

Interwaste Holdings Limited

INTEGRATED REPORT 2013



(Incorporated in the Republic of South Africa)

Registration Number 2006 / 037223 / 06

JSE Code: IWE

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ABOUT THIS REPORT

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

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

The report covers the logistics business, the landfill business and Earth 2 Earth (our organic compost business). We have significantly downscaled MRC (the metals recovery business) and have acquired 100% of Green's Scrap Recycling, previously a joint venture.

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

Board responsibility

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

Interwaste's business

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

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



Waste collection, transportation and disposal

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

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

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

The Group is exposed to a variety of risks in this business including the loss of client contracts, an inability to pass operating cost increases, and particularly increases in fuel and landfill costs, on to clients and the loss of key skills related to the management and

disposal of hazardous waste. The risks are mitigated through a focus on client relationships and client service, close management and control of all costs, contracts which provide for specified cost increases to be billed to clients, and various staff retention mechanisms.

Landfill management

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

The majority of the South African landfills which are available for third party management are owned by the state, via municipal authorities, and the award of landfill management contracts has become an increasingly politicised area with certain awards based on criteria other than competency to manage the landfills, and other awards made at prices which are insufficient to provide a commercial return on the capital equipment required to properly manage the landfills. Accordingly, the Group has eliminated a number of smaller landfills from its portfolio and ensures that all landfill tenders are submitted on commercially justifiable terms. While we expect revenue from third party landfill management to decline over time, there should be a limited impact on profitability as a number of the sites we will eliminate, or which will not be awarded to us through a tender process, will have limited profitability.

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

As a third party landfill manager Interwaste is exposed to claims should the landfills not be managed in terms of the management contracts, and applicable laws and regulations. This risk is addressed through a strict control regime and regular audits to ensure that required levels of compliance are achieved. The business is also exposed to the risk of unprofitable contracts and the loss of contracts for operational and other reasons. Appropriate corrective action is taken on unprofitable contracts and contracts are terminated or run out where returns are not sufficient to justify the risks related to the contracts.

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

Earth2Earth

Earth2Earth is the largest producer of organic growing mediums in Southern Africa. Through Earth2Earth the Group diverts over 300 000 tons, per year, of organic material, comprised primarily of waste

bark, from landfills. This, together with domestic greens collected at landfill sites and garden waste transfer stations, is used to produce in excess of 50 000 cubic metres a month of export grade compost and growing mediums.

The Group has a range of operational controls to ensure that organic growing products are produced to the required standards. This business has incurred losses over a number of years and various measures have been introduced to address this risk and restore profitability. These will include a focus on costs, on raw material supply and on those customers that are profitable.



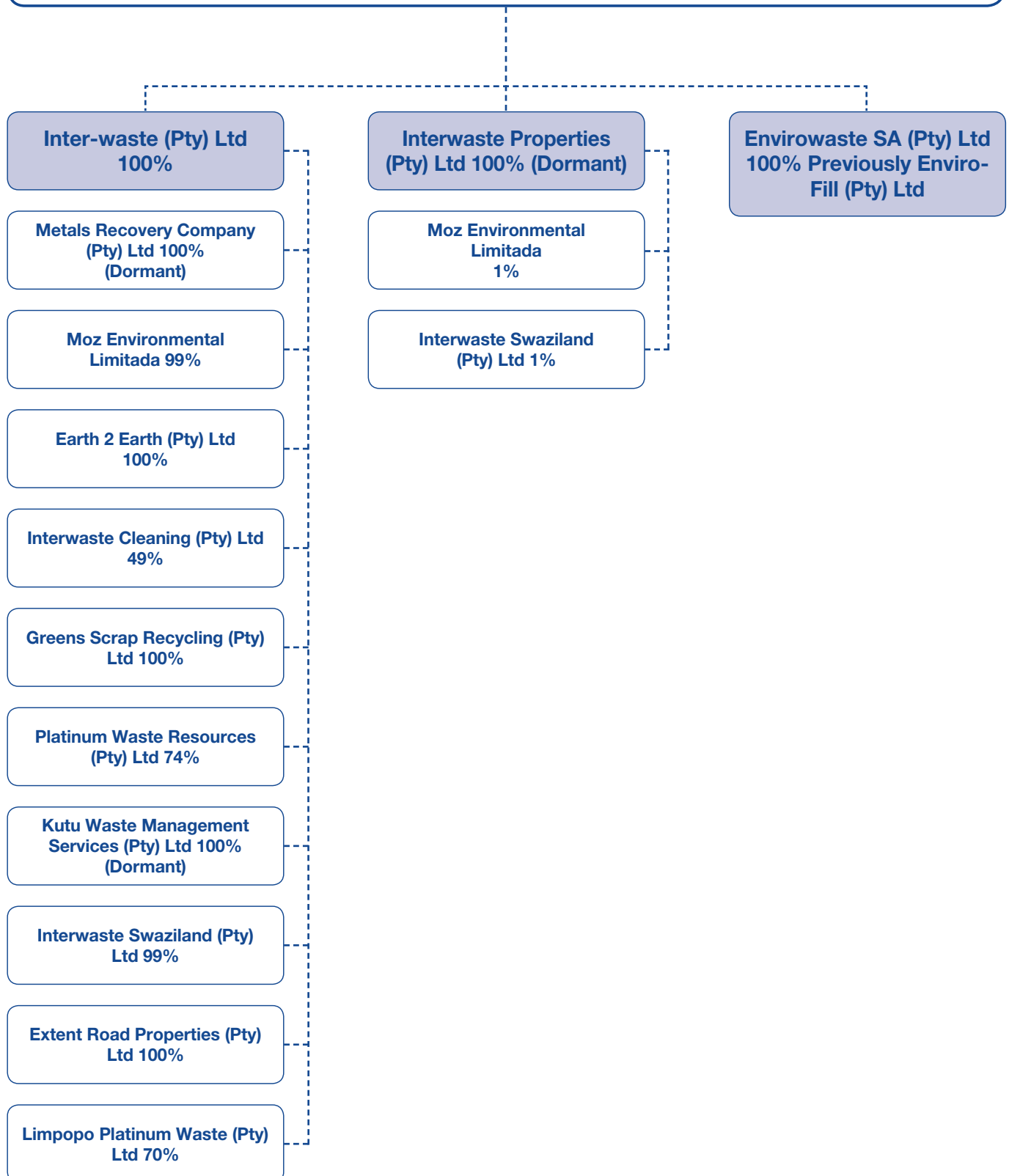
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JSE AltX Listed

Interwaste Holdings Limited




ALAN WILLCOCKS

Chief Executive Officer

Alan co-founded Interwaste with Bronwyn in 1989. Over the past 25 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 20 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 4 years and has developed a detailed knowledge of the waste industry.


