognisant of the strategic importance of information technology ("IT") to the effective functioning of the Group. The Board is responsible for IT governance and ensures that the Group has the appropriate technologies, intellectual capital and processes at its disposal for the effective functioning of the IT system. IT risks and the mitigation and management of these risks are regularly reviewed and improvements to systems and structures are made where appropriate. Specifically, the Board is satisfied that appropriate backup procedures and disaster recovery plans are in place. The Group's IT system was independently assessed in 2011 and was found to be of a satisfactory standard.

INTEGRATED REPORTING

Integrated reporting is being phased in by the Company, within the context of available resources. While the Company recognises the benefits of an integrated report, a number of changes to systems are required to provide the necessary information and are being implemented in a practical manner. A committee consisting of representatives of the Group's Human Resources, Finance, Health & Safety and Company Secretarial Departments has been formed to oversee this process.

The Company's first sustainability report appears at page 10 to 11 of this report.

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 18 to 66 of this Annual Report.

Annual Financial Statements

for the year ended 31 December 2011

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

Directors' Responsibility Statement and Approval

for the year ended 31 December 2011

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements and the annual financial statements of Interwaste Holdings Limited, comprising the statements of financial position at 31 December 2011, 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, and the directors' report, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

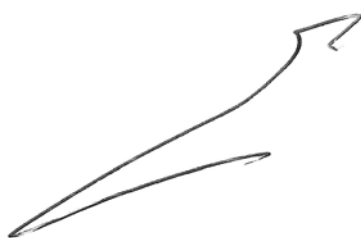
The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of 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 auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

The consolidated 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 6 June 2012 and are signed by:



Alan Willcocks
CEO
6 June 2012



André Broodryk
Financial Director
6 June 2012

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 2011, the Company has lodged with the Registrar of Companies all such returns as are required of a public group in terms of this Act and that all such returns are true, correct and up to date.



AS de Villiers
Company Secretary
6 June 2012

Audit Committee Report

The Interwaste Audit Committee has discharged the functions delegated to it by the board (a summary of the Audit Committee's terms of reference is provided on page 12 in the Corporate Governance Report) and as prescribed in terms of the Companies Act, 2008 (as amended).

During the financial year ended 31 December 2011, the Interwaste Audit Committee, inter alia:

- Met on four separate occasions to review the interim and year end results of the Group, and to consider regulatory and accounting standard compliance in regard to the Audit Committee and the Group, respectively;
- Nominated the appointment of KPMG Inc. as the registered independent auditor of the Company after satisfying itself through enquiry that KPMG Inc., and that Mr J Wessels the designated auditor, are independent of the Company;
- Ensured that the appointment of KPMG Inc. complied with the requirements of the Companies Act, 2008 (as amended) relating to the appointment of auditors;
- Determined the fees to be paid to KPMG Inc. and its terms of engagement;
- Approved a non-audit services policy which determines the nature and extent of any non-audit services which KPMG Inc. may provide to the Group. KPMG Inc. did not provide non-audit services to the Group during the year and therefore it was not necessary for the Audit Committee to preapprove any contracts for such services.

The Audit Committee recommended the consolidated financial statements and the financial statements of Interwaste Holdings Limited for the year ended 31 December 2011 to the Board for approval. The Board has subsequently approved these consolidated financial statements which will be open for discussion at the forthcoming annual general meeting.

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



Gavin Tipper

Audit Committee Chairman

6 June 2012

Report of the Independent Auditors

for the year ended 31 December 2011

To the shareholders of Interwaste Holdings Limited and its subsidiaries

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated annual financial statements and annual financial statements of Interwaste Holdings Limited, which comprise the statements of financial position at 31 December 2011, 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, and the directors' report, as set out on pages 18 to 66.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Interwaste Holdings Limited at 31 December 2011, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

KPMG Inc.



Per J Wessels

Chartered Accountant (SA)

Registered Auditor

Director

6 June 2012

Director's Report

for the year ended 31 December 2011

The directors have pleasure in submitting their report for the year ended 31 December 2011.

NATURE OF BUSINESS

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

FINANCIAL RESULTS

The financial results for the year ended 31 December 2011 are set out in detail in these consolidated annual 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.

Current liabilities exceeds current assets due to investments in certain long term assets, by using short term funding. The cash flow generated by these investments is sufficient to normalise the situation in the near to medium term future.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year relevant to an assessment of the financial statements at 31 December 2011.

AUTHORISED AND ISSUED SHARE CAPITAL

Alterations to authorised share capital

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

Issue of shares

There were no additional issues of shares during the year.

BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all of the powers of the Company to borrow money, as they consider appropriate.

SHARE INCENTIVE TRUST

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

NON-CURRENT ASSETS

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

DIVIDENDS

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

ACCOUNTING POLICIES

The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), the AC 500 standards as issued by the Accounting Practices board and its successor, the Listings Requirements of the JSE Limited and the Companies Act, 2008 (as amended) and the Company Regulations, 2011. The accounting policies applied are consistent with those applied in the prior year.

Director's Report (continued)

for the year ended 31 December 2011

DIRECTORS

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

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

SECRETARY AND REGISTERED ADDRESS

The secretary of the Company is Allen Stuart de Villiers, BALLB Dip Tax Practice.

The Company's registered address is:

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

The Group's principal place of business is:

2 Brammer Street
Germiston Industrial East

DIRECTORS' INTERESTS

At 31 December 2011, 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 2011 Direct	Number of Shares 2011 Indirect	%
Executive Directors			
LC Grobbelaar	-	5 290 007	1,61
WAH Willcocks	78 000	79 594 700	24,19
AP Broodryk	1 500 000	-	0,45
	1 578 000	84 884 707	26,25
Non-Executive Directors			
GR Tipper	4 256 751	-	1,29
BL Willcocks	-	79 594 701	24,17
	4 256 751	79 594 701	25,46

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 set out on page 66.

INTEREST IN SUBSIDIARIES

Interest in Subsidiaries	Percentage Holding	Net profit after tax R
Inter-Waste Proprietary Limited	100%	8 163 060
Enviro-Fill Proprietary Limited	100%	55 300
Interwaste Properties Proprietary Limited	100%	-
		8 218 360

SPECIAL RESOLUTIONS

No special resolutions were passed during the financial year ended 31 December 2011, other than those tabled and passed at the Annual General Meeting in June 2011.

Statements of Financial Position

at 31 December 2011

<i>Figures in Rand</i>	Notes	Group 2011	Group 2010	Company 2011	Company 2010
ASSETS					
Non-current assets					
Property, plant and equipment	3	277 719 477	248 540 365	-	13 548
Intangible assets	4	-	179 200	-	-
Goodwill	5	47 001 217	47 001 217	-	-
Investment in joint venture	6	672 690	110 135	-	-
Investments in subsidiaries	7	-	-	75 702 733	103 821 846
Deferred tax assets	8	521 284	721 708	360 590	158 267
Loans to group companies	9	-	-	115 000 675	82 278 283
		325 914 668	296 552 625	191 063 998	186 271 944
Current assets					
Inventories	10	17 106 035	15 716 756	-	-
Loans to related parties	11	7 368 813	7 346 530	-	-
Current tax receivables		2 998 618	6 946 776	-	245 300
Trade and other receivables	12	82 957 414	80 580 999	-	-
Cash and cash equivalents	13	4 870 130	9 310 398	2 080	6 406
		115 301 010	119 901 459	2 080	251 706
Total assets		441 215 678	416 454 084	191 066 078	186 523 650
EQUITY AND LIABILITIES					
Equity					
Share capital and premium	14	175 491 253	175 491 253	182 491 253	182 491 253
Share-based payment reserve	15	122 769	1 714 701	122 769	1 714 701
Foreign currency translation reserve		52 945	-	-	-
Retained earnings		53 636 850	57 801 047	3 995 796	1 460 290
Equity attributable to owners of the Company		229 303 817	235 007 001	186 609 818	185 666 244
Non-controlling interests		2 418 757	1 774 280	-	-
		231 722 574	236 781 281	186 609 818	185 666 244
LIABILITIES					
Non-current liabilities					
Interest-bearing borrowings	16	46 190 850	48 971 243	-	-
Provision for site rehabilitation	17	5 394 371	-	-	-
Deferred tax liabilities	8	15 589 290	18 970 985	-	-
		67 174 511	67 942 228	-	-
CURRENT LIABILITIES					
Interest-bearing borrowings	16	50 088 060	46 684 965	-	-
Loan from related party	18	3 567 310	3 630 008	-	-
Trade and other payables	19	55 358 774	37 948 655	4 451 889	857 406
Current tax payable		814 640	-	4 371	-
Bank overdraft	13	32 489 809	23 466 947	-	-
		142 318 593	111 730 575	4 456 260	857 406
Total liabilities		209 493 104	179 672 803	4 456 260	857 406
Total equity and liabilities		441 215 678	416 454 084	191 066 078	186 523 650

Statements of Comprehensive Income

for the year ended 31 December 2011

<i>Figures in Rand</i>	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Revenue	20	455 990 948	442 673 506	16 198 014	-
Cost of sales		(314 107 924)	(328 846 244)	-	-
Gross profit		141 883 024	113 827 262	16 198 014	-
Other income		-	7 028 629	-	3 328
Operating expenses		(139 625 386)	(123 401 480)	(20 325 043)	(7 054 876)
Results from operating activities	21	2 257 638	(2 545 589)	(4 127 029)	(7 051 548)
Net finance (costs)/income	22	(9 469 955)	(12 884 150)	6 491 911	7 540 503
Finance costs		(10 708 478)	(13 235 784)	(473 733)	(210 052)
Finance income		1 238 523	351 634	6 965 644	7 750 555
Share of profit in equity accounted joint venture		562 555	54 642	-	-
(Loss)/profit before taxation		(6 649 762)	(15 375 097)	2 364 882	488 955
Taxation credit	23	1 547 624	3 419 455	197 952	108 183
(Loss)/income after taxation		(5 102 138)	(11 955 642)	2 562 834	597 138
Less: Non-controlling interests		(749 477)	(111 001)	-	-
(Loss)/income attributable to owners of the Company		(5 851 615)	(12 066 643)	2 562 834	597 138
Other comprehensive income					
Foreign currency translation reserve movement on foreign operations		52 945	-	-	-
Total comprehensive (loss)/income		(5 798 670)	(12 066 643)	2 562 834	597 138
Basic loss per share (cents)		(1.78)	(3.66)		
Fully diluted loss per share (cents)		(1.78)	(3.66)		