LEON GROBBELAAR

Landfill Director

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


GAVIN TIPPER

Non-executive Director

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


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 25 years of service at Inter-Waste Proprietary Limited. On a daily basis, she involves herself in property investment and supports fledgling business entrepreneurs.


FUNANI MOJONO

Independent Non-executive Director

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


LANDIWE MAHLANGU

Independent Non-executive Director

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



We are pleased to be able to report another substantial improvement in performance over the prior period. Although the prior year provides a relatively low base, there have been meaningful improvements in a number of areas of the business and certain of the investments made recently are generating pleasing returns.

Revenue grew by 23.2%, operating profit grew by 56.5%, profit after taxation grew by 83.9% and headline earnings grew by 140%. As reported previously, there has been a focus on leveraging the asset base and targeting operational efficiencies; the impact of these initiatives is evident in the results for the year.

We saw strong revenue growth in the waste business and solid growth in the landfill business. This was driven primarily by growth from existing customers, growth from new customers in targeted industries and the revenue from a number of the projects commissioned in the prior and current years. Operating profit in the landfill division grew strongly, mainly as a result of the landfill operated by the Group for its own account, with muted profit growth in the waste business. The waste business however plays an important role in supplying product to the Group's landfill. Although the extent of the loss in the compost business reduced, it remains at concerning levels.

Cash flows were substantially higher than in the prior period. Operating activities produced a 20% increase in cash flow, after funding the higher levels of working capital required to support growth, investments in existing and new operations nearly tripled with purchases of land for a second landfill, the acquisition of vehicles which were previously held under operating leases and continued investment in the FG landfill. The small outflow on financing activities in the prior period was replaced by a significant inflow due to R50 million of capital raised during the period and an increase in borrowings to fund the purchases of property, plant and equipment.

The strong focus on the core business led to pleasing progress in addressing issues and taking advantage of opportunities in the different operations. The Gauteng waste business produced encouraging growth and returns and made a significant contribution to the profit growth produced by the landfill business. Steps were taken to remedy disappointing performances in certain other geographic areas and satisfactory rates of growth have been achieved in new areas. We targeted industries where we have some competitive advantage and where the opportunities are of a scale appropriate to our business, the results have been good and have yielded profitable progress. The roll out of our on-site waste solution continued and more customers are recognising the financial and other benefits of this waste management option. The current year

was the first full year of operation for the FG landfill and a number of contracts for use of the airspace were secured with strong consequent growth in monthly tonnages and revenues. The effluent treatment business was a satisfactory contributor during the period, albeit off a low base, and with further investment in the area we expect exciting returns.

In addition to the core business, a number of projects were progressed. Envirowaste was purchased early in the financial year and the results to 31 December have exceeded our expectations. We have worked on permitting the Klinkerstene landfill site (located near Delmas) for some time and we received the necessary authorisations during the year. That allowed us to purchase the properties on which the landfill will be developed. A significant investment was made into a blending platform in a joint venture with Lafarge. This will allow us to use hazardous waste as fuel for cement kilns, thereby converting waste into energy and limiting the disposal to landfills. The blending platform will allow us to offer customers the option of disposal with no portion of waste to landfill, and for certain hazardous waste streams, the disposal to landfill of which is currently prohibited, or will be prohibited within four years, a cost effective, environmentally sound solution. We have made further investments into our businesses outside South Africa; the returns to date are acceptable and the potential is substantial.

During the period under review two of our employees were involved in a series of incidents involving the collection of waste and its subsequent disposal at landfills other than the landfills to which it should have been directed. Although this only occurred in a limited number of cases, it constituted a significant breach of our operating policies and a contravention of Waste regulations. As soon as we became aware of the issue the employees were suspended, and have subsequently left our employ, the relevant regulators were notified and a plan to remedy the matter was presented to them, affected customers were informed and corrective action was taken. Certain of the waste which was incorrectly disposed of was excavated, together with a sufficient buffer to ensure no residual environmental risk, and moved to an appropriate landfill. With the agreement of the relevant authorities we will monitor the site for 12 months to ensure no residual contamination. The remainder of the disposed of waste was traced to a landfill which was authorised to accept that waste, however certain administrative requirements for the disposal had not been complied with.

This matter has been the subject of a number of articles in the press which seem designed to dramatise a limited number of occurrences in a single geographic area of operations, perpetrated by two employees who no longer work for the company, involving relatively low hazardous waste. We reported the matter to the

authorities as soon as we became aware of it and we removed all the relevant waste to an appropriate landfill in consultation with the external consultant employed by the owner of the landfill at which the waste was initially disposed. It is difficult to see how this matter is sufficiently newsworthy to warrant the coverage it has received.

Segmental review

The waste management business grew revenue by 29% and operating profit by 11%. Relatively lower growth in operating profit was a function of higher than inflationary increases in fuel and external landfill costs, portions of which were absorbed to remain competitive, costs associated with a number of projects which were expensed, and continued investment in people. The waste management business also contributed strongly to the significant increase in the profitability of the landfill division through the levels of growth achieved in the volumes to FG landfill.

The Group completed the acquisition of Enviro Waste during the year, effective 1 March 2013. The purchase consideration was R13.2 million. Goodwill of R8.2 million resulted from the purchase price allocation. Had the transaction been concluded at the beginning of the year, consolidated revenue and profit would have been increased by R3 million and R400 000 respectively. The business forms part of the waste management division and its performance for the year has been solid and exceeded our on acquisition expectations. Enviro Waste will continue to operate under its own brand and will form an important adjunct to the Interwaste service offering.

Compost manufacturing and sales continue to disappoint. The loss made by the business declined but remains at levels which are significant. Our ability to substantially downscale this business is constrained by the likely impact of that on the waste management business and our focus will therefore remain on minimising the losses until we are able to exit the business without adversely affecting the rest of the Group.

The landfill management business produced a 12% increase in revenue and a 58% increase in operating profit. Levels of income from FG landfill have grown in line with the strong growth in the volumes to the landfill and have supported this result. The division remains challenged by the economics of certain third party landfills, particularly the smaller contracts, where the risk adjusted cost of the capital equipment required to properly manage the landfills is not adequately reflected in tender prices. We reduced our exposure to smaller third party landfills during the period and will not retender for contracts where the returns are marginal and/or there is no strategic benefit to managing the landfills.

Prospects

Once again we report that conditions on the ground remain difficult. Our customers are under pressure, the strain being experienced by the consumer seems likely to grow, which in turn will affect our customers, and the weaker rand and high levels of administered inflation directly affect our cost base.

The labour unrest affecting the platinum industry continues with negative consequences for the ordinary worker and a myriad of parties beyond the mining industry. 2014 is likely to be another difficult labour year with questionable agendas at play and minimal prospects of negotiations which move the ball forward for either workers or business.

We are confident that the Group is well positioned to deal with these headwinds but, nonetheless, expect the next year to be challenging. Our priorities will include a continuation of the strong focus on efficiencies in the core waste management business, and the roll out of services to our customers which address their changing needs, a push to complete a number of the projects in progress by their deadlines and to extract their promised returns, continued investment into innovation in the treatment and disposal of waste and into how we render our services, and a focus on growing and extracting profitability from our non South African assets.

R50 million of capital was raised during the year to strengthen the balance sheet and support growth. Despite the substantial investment in various aspects of the business, total debt less cash, as a percentage of equity, declined from 85% to 79%. This included the impact on gearing of purchasing vehicles with a cost of R30 million that were previously held under leases. We will continue to manage our gearing down in order to reduce risk but recognise that in a growing asset based business with an emphasis on lean structures, we will face relatively high levels of gearing for some time.

In February 2014 Bruce Buys, the general manager of our Gauteng division, passed away. We are grateful for the outstanding contribution Bruce made in his years at Interwaste and we will miss him. Our condolences go to his family.

Our thanks to all our staff who contributed to the result this year and to our shareholders and other stakeholders for your valued support.



Alan Willcocks
Chief Executive Officer

Andisiwe Kawa
Chairperson

Grow shareholder value

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

**Remain at the forefront of technology in the industry**

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

Provide innovative, environmentally sensitive waste management solutions to our clients

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

**Continue to grow organically and through acquisitions**

As part of the restructuring process industries were identified where we have a competitive advantage and which offer worthwhile opportunities. Strong growth was recorded in certain of these areas in the current year and we expect further profitable growth in the next year. Our geographical growth has continued with the operation in Mozambique showing positive returns.

Actively participate in the transfer of skills to the historically disadvantaged

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

**Continue our commitment to BBBEE**

Interwaste has improved its BBBEE rating from a level 5 to a level 3. This required considerable effort and investment, which will be continued.

Attract, develop and retain outstanding talent

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




DAN NKOMO

Enterprise Development Director
Interwaste (Pty) Ltd

Dan Nkomo has been with the organisation for 21 years. He has extensive knowledge of waste management, operations and logistics. Dan possesses qualifications in Road Transport Management and Waste Management from Wits and RAU respectively.


RAJASPREE PILLAY

Group Human Resource Director
Interwaste (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 18 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 19 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 15 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.

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

The Group approaches its sustainability responsibilities as follows:

ETHICS

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

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

As highlighted in the Chairman and Chief Executive Officers' report, there was a breach of our code of ethics and our operating policies by two of our employees during the period. The Green Scorpions were notified as soon as we became aware of the issue and the employees were suspended. They both resigned before their disciplinary hearings took place.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee forms an integral part of the Group's corporate governance structure and discharges its

statutory functions within the ambit of formal terms of reference established in terms of the Companies Act, and approved by the board,

The Committee met twice during 2013, with the emphasis of these meetings on:

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

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

Further details of the composition and meetings of the committee, are set out in the corporate governance report on page 17.

STAKEHOLDER ENGAGEMENT

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

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

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

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

ACCREDITATION

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

• ISO 14001 (an international environmental management standard)

Interwaste received ISO 14001 accreditation in 2002 and was the first waste management company in South Africa to receive the accreditation in respect of its operational disciplines. The company being audited by the SABS on an annual basis and has maintained the accreditation since 2002.

• Responsible Care

Responsible Care is a global initiative that allows industries to demonstrate improvements in safety over an extended period of time, thereby gaining the trust of stakeholders. As a signatory to the Responsible Care standard, Interwaste is required to implement systems that result in ongoing improvements to employee health and safety, and progress in minimising the impact of its operations on the environment and surrounding communities.

• Safety Quality Assessment Series

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

Interwaste has been a patron member of the Institute of Waste Management of South Africa ("IWMSA") since 1993, and actively

endorses IWMSA's aim of promoting best practice in all aspects of waste management in South Africa.

Interwaste's objective of having its strategic sites accredited in terms of the OHSAS 18001 (an international occupational health and safety standard) is receiving ongoing attention. Interwaste is accredited by the LG Seta as a Waste Management Training Provider, from NQF Level 1 to 4.

ENVIRONMENT

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

Interwaste successfully underwent a South African Bureau of Standards (SABS) audit during the period under review, which resulted in the retention of its ISO 14001 certification. Management reviews of the Environmental Management System are conducted at least annually in order to, inter alia, ensure its continued suitability, adequacy and effectiveness.