Statements of Changes in Equity

for the year ended 31 December 2011

Group

<i>Figures in Rand</i>	Share Capital And Premium	Share-Based Payment Reserve	Foreign currency translation reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 1 January 2010	175 491 253	1 572 469	-	69 128 969	246 192 691	4 220 642	250 413 333
Total comprehensive income							
Total loss and comprehensive loss for the year	-	-	-	(12 066 643)	(12 066 643)	111 001	(11 955 642)
Transactions with owners, recorded directly in equity							
Share-based payment expense	-	142 232	-	-	142 232	-	142 232
Changes in ownership interests in subsidiaries							
Increase in controlling share in subsidiary	-	-	-	738 721	738 721	(738 721)	-
Disposal of subsidiary	-	-				(1 574 701)	(1 574 701)
Distributions to shareholders							
Dividends paid to non-controlling interests	-	-	-	-	-	(243 941)	(243 941)
Balance at 31 December 2010	175 491 253	1 714 701	-	57 801 047	235 007 001	1 774 280	236 781 281
Total comprehensive income							
Total loss for the year	-	-	-	(5 851 615)	(5 851 615)	749 477	(5 102 138)
Foreign currency translation reserve movement	-	-	52 945	-	52 945	-	52 945
Transactions with owners, recorded directly in equity							
Share-based payment expense	-	95 486	-	-	95 486	-	95 486
Expiry of share options	-	(1 687 418)	-	1 687 418	-	-	-
Distributions to shareholders							
Dividends paid to non-controlling interests	-	-	-	-	-	(105 000)	(105 000)
Balance at 31 December 2011	175 491 253	122 769	52 945	53 636 850	229 303 817	2 418 757	231 722 574

Statements of Changes in Equity (continued)

for the year ended 31 December 2011

Company

<i>Figures in Rand</i>	Share Capital And Premium	Share-Based Payment Reserve	Retained Earnings	Total Equity
Balance at 1 January 2010	182 491 253	1 572 469	863 152	184 926 874
Total comprehensive income				
Total comprehensive income for the year	-	-	597 138	597 138
Transactions with owners, recorded directly in equity				
Share-based payment expense	-	142 232	-	142 232
Balance at 31 December 2010	182 491 253	1 714 701	1 460 290	185 666 244
Total comprehensive income for the year	-	-	2 562 834	2 562 834
Transactions with owners, recorded directly in equity				
Share-based payment expense	-	95 439	-	95 439
Expiry of share options	-	(1 687 371)	(27 328)	(1 714 699)
Balance at 31 December 2011	182 491 253	122 769	3 995 796	186 609 818

Statements of Cash Flows

for the year ended 31 December 2011

<i>Figures in Rand</i>	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Cash flows from operating activities					
Cash generated from / (utilised by) operations	24.1	56 568 583	58 761 151	12 228 868	(7 909 044)
Finance costs	22	(10 708 478)	(13 235 784)	(473 733)	(210 052)
Finance income	22	1 238 523	351 634	6 965 644	7 750 555
Tax refunded / (paid)	24.2	3 129 151	1 388 153	245 300	(770 981)
Net cash inflow from operating activities		50 227 779	47 265 154	18 966 079	(1 139 522)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(77 709 115)	(63 111 790)	-	-
Proceeds on disposal and scrapping of property, plant and equipment		13 585 485	25 700 481	-	6 880
Proceeds on sale of subsidiary	24.3	-	3 378 869	-	-
Proceeds on disposal of business	24.4	-	5 012 088	-	-
Loans (advanced to)/ repaid by related parties		(22 283)	(5 905 283)	-	109 917
Net cash outflow from investing activities		(64 145 913)	(34 925 635)	-	116 797
Cash flows from financing activities					
Loans (advanced to)/repaid by group companies		-	-	(18 970 405)	1 381 337
Related party loans repaid		(62 698)	-	-	-
Interest-bearing borrowings raised/ (repaid)		622 702	(5 170 727)	-	-
Non controlling interest on disposal of subsidiary		-	(1 532 775)	-	-
Dividends paid to non controlling shareholders		(105 000)	(243 941)	-	-
Net cash inflow/(outflow)from financing activities		455 004	(6 947 443)	(18 970 405)	1 381 337
Total cash movement for the year		(13 463 130)	5 392 076	(4 326)	358 612
Cash and cash equivalents at beginning of the year		(14 156 549)	(19 548 625)	6 406	(352 206)
Total cash and cash equivalents at end of the year	13	(27 619 679)	(14 156 549)	2 080	6 406

Notes to the Financial Statements

for the year ended 31 December 2011

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

Reporting entity

Interwaste Holdings Limited is a company domiciled in South Africa.

The address of the Company's registered office is the corner of Avocet and Bromhof Roads, Bromhof, Randburg. The consolidated financial statements of the Group as at and for the year ended 31 December 2011, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures. The Group's activities range across a broad spectrum of sectors (see the segment report and the report of the directors).

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

Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the requirements of the Companies Act, 2008 (as amended) and Companies Regulations, 2011 and the AC 500 Standards issued by the Accounting Practices Board.

The financial statements were approved by the directors on 6 June 2012.

Basis of measurement

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

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

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

Functional and presentation currency

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

1.1 SIGNIFICANT JUDGEMENTS

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

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

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

- Note 1.4 and 1.5 – business combinations and goodwill;
- Note 1.7 – measurement of the recoverable amounts of cash generating units containing goodwill; and
- Note 1.13 – provisions.

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 1.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Estimates are based on management's interpretation of market forecasts. Disclosure of these estimates relating to intangible assets and goodwill with indefinite useful lives has been discussed in note 4 and note 5.

Inventories

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

Impairment provisions 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:

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.1 SIGNIFICANT JUDGEMENTS (continued)

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

Trade receivables

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

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

Property, plant and equipment

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

Taxation

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

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

Share based payments

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

1.2 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or improve 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, for which the commencement date for capitalisation is on or after 1 January 2009.

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

Item	Average useful life
Bins and containers	5 – 15 years
Office equipment	6 – 9 years
Leasehold improvements	Term of the lease
Mobile offices	20 years
Motor vehicles	4 – 8 years
Tools and workshop equipment	6 years
Treatment plant and weighbridges	4 – 20 years
Rebuilds and other fixed assets	4 – 8 years
Computer equipment	3 years

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

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

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

Subsequent expenditure

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

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

1.3 INTANGIBLE ASSETS

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

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

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

1.4 BASIS FOR CONSOLIDATION

Business combinations

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

The group measures goodwill at the acquisition date as:

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.4 BASIS FOR CONSOLIDATION (continued)

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

Transaction 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.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Special purpose entities

The Group has established a special purpose entity (SPE) for the purposes of its share option scheme. The Group does not have any direct or indirect shareholdings in this entity. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls the SPE. The SPE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that results in the Group receiving the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the 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 it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in jointly controlled entities (equity-accounted investees)

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

Investments in jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in jointly controlled entities are stated at cost less accumulated impairment losses in the company's separate financial statements.

Transactions eliminated on consolidation

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

1.5 GOODWILL

For the measurement of goodwill at initial recognition, see note 1.4.

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.5 GOODWILL (continued)

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.

1.6 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, provision is made for obsolete, slow-moving and defective inventories.

1.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

All impairment losses are recognised in profit or loss.

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.8 LEASES

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

Finance leases – lessee

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

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

Operating leases – lessee

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

1.9 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. The Group's revenue streams have been disclosed in note 30.

Sale of goods

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

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

Services

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

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

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

Dividend Income

Dividend income is recognised in profit or loss on the date the company and Group's right to receive payment is established. Dividends received by the company are classified as revenue as the main business of the company is investing and generating dividend income. Dividends received by the Group are classified as finance income.

1.10 FINANCE INCOME AND FINANCE COST

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.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis in operating costs.

1.11 INCOME TAX

Current tax assets and liabilities

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.11 INCOME TAX (continued)

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 and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer 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 and interests in joint ventures, to the extent that it is probable that:

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

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

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

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1.12 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- 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 annual financial statements are recognised in profit or loss in the period in which they arise.

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

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.12 TRANSLATION OF FOREIGN CURRENCIES (continued)

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 exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation in a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

1.13 PROVISIONS

Provisions are recognised when:

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

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

Onerous contracts

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

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

Site rehabilitation

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

1.14 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave, bonuses, and non-monetary benefits such as medical care), is recognised in the period in which the service is rendered and is 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.14 EMPLOYEE BENEFITS (continued)

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.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancies. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.15 FINANCIAL INSTRUMENTS

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

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

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

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

Non-derivative financial instruments

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

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

Fair value determination

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

Loans to/(from) group companies and related parties

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

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

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

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

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as other financial liabilities.

Trade and other payables

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.15 FINANCIAL INSTRUMENTS (continued)

Cash and cash equivalents

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

Interest-bearing borrowings

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

Trade and other receivables

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

Share capital

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

Offset

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

1.16 CASH AND CASH EQUIVALENTS

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

These financial assets are initially recognised at fair value and subsequently measured at amortised cost.

1.17 CONTINGENT ASSETS AND LIABILITIES

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. In the ordinary course of business the Group may pursue a claim against a client.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised in the statement of financial position.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

1.18 EARNINGS PER SHARE

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

1.19 SEGMENT REPORTING

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

1.19 SEGMENT REPORTING (continued)

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 interests.

Segment assets and liabilities

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

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

In terms of International Financial Reporting Standards, the Company is required to include in its annual financial statements disclosure about the future impact of Standards and Interpretations issued but not yet effective at the reporting date.

At the date of authorisation of the financial statements of Interwaste Holdings Limited for the year ended 31 December 2011, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective date
IAS 1 amendment	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012*
IAS 12 amendment	Deferred tax: Recovery of Underlying Assets	Annual periods beginning on or after 1 January 2012*
IAS 19 amendments	Employee Benefits: Defined benefit plans	Annual periods beginning on or after 1 January 2013*
IAS 27	Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013*
IAS 28	Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 January 2013*
IFRS 1 amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Annual periods beginning on or after 1 July 2011*
IFRS 7 amendment	Disclosures – Transfers of Financial Assets	Annual periods beginning on or after 1 July 2011*
IFRS 9 (2009)	Financial Instruments	Annual periods beginning on or after 1 January 2015*
IFRS 9 (2010)	Financial Instruments	Annual periods beginning on or after 1 January 2015*
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013*
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013*
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013*
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013*
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Annual periods beginning on or after 1 January 2013*

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

The amendments to IFRIC 20, IAS 19 and the IFRS1 amendment are not applicable to the business of the Group 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:

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted by the Company for the first time for its financial reporting period ending 31 December 2013.

The Group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

Amendments to IAS 12 Income Taxes

The amendments to IAS 12 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2012.

As a result of this amendment to IAS 12, the Group will change the rate applied for measuring deferred tax arising from the Group's investment property measured using the fair value model, in accordance with IAS 40 Investment Property. Previously the Group used a blended rate; however in terms of the amendment a sale rate will be applied.

This amendment will have to be applied retrospectively and may result in a potential restatement of comparative balances.

IAS 27 (2011) Separate Financial Statements

IAS 27 (2011) will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013.

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

The adoption of IAS 27 (2011) will not have a significant impact on the Group's separate financial statements.

IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the Company does not re-measure the retained interest.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2012.

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

- not derecognised in their entirety and
- derecognised in their entirety but for which the Group retains continuing involvement.

IFRS 9 (2009) Financial Instruments

IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The impact on the financial statements for the Group cannot be reasonably estimated as at 31 December 2011.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted by the Group for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

IFRS 10 Consolidated Financial Statements

IFRS 10 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively if there is a change in the control conclusion between IAS 27/SIC 12 and IFRS 10.

IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about the relevant activities are made,
- Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights,
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

IFRS 11 Joint Arrangements

IFRS 11 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively, subject to certain transitional provisions.

IFRS 11 establishes that classification of the joint arrangements depends on whether parties have rights to and obligations for the underlying assets and liabilities.

According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

- Joint operations whereby the jointly controlling parties, known as joint operators, have rights to assets and obligations for the liabilities, relating to the arrangement.
- Joint ventures whereby the joint controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013.

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable user to evaluate:

- The nature of, and risks associated with, an entity's interests in other entities, and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs

The three-level fair value hierarchy is extended to all fair value measurements.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

3. Property, plant and equipment

<i>Figures in Rand</i>	Group 2011	Group 2010
Cost:		
Balance at beginning of year	367 168 072	359 874 914
Additions	77 709 115	63 111 790
– to enhance existing operations	39 535 797	34 063 888
– to expand operations	38 173 318	29 047 902
Site rehabilitation cost	4 211 729	-
Disposals and scrapping	(43 022 015)	(55 818 632)
Balance at end of year	406 066 901	367 168 072
Comprising:		
Land, buildings and improvements	30 436 554	21 635 852
Vehicles	96 122 541	138 563 677
Plant and equipment	220 156 449	191 471 949
Computers, furniture and office equipment	16 297 834	12 417 838
Assets under construction	43 053 523	3 078 756
Balance at end of year	406 066 901	367 168 072
Accumulated depreciation and impairments		
Balance at beginning of year	(118 627 707)	(96 331 219)
Current year change	(37 785 210)	(38 815 459)
Disposals and scrapping	28 065 493	16 518 971
Balance at end of year	(128 347 424)	(118 627 707)
Comprising:		
Land, buildings and improvements	(3 882 592)	(3 291 501)
Vehicles	(38 946 739)	(55 563 426)
Plant and equipment	(73 627 589)	(49 273 429)
Computers, furniture and office equipment	(11 890 504)	(10 499 351)
Balance at end of year	(128 347 424)	(118 627 707)
Carrying value		
Land, buildings and improvements	26 553 962	18 344 351
Vehicles	57 175 802	83 000 251
Plant and equipment	146 528 860	142 198 520
Computers, furniture and office equipment	4 407 330	1 918 487
Assets under construction	43 053 523	3 078 756
Balance at end of year	277 719 477	248 540 365
Business segmentation		
Waste management	159 796 750	154 769 816
Compost manufacturing and sales	19 241 913	15 673 185
Landfill management, construction and rehabilitation	83 214 899	57 799 161
Metals recovery	15 465 915	20 298 203
Total operations	277 719 477	248 540 365

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

3. Property, plant and equipment (continued)

Group

<i>Figures in Rand</i>	Land, buildings and improvements	Vehicles	Plant and equipment	Computers, furniture and office equipment	Assets under construction	Total
Cost						
Balance at 1 January 2011	21 635 852	138 563 677	191 471 949	12 417 838	3 078 756	367 168 072
Additions	4 206 773	7 290 071	25 052 815	2 317 663	38 841 793	77 709 115
– to enhance existing operations	4 206 773	7 290 071	25 052 815	2 317 663	668 475	39 535 797
– to expand operations	–	–	–	–	38 173 318	38 173 318
Reclassification of property, plant and equipment	4 284 451	(15 629 376)	11 217 535	127 390	–	–
Transfer from assets under construction	309 478	–	44 038	1 759 993	(2 113 509)	–
Site rehabilitation cost	–	–	–	–	4 211 729	4 211 729
Disposals and scrapping	–	(34 101 831)	(7 629 888)	(325 050)	(965 246)	(43 022 015)
Balance at 31 December 2011	30 436 554	96 122 541	220 156 449	16 297 834	43 053 523	406 066 901
Accumulated depreciation and impairments						
Balance at 1 January 2011	(3 291 501)	(55 563 426)	(49 273 429)	(10 499 351)	–	(118 627 707)
Current year change	(1 665 092)	(13 323 640)	(21 226 197)	(1 570 281)	–	(37 785 210)
Reclassification of property, plant and equipment	1 074 001	6 135 992	(7 112 515)	(97 478)	–	–
Disposals and scrapping	–	23 804 335	3 984 552	276 606	–	28 065 493
Balance at 31 December 2011	(3 882 592)	(38 946 739)	(73 627 589)	(11 890 504)	–	(128 347 424)
Carrying value at 31 December 2011	26 553 962	57 175 802	146 528 860	4 407 330	43 053 523	277 719 477
Carrying value at 31 December 2010	18 344 351	83 000 251	142 198 520	1 918 487	3 078 756	248 540 365

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

3. Property, plant and equipment (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.

Assets under construction

During the year ended 31 December 2011 the Group acquired a property with the intention of developing a central Gauteng depot. The cost of acquisition was R5 million. The Group commenced construction of the new office buildings; improvements effected up to the reporting date totalled R8,6 million.

The Group also commenced the construction of a landfill site on a property leased under an operating lease. Costs incurred up to the reporting date totalled R21,7 million. A provision for future rehabilitation cost of R4,2 million was capitalised as part of the cost of the asset.

Security

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

<i>Figures in Rand</i>	Group 2011	Group 2010
Year-end balance for assets under instalment sale agreements/ mortgage bonds:		
Carrying value of capitalised assets	142 735 067	130 677 135
Cost	173 011 783	145 443 666
Accumulated depreciation	(30 276 716)	(14 766 531)
Classification of carrying value of assets committed as security for debt	142 735 067	130 677 135
Land, buildings and improvements	18 178 363	3 152 629
Vehicles	29 258 225	40 340 729
Plant and equipment	78 282 307	85 135 472
Computers, furniture and office equipment	3 119 122	–
Assets under construction	13 897 050	2 048 305
Current year additions to assets under instalment sale agreements/mortgage bonds	50 045 666	45 057 491
Carrying value of capital assets	52 575 865	47 964 355
Accumulated depreciation	(2 530 199)	(2 906 864)
Details of properties used as security for mortgage bonds included in the year-end balance above		
Holding 21, Pomona Estate, Agricultural Holdings	3 152 629	3 152 629
Erf 1319, Portion 2, South Germiston, Ext. 7	5 000 000	–
	8 152 629	3 152 629
Cost of fully depreciated assets still in use	13 832 058	25 265 185

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

3. Property, plant and equipment (continued)

Company

<i>Figures in Rand</i>	Company 2011	Company 2010
Cost		
Balance at beginning of year	59 666	79 656
Disposals and scrapping	–	(19 990)
Balance at end of year	59 666	59 666
Comprising		
Computers, furniture and office equipment	59 666	59 666
Accumulated depreciation and impairments		
Balance at beginning of year	(46 118)	(36 572)
Current year change	(13 548)	(25 984)
Disposals and scrapping	–	16 438
Balance at end of year	(59 666)	(46 118)
Comprising		
Computers, furniture and office equipment	(59 666)	(46 118)
Carrying value at 31 December	–	13 548

4. Intangible assets

Group

<i>Figures in Rand</i>	Cost	Accumulated Amortisation and Impairments	Carrying Value
2011			
Permit for operation of treatment plant	–	–	–
2010			
Permit for operation of treatment plant	179 200	–	179 200
Figures in Rand	Opening Balance	Derecognition	Total
Reconciliation of intangible assets – 2011	179 200	(179 200)	–
Permit for operation of treatment plant			
Reconciliation of intangible assets – 2010	185 044	(5 844)	179 200
Permit for operation of treatment plant			

Management had previously determined that the useful life of the intangible asset was indefinite as the permit has no expiry date and the Company intended to use the permit and treatment plant for an indefinite period. However, at year-end, management derecognised the permit on grounds of immateriality. No impairment indicators were identified at 31 December 2010.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

5. Goodwill

Group

<i>Figures in Rand</i>	Cost	Accumulated Amortisation and Impairments	Carrying value
2011 Goodwill	49 364 224	(2 363 007)	47 001 217
2010 Goodwill	49 364 224	(2 363 007)	47 001 217

<i>Figures in Rand</i>	Opening Balance	Disposals	Impairment	Total
Reconciliation of goodwill – 2011 Goodwill	47 001 217	–	–	47 001 217
Reconciliation of goodwill – 2010 Goodwill	49 589 679	(1 156 648)	(1 431 814)	47 001 217

<i>Figures in Rand</i>	2011	2010
Impairment reviews of goodwill		
Cash generating units:		
Waste management	35 148 213	35 148 213
Landfill management	11 853 004	11 853 004
TOTAL	47 001 217	47 001 217

The carrying value of goodwill identified above has been assessed for impairment based on value in use calculations.