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

CLIENTS

An important part of the Group's EMS is the identification and reduction of the negative impacts that its operations have on the environment. A consequence of the progress the Group has made in this area is that we are able to assist our clients in reducing their impact on the environment and affected communities by offering innovative, responsible and legally compliant waste management services and solutions.

COMPLIANCE FUNCTION

Interwaste operates in a highly regulated environment, and the Group's compliance function is a critical resource, providing updated information on applicable legislation, and ensuring the



implementation of necessary assurance processes and procedures. Compliance monitoring and advice is provided by the Group's SHEQ Department and Environmental Compliance and Authorisations Department. Training is provided both internally and by external service providers, on an ongoing basis.

The Group's SHEQ department conducts numerous compliance audits on various aspects of Interwaste's operations each year.

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

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

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

EMPLOYEE WELL-BEING

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

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

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

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

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

TRAINING INITIATIVES

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

We have a successful training and learnership programme for employees. In 2013 Interwaste continued offering learnerships, which contribute to a skilled workforce and empower our staff.

A Learnership programme for twenty one disabled individuals in End User Computing commenced in June 2013 with the aim of minimising barriers to entry for the employability of physically challenged individuals.

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

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

WASTE BENEFICATION

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

• Waste Commodity trading

A number of our clients produce waste which has value as a tradeable commodity, either as it is produced, or after further processing. Interwaste has a division focused on identifying waste which is saleable and then trading it, in partnership with the waste producer where possible, or on a stand-alone basis. The Group currently exports commoditised waste to 12 countries.

• On-site services

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



• Organics production

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

BROAD BASED BLACK ECONOMIC EMPOWERMENT

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

The Company achieved a BBBEE rating of Level 5 in 2012. We are proud to report that this rating improved to a Level 3 in 2013.

The new BBBEE codes have been published and once effective are likely to result in a deterioration in BBBEE ratings. Interwaste is committed to ongoing improvement in this area and is taking steps to minimise the impact of the new codes on its rating.

ENTERPRISE DEVELOPMENT

The Group has had success with Enterprise Development initiatives and was awarded a full 15 points for enterprise development, as part of its BBBEE verification processes for 2011, 2012 and 2013. We have developed a number of Black owned businesses and provide ongoing support and mentoring to them.

CORPORATE SOCIAL INVESTMENT

A widely accepted benchmark for Corporate Social Investment (CSI) spend is 1% of net profit after tax. The Group has invested more than this in each of the past two years.

Interwaste strives to make a positive impact on the communities in which it operates and our CSI initiatives are focused on those communities.

In 2013 Interwaste continued its "Tops and Tags" initiative which involves the donation of wheelchairs to needy causes in response to individuals or entities collecting plastic bottle tops and bread tags.



INTRODUCTION

With over 25 years of experience in waste management, Interwaste has successfully integrated its people, facilities and infrastructure into a cohesive force able to provide holistic waste management solutions based on cost effective and environmentally sound systems and practices.

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

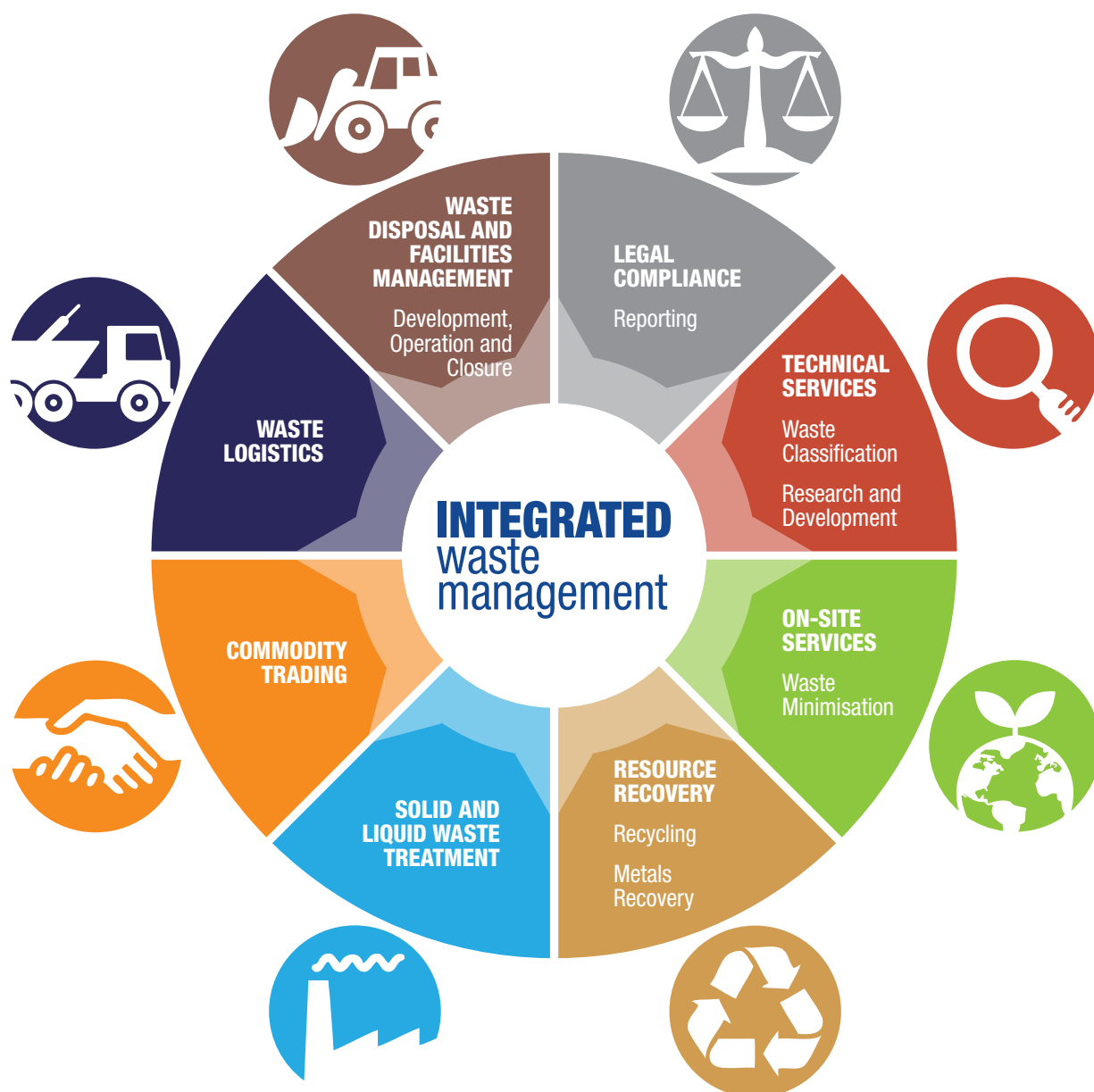
WHAT IS INTEGRATED WASTE MANAGEMENT?