Key assumptions used in the value in use calculations include estimated future waste management and landfill management units' revenue streams.

The value in use calculations use cash flow projections based on 2012 budgeted figures, extrapolated at 5% per annum for a further five years. This five year cumulative cash flow was discounted using a weighted average cost of capital of 15.07% (2010: 10.58%).

The discount rate was estimated as the Company's weighted average cost of capital which was based on a cost of debt at 9% (2010: 9%) and a required rate of return on equity at 20.59% (2010: 14.68%) estimated from the risk free rate based on the R186 bond rate of 8.47% (2010: R157 bond of 7.68%), and adjusted for market and small stock premiums.

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

Based on the above assumptions, management's calculations of recoverable amounts were greater than the carrying amounts.

Management believes that any reasonable possible change in any of its key assumptions would not cause the aggregate carrying amounts to exceed aggregate recoverable amounts.

A sensitivity analysis has been undertaken and has revealed that a 1% change in the growth rate of 5% would cause the valuation of goodwill to move by an amount of R8.3 million. A 1% change in the weighted average cost of capital would cause a movement of R25.4 million in the enterprise valuation. As the discount rates used were very conservative there is a minimal risk of an impairment loss existing at reporting date.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

6. Investment in joint venture

<i>Figures in Rand</i>	Group 2011	Group 2010
Green's Scrap Recycling Proprietary Limited:		
Carrying amount	672 690	110 135
Number of shares	60	60
Percentage holding	50%	50%
<i>The carrying amount consists of:</i>		
Cost of shares	358 753	358 753
Share of post acquisition equity accounted profits of joint venture	1 729 822	1 167 267
Impairment	(1 415 885)	(1 415 885)
TOTAL	672 690	110 135

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

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

Non-current assets	14 352 746	13 779 807
Current assets	2 920 476	2 610 274
TOTAL ASSETS	17 273 222	16 390 081
Total equity	1 345 380	220 272
Non-current liabilities	2 200 118	3 032 159
Current liabilities	13 727 724	13 137 650
TOTAL EQUITY AND LIABILITIES	17 273 222	16 390 081

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

Revenue	26 708 759	15 107 487
Cost of sales	(9 599 224)	(5 907 820)
Gross profit	17 109 535	9 199 667
Other income	542 930	354 228
Operating expenditure	(15 431 018)	(9 389 814)
Operating profit before finance costs	2 221 447	164 081
Finance cost	(650 670)	(259 177)
Operating profit/(loss) before tax	1 570 777	(95 096)
Income tax (expense)/credit	(445 669)	204 380
Profit for the year	1 125 108	109 284
Other comprehensive income, net of tax	–	–
Total comprehensive income	1 125 108	109 284

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

<i>Figures in Rand</i>	Share Capital	% Holding 2011	Shares Cost 2011	Share of Net Profit
7. Investment in subsidiaries				
Company - 2011				
DIRECT				
Interwaste Proprietary Limited	900	100	75 375 128	8 163 060
Enviro-Fill Proprietary Limited	100	100	11 929 932	55 300
Interwaste Properties Proprietary Limited	100	100	100	–
			87 305 160	8 218 360
Impairment of Enviro-fill Proprietary Limited			(11 602 427)	–
			75 702 733	8 218 360
INDIRECT				
Earth2Earth Proprietary Limited	100	100	611 290	719 308
Interwaste Cleaning Proprietary Limited	100	49	49	435 080
The Metal Recovery Company Proprietary Limited	100	100	100	(261 530)
Kutu Waste Management Systems Proprietary Limited	100	100	1 506 125	39 604
Platinum Waste Resources Proprietary Limited	100	65	98 520	929 751

<i>Figures in Rand</i>	2011	2010
Movement in carrying value:		
Balance at beginning of year	103 821 846	101 830 663
Pre-acquisition profits declared as dividends	(14 801 987)	–
Impairment loss (recognised)/reversed	(11 602 427)	1 848 951
Share-based payments movements	(1 714 699)	142 232
	75 702 733	103 821 846

<i>Figures in Rand</i>	Share Capital	% Holding 2010	Shares Cost 2010	Share of net profit/(loss)
Company - 2010				
DIRECT				
Interwaste Proprietary Limited	900	100	76 661 609	(15 582 108)
Enviro-Fill Proprietary Limited	100	100	27 160 237	6 147 552
Interwaste Properties Proprietary Limited	100	100	100	(29 875)
			103 821 846	(9 464 431)
INDIRECT				
Earth2Earth Proprietary Limited	100	100	611 290	(20 460)
Interwaste Cleaning Proprietary Limited	100	49	49	221 774
The Metal Recovery Company Proprietary Limited	100	100	100	–
Kutu Waste Management Systems Proprietary Limited	100	100	1 506 125	(355 715)
Platinum Waste Resources Proprietary Limited	100	65	98 520	206 145

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

<i>Figures in Rand</i>	2011	2010
8. Deferred tax liabilities/(assets)		
Group		
Reconciliation of deferred tax liabilities/(assets)		
At beginning of the year	18 249 277	24 382 268
Disposal of subsidiary	–	(1 718 592)
Current year temporary differences	(3 181 271)	(4 414 399)
	15 068 006	18 249 277
Deferred tax liabilities/(assets) comprises:		
– capital allowances	34 637 799	34 477 836
– non-deductible provisions/accruals	(695 486)	(331 817)
– doubtful debt provision	(522 220)	(247 738)
– deferred lease cost	–	53 179
– leave pay accrual	(570 133)	(202 676)
– prepayments	33 942	182 024
– STC credit	(80 303)	(80 303)
– available tax losses	(17 735 593)	(15 601 228)
Balance at end of year	15 068 006	18 249 277
Disclosed as follows:		
Deferred tax assets	(521 284)	(721 708)
Deferred tax liabilities	15 589 290	18 970 985
Balance at end of year	15 068 006	18 249 277

Company

Reconciliation of deferred tax asset		
At beginning of the year	158 267	50 084
Current year temporary differences	202 323	108 183
	360 590	158 267
Deferred tax asset comprises:		
– leave pay accrual	360 590	14 629
– available tax losses	–	143 638
Balance at end of year	360 590	158 267

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

Deferred tax has been recognised at 28% of temporary differences and available tax losses.

There are no unrecognised deferred tax assets and liabilities.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

9. Loans to group companies

Company

<i>Figures in Rand</i>	2011	2010
Subsidiaries		
Inter-Waste Proprietary Limited	111 168 132	78 078 283
The loan is unsecured, bears interest at the prime bank lending rate minus 1%, per annum, and has no fixed terms of repayment. The loan arose during the 2007 financial year to fund operational activities. The loan is unsecured as it is to a wholly owned subsidiary of the Company.		
Interwaste Share Incentive Trust	7 000 000	7 000 000
Less: Impairment	(3 850 000)	(2 800 000)
The loan is unsecured, interest free and has no fixed terms of repayment. The loan arose during the 2007 financial year to fund the sale of 7000 000 shares to employees through a share option scheme.		
Interwaste Properties Proprietary Limited	332 925	-
Enviro-Fill Proprietary Limited	349 618	-
The loans are unsecured, bear no interest and have no fixed terms of repayment. The loans are unsecured as they are to wholly owned subsidiaries of the Company.		
	115 000 675	82 278 283

There is no material difference between the fair value of the loans to group companies and their carrying value. The Company has no intention of requiring settlement of these loans in the foreseeable future.

10. Inventories

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
Raw materials	1 885 704	2 419 524	-	-
Work in progress	12 751 667	9 994 131	-	-
Finished goods	1 230 121	1 729 130	-	-
Consumables	371 182	414 269	-	-
Fuel	867 361	1 159 702	-	-
	17 106 035	15 716 756	-	-

Inventories are not impaired at year end. There is no inventory pledged as security for liabilities owing by the Group. The Company has no intention of requiring settlement of these loans in the foreseeable future.

11. Loans to related parties

Loan to joint venture:

Green's Scrap Recycling Proprietary Limited	6 101 097	6 102 777	-	-
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The loan to the joint venture is unsecured and has no contractual repayment terms. A portion of the loan bears interest at the prime interest rate. This portion is the excess which the Group has invested in the joint venture over that invested by the joint shareholder.

Other loans

Remade Holdings Proprietary Limited	343 636	343 636	-	-
Extent Road Property Proprietary Limited	924 080	900 117	-	-

The loans (to remade Holding Proprietary Limited and Extent Road Property Proprietary Limited) are unsecured, currently interest free with no contractual repayment terms.

Current assets	7 368 813	7 346 530	-	-
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Loans to related parties are not impaired at year end.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
12. Trade and other receivables				
Trade receivables	78 126 602	77 967 173	-	-
Other receivables	4 709 589	1 963 739	-	-
Financial assets	82 836 191	79 930 912	-	-
Prepayments	121 223	650 087	-	-
	82 957 414	80 580 999	-	-

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

As of 31 December 2011, group trade and other receivables are stated after an impairment adjustment of (R2 486 761) (2010 – R2 232 375).

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	400 917	202 350	-	-
Bank balances	4 469 213	9 108 048	2 080	6 406
Bank overdraft	(32 489 809)	(23 466 947)	-	-
	(27 619 679)	(14 156 549)	2 080	6 406
Current assets	4 870 130	9 310 398	2 080	6 406
Current liabilities	(32 489 809)	(23 466 947)	-	-
	(27 619 679)	(14 156 549)	2 080	6 406

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

Banking facilities provided by ABSA Bank Limited are secured by:

Unlimited cross suretyship by Mr WAH Willcocks.

A cession of the Momentum Life Policy for Mr WAH Willcocks.

Trade receivables have been ceded as security for the overdraft facility.

Unlimited cross surety including cession of the loan account by Inter-waste Holdings Limited.

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

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

Unlimited cross surety including cession of the loan account by Inter-waste Cleaning Proprietary Limited.

Unlimited cross surety including cession of the loan account by Inter-Waste Properties Proprietary Limited.

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

Limited surety on behalf of Green's Scrap Recycling Proprietary Limited.

Guarantees

Several capped performance guarantees have been issued to municipalities that the Group trades with.

14. Share capital and premium

Authorised

500 000 000 ordinary shares of R0,0001 each	50 000	50 000	50 000	50 000
Issued				
336 311 210 ordinary shares R0,0001 each	33 631	33 631	33 631	33 631
Share premium	175 458 322	175 458 322	182 457 622	182 457 622
Treasury shares	(700)	(700)	-	-
	175 491 253	175 491 253	182 491 253	182 491 253

163 688 790 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

15. Share-based payments

The Interwaste Share Incentive Scheme became dormant during the current financial year. This is due to the market price of the share being lower than the strike price of the options on the date the options lapsed, 13 June 2011. The share-based payment reserve relating to the Share Incentive Scheme has been transferred to retained earnings and corresponding investment balances. This Scheme will be replaced in the near future, subject to shareholder approval.

Information on options granted

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

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

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

	2011 %	2010 %
The following key assumptions were used in valuing the various options:		
Expected volatility	66,37	65,11
Risk-free interest rate	7,315	7,90 – 8,03
Dividend yield	-	-

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 expected volatility of 66% (2010:65%) was indicative of expected future trends based on historical volatilities.

No new options were granted in 2011 and all unexercised options lapsed by 13 June 2011.

The fair value of the share options that were granted to 31 December 2010 was reversed against investments in subsidiaries in the company in the current year.

The following table illustrates the number and weighted average exercise prices of share options held by eligible participants in the Interwaste Holding Limited Group under Inter-Waste Share Incentive Scheme:

<i>Figures in Rand</i>	Number of Share Options 2011	Number of Share Options 2010	Weighted Exercise Price 2011	Weighted Exercise Price 2010
At 1 January	3 954 000	6 024 000	0,98	0,94
Forfeited allocations	(3 954 000)	(2 070 000)	0,98	0,87
	-	3 954 000	-	0,98
	Number of Share Options 2011	Number of Share Options 2010	Subscription Price R	

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

13 June 2008	-	740 800	1
13 June 2009	-	926 000	1
13 June 2010	-	926 000	1
13 June 2011	-	1 111 200	1
1 March 2010	-	50 000	0,68
1 March 2011	-	62 500	0,68
1 March 2012	-	62 500	0,68
1 March 2013	-	75 000	0,68
	-	3 954 000	

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

15. Share-based payments (continued)

Should the participant resign from the Group prior to the vesting dates as indicated above, the shares will not be awarded, payment will not be required, and the rights to shares will be forfeited. The movement in the share-based payment reserve for the Group and Company has been disclosed in the Statements of Changes in Equity.

The share-based payment expense included in the profit of loss for the year is R95 486 (2010 – R142 232). The expense includes amounts relating to share options issued to a director outside the trust. The options will vest after 3 years, and will be required to be exercised within 5 years of the date of grant, failing which they will lapse. Disclosures and amounts relating to these share options are as follows:

<i>Figures in Rand</i>	Number of Share Options 2011	Number of Share Options 2010	Weighted Exercise Price 2011	Weighted Exercise Price 2010
At 1 January	800 000	-	0,68	-
New allocations made	800 000	800 000	0,45	0,68
Outstanding at 31 December	1 600 000	800 000	0,57	0,68
Vesting date for share options				
1 June 2013	800 000	800 000		
1 June 2014	800 000	-		
	1 600 000	800 000		
Share-based payment expense recognised in current year			95 486	27 333

16. Interest-bearing borrowings

<i>Figures in Rand</i>	Group 2011	Group 2010
Secured		
Instalment sale agreements	89 383 587	93 683 714
Instalment sale obligations capitalised at rates ranging between prime and 1 % below the prime interest rate per annum and are repayable over a period of three to five years. The liabilities are secured by instalment sale agreements over property, plant and equipment as per note 3.		
Mortgage bond		
– Germiston	5 000 000	-
– Pamona Estate	1 895 323	1 972 494
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.		
	96 278 910	95 656 208
Less: Portion payable within one year included in current liabilities	(50 088 060)	(46 684 965)
Portion included in non-current liabilities	46 190 850	48 971 243
Additional disclosure for interest-bearing borrowings:		
Minimum lease payments due:		
– within one year	52 727 862	52 785 245
– in second to fifth year inclusive	54 972 986	51 766 469
Total	107 700 848	104 551 714
Less: future finance charges	(11 421 938)	(8 895 506)
Present value of minimum future payments	96 278 910	95 656 208
Present value of minimum future payments due		
– within one year	50 088 060	46 684 965
– in second to fifth year inclusive	46 190 850	48 971 243
Present value of minimum future payments	96 278 910	95 656 208

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

17. Provision for site rehabilitation

<i>Figures in Rand</i>	Group 2011	Group 2010
Balance 1 January	-	-
Increase in provision	5 394 371	-
Balance 31 December	5 394 371	-

Site rehabilitation provision

A provision of R5 394 371 was made during the year in respect of the Group's obligation to rehabilitate its 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 License" as per the requirements of the act. Furthermore, the act makes provision for such 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 Group with respect to its FG landfill site requires that the Group 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, Interwaste will remain responsible for the site, or any of its impacts on the environment after operations have ceased. Due to the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, Interwaste 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 Group with estimates of the total current costs of rehabilitation for the two landfills the Group operates, namely cell 1 and cell 2. The current costs of the rehabilitation which have been provided by the engineers are R12,2 million and R6,7 million for cell 1 and 2 respectively. These costs have been based on current market prices for materials and labour that would be required to rehabilitate the landfills based on applicable laws and regulations. For the purposes of computing the provision to be recognised at year-end, these current costs were adjusted for by an average forecast inflation of 5.7 percent per annum over a period of 7 years, the expected life of the landfills, to get the expected future rehabilitation costs. The expected future rehabilitation costs were then discounted at a rate of 13 percent over a period of 7 years to get the present value of the obligation. At year-end, R1,2 million and R4,2 million were recognised in respect of provisions for rehabilitation costs for cell 1 and cell 2 based on the extent of damage to the environment by each of the landfills.

18. Loan from related party

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
Wilco Family Trust	3 567 310	3 630 008	-	-

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
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19. Trade and other payables

Trade payables	39 704 992	31 810 729	2 646 984	24 357
Other payables	15 653 782	6 137 926	1 804 905	833 049
	55 358 774	37 948 655	4 451 889	857 406

20. Revenue

Sale of goods	62 223 859	94 223 653	-	-
Rendering of services	393 767 089	348 449 853	-	-
Dividends received	-	-	16 198 014	-
	455 990 948	442 673 506	16 198 014	-

21. Results from operating activities

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

Profit on exchange differences	(644 847)	(50 289)	-	-
Lease charges	39 125 628	24 148 623	-	-
- premises	7 960 518	6 286 412	-	-
- vehicles	31 165 110	17 862 211	-	-
Legal fees	587 675	289 564	-	15 988
Audit fees – current year	1 802 857	1 001 274	-	37 107
Bad debts	598 033	1 239 433	-	-
Depreciation on property, plant and equipment	37 785 210	38 815 459	13 548	25 984
Employee costs	128 154 098	109 081 986	-	7 343 639
Share-based payment expense	95 486	142 232	95 439	-
Loss/(profit) on disposal of property, plant and equipment	1 371 037	3 640 250	-	(3 328)
Loss on disposal of intangible assets	179 200	5 844	-	-
Impairment of goodwill	-	1 431 814	-	-
Impairment of loan to Share Incentive Trust	-	-	1 050 000	637 000
Impairment/(reversal of impairment) of investment in subsidiary company	-	-	11 602 427	(1 848 951)
Impairment of investment in joint venture	-	1 415 885	-	-
Profit on disposal of subsidiary	-	(4 946 178)	-	-
Consulting fees	4 114 964	5 643 059	-	51 964
Management fee paid to subsidiaries	-	-	400 000	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
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22. Finance costs

Finance income

Bank accounts	-	82 648	-	-
Loans to related party	278 548	-	-	-
Loans to group companies	-	-	6 965 644	7 750 555
Other interest	959 975	268 986	-	-
	1 238 523	351 634	6 965 644	7 750 555

Finance costs

Interest bearings borrowing	(7 103 052)	(7 874 174)	-	-
Loans from related companies	(437 302)	(338 904)	-	-
Bank overdraft	(2 949 006)	(2 457 396)	-	(210 052)
Other interest	(219 118)	(2 565 310)	(473 733)	-
	(10 708 478)	(13 235 784)	(473 733)	(210 052)
	(9 469 955)	(12 884 150)	6 491 911	7 540 503

23. Taxation credit

Major components of the tax credit/(expense)

Current taxation

– current year	(1 631 116)	(868 126)	(4 371)	-
– prior year over/(under) accrual	27 469	(57 121)	-	-
Secondary tax on companies	(30 000)	(69 697)	-	-

Deferred taxation

– current year	3 181 271	4 414 399	202 323	108 183
	1 547 624	3 419 455	197 952	108 183

Reconciliation of tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	%	%	%	%
Statutory tax rate	28,00	28,00	28,00	28,00
Capital gains tax	-	4,50	-	-
Disallowed charges	(3,41)	(9,35)	155,41	-
Secondary tax on companies	(0,46)	(0,16)	-	-
Unutilised tax losses	0,87	0,37	-	-
Exempt income	-	0,22	(191,78)	(50,13)
Withholding tax impairment	(2,14)	(0,56)	-	-
Prior year over/(under) accrual	0,41	(0,78)	-	-
Effective tax rate	23,27	22,24	(8,37)	(22,13)