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

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

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

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



The main objectives of Integrated Waste Management are to:

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



The elements of Integrated Waste Management include:

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

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

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

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



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

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

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

INTRODUCTION

Interwaste Holdings Limited ("the Company") is a public company listed on the Alternative Exchange ("AltX") of the JSE Limited.

The Board recognises its responsibility for ensuring that the Company is governed in an ethical, prudent and sustainable manner, in accordance with the provisions of the Companies Act, the JSE Listings Requirements ("the Listings Requirements") and the King Report on Governance for South Africa, 2009 ("King III"). The board of directors ("the Board") of the Company is committed to ensuring that operations are conducted in a responsible manner and with due regard for sustainable environmental, social and economic practices. Management aim to create a culture of good governance across all operations and breaches of operating policies are addressed promptly.

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

STATEMENT OF COMPLIANCE

The Board is of the view that the Company has complied in all material respects with the provisions and spirit of King III, unless otherwise stated in this section of the report or in the detailed King III disclosures set out on pages 19 to 24 of this integrated report, and has complied with the provisions of the Listings Requirements applicable to AltX listed companies.

BOARD OF DIRECTORS

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

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

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

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

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

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

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

The Company secretary, Allen de Villiers, assists the Board in discharging its responsibilities and is a source of guidance on matters of good governance and ethics. The Board believes that company secretary is suitably qualified and has the requisite knowledge and skills to fulfil his duties and responsibilities, after having considered his competence, experience and qualifications.

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

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

ROTATION OF DIRECTORS

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

Brief curricula vitae of the directors of the Company are provided on page 6 of this report.

BOARD COMMITTEES

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

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

• Audit & Risk Committee

The Audit Committee is chaired by Funani Mojono, an independent non-executive director, with Andisiwe Kawa, Landiwe Mahlangu and Gavin Tipper as the other members. Ms Kawa's membership of the Committee is considered appropriate in the context of the size of the Group and the Board, despite her role as chair of the Board.

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

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

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

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

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

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

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

The 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 Company records and the resources that may be necessary for the fulfilment of its functions. It also has the right to obtain independent professional advice at the Company's expense, should such be required for it to fulfill its responsibilities.

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

The report of the Audit Committee may be found on page 29 of this report.

• Remuneration Committee

The Company's Remuneration and Nominations committee is chaired by Mr F Mojono, an independent non-executive director, with Mr G Tipper as the Committee's second member. The Committee assists the Board in the determination of the Group remuneration philosophy and the remuneration policies applicable to all levels in the Company. It also provides input to the board on senior executive appointments, on appointments of non executive directors and on succession matters.

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

• Social and Ethics Committee

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

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

REMUNERATION PHILOSOPHY

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

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

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

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

BOARD AND AUDIT COMMITTEE ATTENDANCE

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

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

BOARD CHARTER AND POLICIES

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

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

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

DEALINGS IN JSE SECURITIES

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

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

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

KING III

The Board considers good corporate governance as vital to the sustainability of the Group, and believes that the structures currently in place are appropriate based on the Group's size, complexity and 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 occurs regularly and the results thereof form the basis of efforts to further improve corporate governance structures, within the confines of available resources and having regard to what is practical and sensible given the Group's size.

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

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

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

Principle	Description of compliance
CHAPTER 2: BOARDS AND DIRECTORS	
2.1 The Board should act as the focal point for and custodian of corporate governance.	The Board operates in terms of the Memorandum of Incorporation and the board charter. It is responsible for ensuring that sound corporate governance principles are applied throughout the business, that business is conducted on an ethical basis in line with the group's moral values and that the interests of all stakeholders are appropriately taken into account.
2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board works with management in determining the strategic direction of the group and monitors the implementation of strategy. In setting strategy it adopts a risk based approach recognising the need to ensure sustainability.
2.3 The Board should provide effective leadership based on an ethical foundation.	Refer 1.1 above.
2.4 The Board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer 1.2 above.
2.5 The Board should ensure that the company's ethics are managed effectively.	Refer 1.3 above.
2.6 The Board should ensure that the company has an effective and independent audit committee.	The membership of the Committee is considered appropriate in the context of the sizes of the Group and the Board. The committee operates in terms of a charter approved by the Board and its effectiveness is informally reviewed on an annual basis.
2.7 The Board should be responsible for the governance of risk.	In approving the strategic direction of the Group and monitoring the implementation of strategy, the Board takes account of the risks faced by the Group. The financial aspects of the risk management system are monitored by the Audit Committee, which reports to the Board on that process, and the non-financial aspects are monitored by the Board through the executive.
2.8 The Board should be responsible for information technology ("IT") governance.	The Board monitors IT governance through the audit committee and executive management.
2.9 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Group operates in a highly regulated environment and has a comprehensive compliance function designed to ensure adherence to applicable laws and regulations. In addition, it is subject to regular external compliance audits. Consideration is regularly given to non-binding matters and to the need for and value of compliance with those.
2.10 The Board should ensure that there is an effective risk-based internal audit function.	As a result of the relatively small size of the Group and the high level of hands on management by the executive, the Group does not have an internal audit function. Where appropriate, specific internal audit assignments are performed by an external service provider.
2.11 The Board should appreciate that stakeholders' perceptions affect the company's reputation.	The Company engages with its various stakeholders as appropriate. The extent and nature of the engagements vary based on the interests of the different stakeholders. (Refer p11)
2.12 The board should ensure the integrity of the company's integrated report.	The Audit Committee oversees integrated reporting and is responsible for reporting to the Board on the integrated report and the integrity thereof.
2.13 The Board should report on the effectiveness of the company's system of internal controls.	The Audit Committee monitors the financial controls and reports to the Board on the results thereof. The Board reviews the effectiveness of the non-financial controls through executive management and ad hoc internal audit engagements. The integrated report includes reporting on the system of internal controls.
2.14 The Board and its directors should act in the best interest of the company.	The Board and directors are, inter alia, required to exercise due care, skill and diligence; act in good faith; exercise objective judgement; declare any personal financial interests or conflicts of interest; and not deal in the Company's securities during closed or other price sensitive periods.
2.15 The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	The application of the going concern principle and the solvency of the Group are reviewed on a regular basis. The Board is aware of and understands its responsibilities regarding business rescue proceedings.
2.16 The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should also not fulfil the role of chairman of the Board.	The position of chairman is held by an independent non-executive director.