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

24. Cash flow notes

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
24.1 Cash generated from / (utilised by) operations				
(Loss) / profit before taxation	(6 649 762)	(15 375 097)	2 364 882	488 955
Adjustments for:				
Depreciation and amortisation	37 785 210	38 815 459	13 548	25 984
Finance costs	10 708 478	13 235 784	473 733	210 052
Finance income	(1 238 523)	(351 634)	(6 965 644)	(7 750 555)
Loss / (profit) on disposal of property, plant and equipment	1 371 037	3 640 250	-	(3 328)
Landfill rehabilitation expense	1 182 642	-	-	-
Share-based payment expense	95 486	142 232	95 439	-
Impairment/(reversal of impairment) of investment	-	-	11 602 427	(1 848 951)
Impairment of joint venture	-	1 415 885	-	-
Loss on disposal of intangible assets	179 200	5 844	-	-
Profit on sale of subsidiary	-	(4 946 178)	-	-
Income from joint venture	(562 555)	(54 642)	-	-
Foreign currency translation reserve	52 945			
Impairment of loan to Share Incentive Trust	-	-	1 050 000	637 000
Impairment of goodwill	-	1 431 814	-	-
Negative goodwill	-	(80 852)	-	-
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(2 376 415)	2 280 294	-	255 751
Increase in trade and other payables	17 410 119	1 922 523	3 594 483	76 048
(Increase)/decrease in inventories	(1 389 279)	16 679 469	-	-
	56 568 583	58 761 151	12 228 868	(7 909 044)

24.2 Tax refunded/(paid)

Balance receivable/(payable) at beginning of the year	6 946 776	9 375 373	245 300	(525 681)
Current tax recognised in the statement of comprehensive income	(1 633 647)	(994 944)	(4 371)	-
Sale of business	-	(45 500)	-	-
Balance (receivable)/payable at end of the year	(2 183 978)	(6 946 776)	4 371	(245 300)
Taxation refunded/(paid)	3 129 151	1 388 153	245 300	(770 981)

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

24. Cash flow notes (continued)

<i>Figures in Rand</i>	Group 2011	Group 2010
24.3 Disposal of subsidiary		
Carrying value of net assets disposed of – Envirofill Namibia Proprietary Limited (52% holding disposed on 1 January 2010)		
Property, plant and equipment	-	6 184 342
Inventories	-	1 210 917
Trade and other receivables	-	3 350 597
Current tax receivable	-	45 500
Trade and other payables	-	(10 598 147)
Cash	-	1 621 131
Deferred tax liability	-	(1 718 592)
Outside shareholders	-	(41 926)
Total net assets disposed	-	53 822
Consideration received	-	5 000 000
Cash disposed	-	(1 621 131)
Net cash inflow	-	3 378 869
Consideration received	-	5 000 000
Total net assets disposed	-	(53 822)
Profit on disposal of subsidiary	-	4 946 178

24.4 Disposal of business

Carrying value of net assets disposed of – Ace Waste business (disposed on 30 November 2010)		
Property, plant and equipment	-	3 774 588
Goodwill	-	1 237 500
Cash inflow	-	5 012 088

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

<i>Figures in Rand</i>	Group 2011	Group 2010
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25. Commitments

Premises operating leases – as lessee

Minimum lease payments due

– within one year	5 315 052	1 401 480
– in second to fifth year inclusive	7 847 199	2 715 240
	13 162 251	4 116 720

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

Landfill operating leases – as lessee

Minimum lease payments due

– within one year	2 422 530	2 242 088
– in second to fifth year inclusive	12 368 070	20 064 330
– in more than five years	7 446 450	18 440 070
	22 237 050	40 746 488

Operating lease is for land used for landfill waste disposal. The duration of the lease is the earlier of eight years or the Group dumping 3.5 million tonnes of waste on the property. Lease payments are based on volumes dumped at a rate that increases annually with inflation.

Motor vehicle operating leases – as lessee

Minimum lease payments due

– within one year	25 907 612	25 900 665
– in second to fifth year inclusive	29 656 882	55 115 142
	55 564 494	81 015 807

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

26. Related parties

Identity of related party relationships

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

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

Related party balances

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

Investment In Joint Venture	Note 6
Investments In Subsidiaries	Note 7
Loans To Group Companies	Note 9
Loans To Related Parties	Note 11
Loan From Related Party	Note 18

Related party transactions

<i>Figures in Rand</i>	2011	2010
Group		
Green's Scrap Recycling Proprietary Limited – Interest received	278 548	–
Remade Holdings Proprietary Limited – sales to related party	2 492 082	1 543 494
N2 Property Trust – property rentals paid	(3 399 455)	(3 085 994)
Wilco family Trust – Interest paid	(437 302)	(338 904)
Dividends paid to non-controlling shareholders	(105 000)	(243 941)
Company		
Interwaste Proprietary Limited – Interest received	6 965 644	7 750 555
Interwaste Proprietary Limited – Management fee paid	(400 000)	–

Emoluments paid to directors and prescribed officers have been disclosed in note 32. Share options awarded to a director, A Broodryk, have been disclosed in noted 15.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

27. Financial risk management

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

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

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

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

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

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates that will affect the Groups income and the value of its holdings of financial instruments. The objective of Market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

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

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.

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
Financial assets exposed to credit risk at year end were as follows:				
Loans to group companies	–	–	115 000 675	82 278 283
Loans to related parties	7 368 813	7 346 530	–	–
Cash and cash equivalents	4 870 130	9 310 398	2 080	6 406
Trade and other receivables	82 836 191	79 930 912	–	–
	95 075 134	96 587 840	115 002 755	82 284 689

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

Domestic	77 366 887	77 967 173	–	–
Foreign – Mozambique	759 715	–	–	–
	78 126 602	77 967 173	–	–

<i>Figures in Rand</i>	2011 Gross	2011 Impairment	2010 Gross	2010 Impairment
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Group

The aging of trade receivables at reporting date was:

Not past due	41 008 608	–	36 355 382	–
Past due 30 days	20 583 366	–	18 123 995	–
Past due 60 – 120 days	19 021 389	(2 486 761)	25 720 171	(2 232 375)
	80 613 363	(2 486 761)	80 199 548	(2 232 375)

The Company has no trade receivables at year end.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

27. Financial risk management (continued)

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
Impairment of trade receivables				
Balance at 1 January 2011	(2 232 375)	(992 942)	-	-
Bad debts written off in current year	343 647	203 636	-	-
Impairment provision created	(598 033)	(1 443 069)	-	-
Balance at 31 December 2011	(2 486 761)	(2 232 375)	-	-

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. No collateral is held for any of the financial assets. Except where stated otherwise elsewhere in the financial statements related party and group company balances are not impaired.

Liquidity risk

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

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains a R35 million secured bank overdraft facility and a secured asset backed instalment sale facility with a maximum limit of R75 million with ABSA Bank Limited.

Group

<i>Figures in Rand</i>	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	Between 2 And 5 Years	No Fixed Maturity
The following are the contractual maturities of financial liabilities:					
At 31 December 2011					
Non derivative liabilities					
Interest-bearing borrowings	96 278 910	107 700 848	52 727 862	54 972 986	-
Loan from related party	3 567 310	3 567 310	-	-	3 567 310
Bank overdraft	32 489 809	32 489 809	32 489 809	-	-
Trade and other payables	55 358 774	55 358 774	55 358 774	-	-
	187 694 803	199 116 741	140 576 445	54 972 986	3 567 310

At 31 December 2010

Non derivative liabilities

Interest-bearing borrowings	95 656 208	104 551 714	52 785 245	51 766 469	-
Loan from related party	3 630 008	3 630 008	-	-	3 630 008
Bank overdraft	23 466 947	23 466 947	23 466 947	-	-
Trade and other payables	37 948 655	37 948 655	37 948 655	-	-
	160 701 818	169 597 324	114 200 847	51 766 469	3 630 008

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

Company

<i>Figures in Rand</i>	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	Between 2 And 5 Years	No Fixed Maturity
At 31 December 2011					
Non derivative liabilities					
Trade and other payables	4 451 889	4 451 889	4 451 889	-	-
At 31 December 2010					
Non derivative liabilities					
Trade and other payables	857 406	857 406	857 406	-	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

27. Financial risk management (continued)

Interest rate risk

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

<i>Figures in Rand</i>	Group 2011	Group 2010	Company 2011	Company 2010
The interest rate risk profiles of the interest bearing financial instruments were:				
Variable rate instruments				
Loans to group company	–	–	111 168 132	78 078 283
Cash and cash equivalents	4 870 130	9 310 398	2 080	6 406
Interest bearing borrowings	(96 278 910)	(95 656 208)	–	–
Loan from related party	(3 567 310)	(3 630 008)	–	–
Bank overdraft	(32 489 809)	(23 466 947)	–	–

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 R718 893 (2010: R992 862) and R800 410 (2010: R562 164) respectively.

Currency risk

<i>Figures in Rand</i>	ZAR 2011	MT 2011	ZAR 2010	MT 2010
The exposure to currency risk was as follows based on carrying amounts for financial instruments:				
Trade and other receivables	82 076 476	759 715	79 930 912	–
Cash and cash equivalents	4 542 446	327 684	9 310 398	–
Trade and other payables	(54 569 186)	(789 588)	(37 948 655)	–
Statement of financial position exposure	32 049 736	297 811	51 292 655	–

<i>Figures in Rand</i>	Average rate 2011	Average rate 2011	Reporting date spot rate 2011	Reporting date spot rate 2010
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The following significant exchange rates applied during the year:

South African Rand

MT 1	0.25	0.24	0.31	0.21
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Sensitivity analyses

A 10 percent weakening of the Rand against the following currency at 31 December would have increased 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.

31 December

<i>Figures in Rand</i>	Group 2011	Group 2010
MT	21 443	–

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

The Company is not exposed to currency risk.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

27. Financial risk management (continued)

Fair value analyses

<i>Figures in Rand</i>	Carrying Value 2011	Fair Value 2011	Carrying Value 2010	Fair Value 2010
Group				
Assets				
Loans to related parties	7 368 813	7 368 813	7 346 530	7 346 530
Trade and other receivables	82 836 191	82 836 191	79 930 912	79 930 912
Cash and cash equivalents	4 870 130	4 870 130	9 310 398	9 310 398
Liabilities				
Loan from related party	3 567 310	3 567 310	3 630 008	3 630 008
Interest-bearing borrowings	96 278 910	96 278 910	95 656 208	95 656 208
Trade and other payables	55 358 774	55 358 774	37 948 655	37 948 655
Bank overdraft	32 489 809	32 489 809	23 466 947	23 466 947
Company				
Assets				
Loans to group companies	115 000 675	115 000 675	82 278 283	82 278 283
Cash and cash equivalents	2 080	2 080	6 406	6 406
Liabilities				
Trade and other payables	4 451 889	4 451 889	857 406	857 406

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.

Trade and other receivables/payables

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

Amounts owing to group companies

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

Non-derivative financial assets/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 2011 and 2010, the Group did not have financial instruments carried at fair value, by valuation method, requiring the following fair value hierarchy classification:

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

27. Financial risk management (continued)

Operational risk

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

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

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

CAPITAL MANAGEMENT

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

<i>Figures in Rand</i>	Group 2011	Group 2010
The Group's debt to capital ratio at the end of the year was as follows:		
Total liabilities	209 493 104	179 672 803
Less: positive cash balances	(4 870 130)	(9 310 398)
	204 622 974	170 362 405
Total equity	231 722 574	236 781 281
Debt to capital ratio at 31 December	0,88	0,72

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

28. Loss and fully diluted loss per share

The calculation of loss per ordinary share is based on a loss of R5 851 615 (2010: R12 066 643) and a weighted average number of shares in issue of 329 311 210 (2010: 329 311 210).

The weighted average number of shares is calculated after taking into account the effect of setting off 7 000 000 treasury shares held by the Interwaste Holdings Share Incentive Scheme against the issued share capital. The Interwaste Holdings Share Incentive Scheme purchased 7 000 000 shares on 14 June 2007.

The calculation of fully diluted loss per ordinary share is based on a loss of R5 851 615 (2010: R12 066 643) and a weighted average number of shares in issue of 329 311 210 (2010: 329 311 210).

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

29. Headline loss and fully diluted headline loss per share

The headline loss per ordinary share of 1.48 cents (2010: 3.30 cents) is based on a loss of R4 864 467 (2010: R10 851 676) and a weighted average number of shares in issue of 329 311 210 (2010: 329 311 210).

The weighted average number of shares is calculated after taking into account the effect of setting off 7 000 000 treasury shares held by the Interwaste Holdings Share Incentive Scheme against the issued share capital. The Interwaste Holdings Share Incentive Scheme purchased 7 000 000 shares on 14 June 2007.

The fully diluted headline loss per ordinary share of 1.48 cents (2010: 3.30 cents) is based on a loss of R4 864 467 (2010: R10 851 676) and a weighted average number of shares in issue of 329 311 210 (2010: 329 311 210).

<i>Figures in Rand</i>	2011	2010
Reconciliation of headline loss:		
Attributable loss per the statement of comprehensive income	(5 851 615)	(12 066 643)
Adjustment for :		
– loss on disposal of property, plant and equipment	1 371 039	3 640 250
– taxation on loss on disposal of property, plant and equipment	(383 891)	(1 019 270)
– impairment of goodwill	–	1 431 814
– impairment of investment in joint venture	–	1 415 885
– profit on disposal of subsidiary	–	(4 946 177)
– taxation on profit on disposal of subsidiary	–	692 465
	(4 864 467)	(10 851 676)
Fully diluted headline loss (cents)	(1.48)	(3.30)

The net asset value per share is 69.6 cents (2010: 71.4 cents). The tangible net asset value per share is 55.4 cents (2010: 57.1 cents).

30. Segment report

<i>Figures in Rand</i>	2011	2010
Group		
Gross revenue		
Waste management	310 223 325	270 566 280
Compost manufacturing and sales	40 415 011	56 754 904
Landfill management, construction and rehabilitation	83 543 764	77 883 573
Metals recovery	21 808 848	37 468 749
	455 990 948	442 673 506
Results from operating activities		
Waste management	2 685 963	14 307 432
Compost manufacturing and sales	(2 718 976)	(5 587 715)
Landfill management, construction and rehabilitation	5 704 584	1 860 766
Metals recovery	(3 413 933)	(13 126 072)
	2 257 638	(2 545 589)
Depreciation		
Waste management	23 148 911	23 377 996
Compost manufacturing and sales	3 073 149	1 825 423
Landfill management, construction and rehabilitation	7 880 998	11 826 053
Metals recovery	3 682 152	1 785 987
	37 785 210	38 815 459

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

31. Segment report (continued)

<i>Figures in Rand</i>	2011	2010
Finance costs		
Waste management	9 148 389	11 696 071
Compost manufacturing and sales	207 995	259 876
Landfill management, construction and rehabilitation	751 286	529 860
Metals recovery	600 808	749 977
	10 708 478	13 235 784
Finance income		
Waste management	1 228 243	351 634
Compost manufacturing and sales	-	-
Landfill management, construction and rehabilitation	10 280	-
Metals recovery	-	-
	1 238 523	351 634
Taxation		
Waste management	(1 097 321)	931 761
Compost manufacturing and sales	(756 771)	(1 333 559)
Landfill management, construction and rehabilitation	1 182 262	148 992
Metals recovery	(875 794)	(3 166 649)
	(1 547 624)	(3 419 455)
Segment assets		
Waste management	269 165 556	255 975 955
Compost manufacturing and sales	38 475 404	39 147 583
Landfill management, construction and rehabilitation	118 971 186	95 708 891
Metals recovery	14 603 532	25 617 655
	441 215 678	416 454 084
Segment liabilities		
Waste management	149 742 748	68 634 952
Compost manufacturing and sales	10 250 147	9 806 240
Landfill management, construction and rehabilitation	47 322 776	61 268 316
Metals recovery	2 177 433	39 963 295
	209 493 104	179 672 803
Capital expenditure		
Waste management	46 693 225	44 298 003
Compost manufacturing and sales	872 610	290 033
Landfill management, construction and rehabilitation	29 888 480	16 792 860
Metals recovery	254 800	1 730 894
	77 709 115	63 111 790

For management purposes the Group is organised into four major operating divisions: waste management; compost manufacturing and sales; landfill management, construction and rehabilitation and metals recovery. This represents the basis on which the Group reports its primary segment information and manages risk.

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

31. Directors' shareholding

<i>Figures in Rand</i>	Beneficial Direct 2011	Beneficial Indirect 2011	Total 2011	Beneficial Direct 2010	Beneficial Indirect 2010	Total 2010
Executive						
Alan Willcocks	78 000	79 594 700	79 672 700	78 000	79 594 500	79 672 500
Leon Grobbelaar	–	5 290 007	5 290 007	–	8 290 007	8 290 007
André Broodryk	1 500 000	–	1 500 000	500 000	–	500 000
Non executive						
Gavin Tipper	4 256 751	–	4 256 751	1 699 981	–	1 699 981
Bronwyn Willcocks	–	79 594 701	79 594 701	–	79 594 501	79 594 501
	5 834 751	164 479 408	170 314 159	2 277 981	167 479 008	169 756 989

No director has any non-beneficial interest in the ordinary shares of the Company. Between the reporting date and date of approval of the Annual Report, Gavin Tipper purchased 6 000 000 additional shares in the Company.

32. Directors' and Prescribed Officers' emoluments

<i>Figures in Rand</i>	Salary	Motor Vehicle Allowance	Bonus And Gratuity	Total
32.1 Directors' emoluments				
2011 Executive Directors				
Alan Willcocks	1 733 033	–	–	1 733 033
André Broodryk	1 392 000	120 000	45 461	1 557 461
Leon Grobbelaar	1 385 754	120 000	45 273	1 551 027
Non-executive Directors – fees				
Gavin Tipper	51 000	–	–	51 000
Andisiwe Kawa	51 000	–	–	51 000
Funani Mojono	26 000	–	–	26 000
Bronwyn Willcocks	51 000	–	99 452	150 452
Other – consulting				
Gavin Tipper	474 000	–	–	474 000
	5 163 787	240 000	190 186	5 593 973
2010 Executive Directors				
Alan Willcocks	2 079 640	–	–	2 079 640
Bronwyn Willcocks	895 065	–	340 467	1 235 532
Leon Grobbelaar	1 314 052	120 000	–	1 434 052
Ivan John	552 450	30 000	136 136	718 586
André Broodryk	770 000	70 000	–	840 000
Non-executive Directors – fees				
Gavin Tipper	47 850	–	–	47 850
Andisiwe Kawa	24 000	–	–	24 000
Funani Mojono	18 000	–	–	18 000
Ethan Dube	13 680	–	–	13 680
	5 714 737	220 000	476 603	6 411 340

Notes to the Financial Statements (continued)

for the year ended 31 December 2011

32.2 Prescribed Officers' emoluments

<i>Figures in Rand</i>	Salary	Motor Vehicle Allowance	Bonus And Gratuity	Total
2011				
Prescribed officer A	871 133	–	26 192	897 325
Prescribed officer B*	637 662	5 000	106 521	749 183
Prescribed officer C	1 014 540	96 000	92 545	1 203 085
Prescribed officer D*	756 000	99 000	34 276	889 276
Prescribed officer E	801 900	67 500	26 140	895 540
	4 081 235	267 500	285 674	4 634 409
2010				
Prescribed officer A	677 100	–	20 741	697 841
Prescribed officer B*	–	–	–	–
Prescribed officer C	900 000	96 000	–	996 000
Prescribed officer D*	–	–	–	–
Prescribed officer E	184 400	–	–	184 400
	1 761 500	96 000	20 741	1 878 241

*employees became prescribed officers in the current year.

No post-employment benefits were paid to directors and prescribed officers in the current and prior year.

33. Retirement benefits

Defined contribution plan

It is the policy of the Group to provide retirement benefits to certain of the Group's employees. The Group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pensions Fund Act of 1956 (as amended). The Group's contribution to the provident fund for the year, which has been charged to the statement of comprehensive income, was R1 689 592 (2010: R1 734 894).