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

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

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

Principle	Description of compliance
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS (CONTINUED)	
8.4 Companies should ensure the equitable treatment of shareholders.	All shareholders are treated equitably. In dealing with shareholders, the company complies with the relevant provisions of the Companies Act 2008 and the JSE Listings Requirements.
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Refer 8.1 above. The company's communications with different stakeholders are tailored to the nature of the stakeholders and their interests. (Refer p11)
8.6 The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Should disputes with stakeholders arise, they will be addressed in the appropriate forum and resolved as effectively, efficiently and expeditiously as possible.

CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE

9.1 The Board should ensure the integrity of the company's integrated report.	The Audit Committee oversees integrated reporting and is responsible for reporting to the Board on the integrated report and the integrity thereof. The Board retains responsibility for the integrity of the Integrated Report.
9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Sustainability reporting and disclosure form part of the integrated report.
9.3 Sustainability reporting and disclosure should be independently assured.	External assurance will be considered when the sustainability reporting is more fully developed and the Board is of the view that the value of such assurance will be less than the cost thereof.

IT GOVERNANCE

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

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

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

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 27 to 76 of this Integrated Annual Report.

REMUNERATION REPORT

This report sets out the Group's remuneration philosophy and remuneration policies for non-executive directors, executive directors and senior managers. It also provides details of the remuneration of executive directors and certain senior managers and the fees paid to non-executive directors, for the financial year ended 31 December 2013.

REMUNERATION PHILOSOPHY

The overall intention of the Group's remuneration framework is to attract and retain talented people who have the ability and motivation to drive the Group forward and who can contribute to the achievement of its strategic goals.

The objectives of the remuneration philosophy are to:

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

INTERWASTE SHARE SCHEME

The Interwaste Share Scheme was approved by shareholders during 2012 and the first allocations were made in terms of the scheme in that year. The objectives of the scheme are to incentivise selected employees through an opportunity to participate in the Company's equity.

This should result in an increased alignment of interests between employees and shareholders, motivate improved performance by senior employees and promote the creation of long term shareholder wealth. The Scheme should contribute materially to the Group's ability to retain the employees who participate therein over the medium term.

COMPOSITION OF REMUNERATION

The remuneration packages of executive directors and senior managers comprise:

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

GUARANTEED REMUNERATION

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

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

SHORT TERM INCENTIVE SCHEMES

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

performance. The more the employee is able to influence the financial performance of the division, the greater the extent to which his / her bonus is aligned to the performance of the division. The bonuses payable to executive directors are based on a combination of Group financial performance and their individual performance. Executive management recommends annual bonuses to the Remuneration Committee for approval. The committee retains final discretion over the incentives.

LONG TERM INCENTIVE SCHEME

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

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

<i>Prescribed officers' emoluments</i>	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Sub total	Share Option Expense	Total
Group and Company - 2013							
Executive							
Alan Willcocks	2 204 418	–	–	183 702	2 388 120	–	2 388 120
Leon Grobbelaar	1 571 866	–	175 037	140 989	1 887 892	95 815	1 983 707
André Broodryk	1 680 000	–	120 000	150 000	1 950 000	317 023	2 267 023
Non-executive – Fees							
Gavin Tipper	–	102 000	–	–	102 000	–	102 000
Andisiwe Kawa	–	102 000	–	–	102 000	–	102 000
Funani Mojono	–	91 500	–	–	91 500	–	91 500
Bronwyn Willcocks	–	91 500	–	–	91 500	–	91 500
Landiwe Mahlangu	–	102 000	–	–	102 000	–	102 000
	5 456 284	489 000	295 037	474 691	6 715 012	412 838	7 127 850
Other Consulting							
Gavin Tipper	–	841 000	–	–	841 000	–	841 000
	5 456 284	1 330 000	295 037	474 691	7 556 012	412 838	7 968 850

Non-executive directors' emoluments

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

<i>Prescribed officers' emoluments</i>	Salary	Bonus and gratuity	Motor vehicle allowance	Other	Sub total	Share Option Expense	Total
Prescribed officers' remuneration							
In accordance with the King III recommendation on the disclosure of remuneration paid to prescribed officers (as defined in the Companies Act of 2008), the prescribed officers in the group, other than the executive directors, were remunerated as follows:							
2013							
Prescribed officer A	978 804	82 167	–	26 348	1 087 319	44 890	1 132 209
Prescribed officer B	866 514	75 210	–	148 506	1 090 230	–	1 090 230
Prescribed officer C	1 151 803	155 975	153 418	–	1 461 196	102 577	1 563 773
Prescribed officer D	1 148 904	106 742	188 358	–	1 444 004	102 577	1 546 881
Prescribed officer E	991 200	90 100	–	109 037	1 190 337	53 287	1 243 624
Prescribed officer F	1 854 000	154 500	–	18 000	2 026 500	50 545	2 077 045
	6 991 225	664 694	341 776	301 891	8 299 586	353 876	8 653 462



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

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

The annual financial statements were published on 26 May 2014.

The directors are responsible for the preparation and fair presentation of the group and separate annual financial statements of Interwaste Holdings Limited, comprising the statements of financial position at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

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

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

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

APPROVAL OF THE GROUP AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The group and separate annual financial statements of Interwaste Holdings Limited, as identified in the first paragraph, were approved by the board of directors on 26 May 2014 and are signed by:



Alan Willcocks
CEO



André Broodryk
Financial Director

CERTIFICATE BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 2008, as amended, that for the year ended 31 December 2013, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



AS de Villiers
Company Secretary
26 May 2014

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

During the financial year ended 31 December 2013, the Interwaste Audit Committee, inter alia:

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

The Audit Committee recommended the group and separate financial statements of Interwaste Holdings Limited for the year ended 31 December 2013 to the Board for approval. The Board has subsequently approved these financial statements which will be open for discussion at the forthcoming annual general meeting.

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



Funani Mojono
Audit Committee Chairman
Date: 26 May 2014

The directors have pleasure in submitting their report for the year ended 31 December 2013.

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, Mozambique and Swaziland and the company is listed on the Alternative Stock Exchange (AltX).

FINANCIAL RESULTS

The financial results for the year ended 31 December 2013 are set out in detail in these financial statements and do not require further comment.

GOING CONCERN

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

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, and up to the date of approval of these financial statements, relevant to an assessment of the financial statements at 31 December 2013.

AUTHORISED AND ISSUED SHARE CAPITAL

Alterations to authorised share capital

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

Issue of shares

The company issued 41 380 201 additional shares through a general issue and a further 25 286 466 additional shares through a specific issue during the year.

During the prior year 7 million shares held by the Interwaste Share Incentive Trust, were repurchased.

BORROWING LIMITATIONS

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

SHARE INCENTIVE TRUST

Refer to note 14 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.

DIVIDENDS

No dividends were declared or paid to shareholders during the year 31 December 2013. Platinum Waste Resources Proprietary Limited, a group subsidiary, paid dividends of R1 170 000 (2012: R315 000) to non-controlling shareholders. Interwaste Cleaning Proprietary Limited, a group subsidiary, did not pay any dividends in the current year (2012: R51 001) to non-controlling shareholders.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act, 2008, as amended. The accounting policies applied are consistent with those applied in the prior year except for the impact of changes arising from the adoption of new standards as documented in Note 1 to the financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2013

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		
GR Tipper		(non-executive)
BL Willcocks		(non-executive)
WAH Willcocks	(Chief Executive Officer)	
LC Grobbelaar		
L Mahlangu		(independent non-executive)

SECRETARY AND REGISTERED ADDRESS

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

DIRECTORS INTERESTS

At 31 December 2013 the directors and their associates (as defined in terms of the JSE Listings Requirements) had the following direct and indirect beneficial interest in the share capital of the company:

	Number of Shares 2013 Direct	Number of Shares 2013 Indirect	%
Executive Directors			
LC Grobbelaar	–	2 940 007	0,74
WAH Willcocks	100 000	79 633 700	20,14
AP Broodryk	2 000 000	–	0,51
	2 150 000	82 573 707	21,39
Non-Executive Directors			
GR Tipper	12 757 751	–	3,22
BL Willcocks	–	79 633 701	20,11
	12 757 751	79 633 701	23,33

MAJOR SHAREHOLDERS

Details of the interests of shareholders who hold, directly or indirectly, beneficially interest in 5% or more of the company's share capital, are reflected in the shareholder analysis set out on page 77.

INTEREST IN SUBSIDIARIES

Interest in Subsidiaries	Percentage Holding	Profit after tax
Directly Held		
Inter-Waste Proprietary Limited	100%	23 393 693
Envirowaste SA (formerly Enviro-Fill) Proprietary Limited	100%	1 576 784
Interwaste Properties Proprietary Limited	100%	–
		24 970 477

SPECIAL RESOLUTIONS

No special resolutions were passed during the financial year ended 31 December 2013, other than those tabled and passed at the Annual General Meeting on 27 June 2013.

TO THE SHAREHOLDERS OF INTERWASTE HOLDINGS LIMITED

We have audited the group financial statements and financial statements of Interwaste Holdings Limited, which comprise the statements of financial position at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 77.

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 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2013, we have read the Directors' report, the Audit Committee report and the Company Secretary certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.