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

Shareholder Analysis

for the year ended 31 December 2011

34. Schedule of Shareholder analysis

<i>Figures in Rand</i>	No. of shareholders	%	No. of Shares	%
SHAREHOLDER SPREAD				
1 – 1,000 shares	242	31.55	132 589	0.04
1,001 – 10,000 shares	262	34.16	1 219 866	0.36
10,001 – 100,000 shares	188	24.51	6 998 024	2.08
100,001 – 1,000,000 shares	51	6.65	18 454 039	5.49
1,000,001 shares and over	24	3.13	309 506 692	92.03
Total	767	100.00	336 311 210	100.00
DISTRIBUTION OF SHAREHOLDERS				
Brokers	4	0.52	1 004 100	0.30
Close Corporations	9	1.17	143 603	0.04
Endowment Funds	2	0.26	7 913	0.00
Individuals	655	85.40	42 751 822	12.71
Insurance Companies	1	0.13	984 657	0.29
Investment Companies	5	0.65	7 023 000	2.09
Medical Aid Schemes	1	0.13	5 346	0.00
Mutual Funds	8	1.04	28 831 844	8.57
Nominees and Trusts	51	6.65	179 772 394	53.45
Other Corporations	6	0.78	39 545	0.01
Pension Funds	4	0.52	610 729	0.18
Private Companies	20	2.61	68 136 257	20.26
Share Trusts	1	0.14	7 000 000	2.08
Total	767	100.00	336 311 210	100.00
PUBLIC / NON - PUBLIC SHAREHOLDERS				
Non - Public Shareholders	10	1.30	225 323 707	67.00
Directors and associates of the Company	8	1.04	170 823 707	50.80
Strategic Holder (more than 10%)	1	0.13	47 500 000	14.12
Share Trust	1	0.13	7 000 000	2.08
Public Shareholders	757	98.70	110 987 503	33.00
Total	767	100.00	336 311 210	100.00
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE				
Wilco Family Trust			159 189 401	47.33
Georgia Avenue Investments 32 Proprietary Limited			47 500 000	14.12

Shareholders' **Diary**

Salient Dates

Financial year-end	31 December 2012
Annual General Meeting	29 June 2012

Reports

Interim results for half year to June 2012	September 2012
Abridged annual results announcement for 2012	31 March 2013
Annual Financial Statements for 2012	31 May 2013

Notice to Shareholders

Interwaste Holdings Limited

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

This notice of annual general meeting contains important information relating to the adoption of a new Memorandum of Incorporation.

If you are in any doubt as to what action to take in regard to this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out at the conclusion of this notice.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom of the Company at 2 Brammer Road, Germiston South, Gauteng, South Africa on Friday, 29 June 2012, at 11h00. The purpose of the meeting will be to conduct the business listed below.

The record date in terms of section 59 of 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, 22 June 2012.

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

1. To receive and adopt the annual financial statements for the financial year ended 31 December 2011, including the reports of the directors, the audit committee and the auditors.
2. To re-elect AP Broodryk as an executive director. In terms of the Company's articles of association he retires by rotation at the annual general meeting, but being eligible, offers himself for re-election.*
3. To re-elect PF Mojono as a non-executive director. In terms of the Company's articles of association he retires by rotation at the annual general meeting, 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 J Wessels as the registered auditor who will undertake the audit of the Company for the ensuing year.
5. "Resolved that members of the audit and risk committee be appointed for the ensuing year and that the membership of the committees, as proposed by the board of directors, be GR Tipper, A Kawa and PF Mojono".*
6. "Resolved that the fees of the directors for the year ended 31 December 2011 as set out on page 64 of the annual financial statements be, and hereby are, approved".
7. "Resolved, by way of a non-binding, advisory vote, that the basis of remuneration of the Company as set out on pages 13 of the annual report be and is hereby approved.

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

8. "Resolved that the Company be authorised to pay its non-executive directors a fee of R10 000 per board, audit committee and general meeting attended during the period 1 July 2012 to 30 June 2013".

(The reason for this resolution is to grant the Company the authority to pay fees to its non-executive directors for their services as such).

9. "Resolved that all the unissued shares in the capital of the Company be placed under the control of the directors to allot and issue, at their discretion, for such purposes as they may determine, and that such authority be extended until the next annual general meeting of the Company as a general authority in terms of the Companies Act 71 of 2008 ("the Act"), subject to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE")."
10. "Resolved that pursuant to the articles of association of the Company and subject to the Act and the Listings Requirements of the JSE, the directors of the Company be and are hereby authorised, by way of a general authority to allot and issue ordinary shares for cash as and when suitable opportunities arise, and that such authority be renewed subject to the following conditions:
 - 10.1 that the shares must be of a class already in issue or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
 - 10.2 the shares may only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;
 - 10.3 that the shares to be issued or sold may not exceed 20 percent of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements of the JSE;
 - 10.4 that the maximum discount at which such shares may 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;
 - 10.5 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;
 - 10.6 that an announcement giving full details of any issue, including the impact on net asset value, net tangible asset value, earnings, and headline earnings per share and, if applicable, diluted earnings and diluted headline earnings per share, be published at the time of any issue or sale representing, on a cumulative basis within a financial year, 5 percent or more of the number of securities in issue prior to the issue."

Notice to Shareholders (continued)

VOTING

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

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

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

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

VOTING

12. "Resolved that the Company be authorised, in terms of section 45(2) of the 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
 - to a related or inter-related company,

Subject to:

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

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

13. "Resolved that a new Memorandum of Incorporation ("MOI"), be approved. The salient features of the MOI are attached to this notice of annual general meeting as Appendix 1. The complete MOI having been available for inspection at the Company's registered office from the date of notice of this annual general meeting until the date of this annual general meeting and the complete MOI has been initialled by the chairperson of this meeting for identification purposes and tabled at this meeting. The MOI will supersede the current Memorandum and Articles of Association of the Company."

The reason for this resolution is the adoption of a new MOI in compliance with section 15 of the Companies Act, 2008, read with item 4(2) of Schedule 5 of the said Act.

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

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

Notice to Shareholders (continued)

The directors are of the opinion that, after considering the effect 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 the liabilities of the Company and the Group, 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.

LITIGATION STATEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 3 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above ordinary and special resolutions numbers 10 and 11 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above ordinary and special resolutions contain all information required.

MATERIAL CHANGES

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

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

Directors and management (Refer to pages 3 and 8)

Major shareholders of the Company (Refer to page 66)

Directors' interests in the Company's shares (Refer to page 64)

Share capital (Refer to pages 47 to 49)

VOTING AND ATTENDANCE

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll, every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her. Each shareholder is entitled to appoint one or more proxies to attend, speak and on a poll, to vote in his/her stead. A proxy need not be a shareholder of the Company. 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 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 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001

POSTAL ADDRESS:

PO Box 61051, Marshalltown

FAX NUMBER:

+27 11 688 5238

Notice to Shareholders (continued)

by no later than 11h00 on Wednesday, 27 June 2012 advising that they wish to participate via electronic communication in the annual general meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain the following information:

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

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

Salient dates:

Last day to trade to be eligible to vote at the annual general meeting	Friday, 15 June 2012
Record date for determining those shareholders entitled to vote at the annual general meeting	Friday, 22 June 2012



Allen Stuart De Villiers (BA) LLB

Company Secretary

6 June 2012

Directorate and Administration

DIRECTORS

Executive Directors

WAH Willcocks – Chief Executive Officer

LG Grobbelaar – Landfill Director

AP Broodryk – Financial Director

Independent Non-executive Chairperson

A Kawa

Independent Non-executive Directors

PF Mojono

Non-executive Director

BL Willcocks

GR Tipper

COMPANY SECRETARY

AS de Villiers

Corner of Avocet and Bromhof Roads, Bromhof, 2154

Telephone: (011) 792 9330

Facsimile: (011) 792 8998

REGISTERED OFFICE

Corner of Avocet and Bromhof Roads, Bromhof, 2154

PO Box 641, Northriding, 2162

COMPANY REGISTRATION NUMBER

2006/037223/06

AUDITORS

KPMG Inc.

KPMG Crescent, 85 Empire Road, Parktown, 2193

Private Bag 9, Parkview, 2122

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

70 Marshall Street, Johannesburg, South Africa, 2001

PO Box 24, Newtown, 2113

BANKERS

ABSA Bank Limited

Pallazo Towers West, Monte Casino Boulevard

Fourways, 2055

PO Box 782991, Sandton, 2146

ATTORNEYS

Fluxmans Inc.

11 Bierman Avenue, Roodebank, 2196

Private Bag X41, Saxonwold, 2196

DESIGNATED ADVISOR

Vunani Corporate Finance

Vunani House, Athol Ridge Office Park

151 Katherine Street, Sandton, 2196

PO Box 411216, Craighall, 2024

Form of Proxy

INTERWASTE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/037223/06)

(JSE code: IWE ISN: ZAE000097903)

("the Company")



Interwaste Holdings Limited

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 11H00 ON FRIDAY, 29 JUNE 2012.

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

I/We (Name in block letters)

of (Address in block letters)

With the following telephone numbers:

Work Telephone:

Home Telephone:

Cellular Telephone:

being a member/members of Interwaste Holdings Limited and entitled to

votes, hereby appoint

1. or failing him/her

2. or failing him/her

the chairman of the meeting

as my/our proxy to act for me/us at the annual general meeting, to be held at Interwaste Holdings Limited, 2 Brammer Road, Germiston, Gauteng, South Africa on Friday 29 June 2012 at 11:00 and at any adjournment thereof, as follows:

	Number of Interwaste Shares		
	In Favour	Against	Abstain
1. Adoption of financial statements			
2. Re-election of A Broodryk			
3. Re-election of F Mojono			
4. Re-appointment of KPMG as the Company's independent auditors			
5. Appointment of GR Tipper, A Kawa and PF Mojono to the audit and risk committee			
6. Approval of directors' fees			
7. Approval of basis of remuneration of the Company			
8. Special Resolution - Approval of non-executive director's fees for the ensuing year			
9. To place unissued share capital under the control of the directors			
10. General authority to allot and issue shares for cash			
11. Special Resolution - General authority to repurchase shares			
12. Special Resolution - Authorisation to provide financial assistance			
13. Adoption of Memorandum of Incorporation			

Signed at

on

2012

Member

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

Form of Proxy - Instructions

1. On a poll a shareholder is entitled to one vote for each share held.
2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), to reach Computershare by no later than 11h00 on Wednesday, 27 June 2012 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 authority to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
13. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 11h00 on Wednesday, 27 June 2012.
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 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001
(P O Box 61051, Marshalltown, 2107)

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

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

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the 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;

Form of Proxy - Instructions

- 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.