Per J Wessels
Chartered Accountant (SA)
Registered Auditor
Director
26 May 2014

KPMG Cresent
85 Empire Road, Parktown
Johannesburg

AT 31 DECEMBER 2013

<i>Figures in Rand</i>	Note	Group 2013	Group 2012	Company 2013	Company 2012
ASSETS					
Non-current assets					
Property, plant and equipment	3	395 337 503	290 177 430	–	–
Goodwill	4	59 381 792	47 001 217	–	–
Investment in joint venture	5	–	504 834	–	–
Investments in subsidiaries	6	–	–	78 490 001	75 702 733
Deferred tax assets	7	401 292	966 433	560 820	620 301
Loans to group companies	8	–	–	161 095 113	110 888 576
		455 120 587	338 649 914	240 145 934	187 211 610
Current assets					
Inventories	9	13 512 096	15 814 365	–	–
Loans to related parties	10	–	7 389 139	–	–
Current tax receivable		427 134	–	50 000	–
Trade and other receivables	11	114 017 321	95 073 591	–	365
Cash and cash equivalents	12	29 286 551	8 859 444	12 242	4 762
		157 243 102	127 136 539	62 242	5 127
Total assets		612 363 689	465 786 453	240 208 176	187 216 737
EQUITY AND LIABILITIES					
Equity					
Share capital and premium	13	225 489 941	175 491 253	225 489 941	175 491 253
Share-based payment reserve	14	2 063 152	831 872	2 063 152	831 872
Foreign currency translation reserve		99 205	40 972	–	–
Retained earnings		96 016 500	68 425 840	8 724 854	7 040 843
Equity attributable to owners of the Company		323 668 798	244 789 937	236 277 947	183 363 968
Non-controlling interests		2 125 770	2 773 295	–	–
		325 794 568	247 563 232	236 277 947	183 363 968
LIABILITIES					
Non-current liabilities					
Interest-bearing borrowings	15	110 576 630	52 846 543	–	–
Provision for site rehabilitation	16	16 836 878	8 844 087	–	–
Deferred tax liabilities	7	29 099 149	20 691 223	–	–
		156 512 657	82 381 853	–	–
CURRENT LIABILITIES					
Interest-bearing borrowings	15	55 171 480	35 009 605	–	–
Loan from related party	17	–	5 140 523	–	–
Trade and other payables	18	73 422 503	63 001 383	3 930 229	3 852 769
Current tax payable		925 082	1 112 292	–	–
Provision for onerous leases	16	532 308	1 293 483	–	–
Bank overdraft	12	5 091	30 284 082	–	–
		130 056 464	135 841 368	3 930 229	3 852 769
Total liabilities		286 569 121	218 223 221	3 930 229	3 852 769
Total equity and liabilities		612 363 689	465 786 453	240 208 176	187 216 737

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>Figures in Rand</i>	Note	Group 2013	Group 2012	Company 2013	Company 2012
Revenue	19	688 242 257	558 591 305	–	–
Cost of sales		(420 305 878)	(358 043 304)	–	–
Gross profit		267 936 379	200 548 001	–	–
Other income		678 687	–	–	3 850 000
Operating expenses		(218 162 957)	(168 305 480)	(8 135 165)	(9 545 888)
Results from operating activities	20	50 452 109	32 242 521	(8 135 165)	(5 695 888)
Net finance (costs) / income	21	(10 199 542)	(10 922 761)	9 878 657	8 481 224
Finance costs		(11 334 647)	(11 334 412)	(25 037)	(137 125)
Finance income		1 135 105	411 651	9 903 694	8 618 349
Share of loss in equity accounted joint venture		–	(167 856)	–	–
Profit before taxation		40 252 567	21 151 904	1 743 492	2 785 336
Taxation (expense) / credit	22	(11 736 859)	(5 642 375)	(59 481)	259 711
Profit for the year		28 515 708	15 509 529	1 684 011	3 045 047
Less: Non-controlling interests		(1 174 744)	(720 539)	–	–
Income attributable to owners of the company		27 340 964	14 788 990	1 684 011	3 045 047
Other comprehensive income					
Items that are or may be reclassified to profit and loss					
Foreign currency translation reserve movement on foreign operations		58 233	(11 973)	–	–
Total comprehensive income attributable to owners of the company		27 399 197	14 777 017	1 684 011	3 045 047
Earnings per share (cents)	27	7.61	4.49		
Diluted earnings per share (cents)	27	7.56	4.49		

STATEMENTS OF CHANGES IN EQUITY

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FOR THE YEAR ENDED 31 DECEMBER 2013

<i>Figures in Rand</i>	Share Capital and Premium	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
GROUP							
Balance at 1 January 2012	175 491 253	122 769	52 945	53 636 850	229 303 817	2 418 757	231 722 574
Total comprehensive income							
Profit for the year	–	–	–	14 788 990	14 788 990	720 539	15 509 529
Foreign currency translation reserve	–	–	(11 973)	–	(11 973)	–	(11 973)
Transactions with owners, recorded directly in equity							
Share-based payment expense	–	709 103	–	–	709 103	–	709 103
Contributions by and distributions to shareholders							
Dividends paid to non-controlling interests	–	–	–	–	–	(366 001)	(366 001)
Balance at 31 December 2012	175 491 253	831 872	40 972	68 425 840	244 789 937	2 773 295	247 563 232
Total comprehensive income							
Profit for the year	–	–	–	27 340 964	27 340 964	1 174 744	28 515 708
Foreign currency translation reserve	–	–	58 233	–	58 233	–	58 233
Transactions with owners, recorded directly in equity							
Share-based payment expense	–	1 231 280	–	–	1 231 280	–	1 231 280
Purchase of shares from non-controlling interest	–	–	–	249 696	249 696	(652 269)	(402 573)
Contributions by and distributions to shareholders							
Issue of ordinary shares							
– share capital	6 667	–	–	–	6 667	–	6 667
– share premium	49 992 021	–	–	–	49 992 021	–	49 992 021
Dividends paid to non-controlling interests	–	–	–	–	–	(1 170 000)	(1 170 000)
Balance at 31 December 2013	225 489 941	2 063 152	99 205	96 016 500	323 668 798	2 125 770	325 794 568

STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>Figures in Rand</i>	Note	Share Capital and Premium	Share-Based Payment Reserve	Retained Earnings	Total Equity
COMPANY					
Balance at 1 January 2012		182 491 253	122 769	3 995 796	186 609 818
Total comprehensive income					
Profit for the year		–	–	3 045 047	3 045 047
Transactions with owners, recorded directly in equity					
Share-based payment expense	14	–	709 103	–	709 103
Dissolution of share incentive trust					
– share capital	13	(700)	–	–	(700)
– share premium	13	(6 999 300)	–	–	(6 999 300)
Balance at 31 December 2012		175 491 253	831 872	7 040 843	183 363 968
Total comprehensive income					
Profit for the year		–	–	1 684 011	1 684 011
Transactions with owners, recorded directly in equity					
Share-based payment expense	14	–	1 231 280	–	1 231 280
Contributions by and distributions to shareholders					
Issue of ordinary shares					
– share capital	13	6 667	–	–	6 667
– share premium	13	49 992 021	–	–	49 992 021
Balance at 31 December 2013		225 489 941	2 063 152	8 724 854	236 277 947

STATEMENTS OF CASH FLOWS

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FOR THE YEAR ENDED 31 DECEMBER 2013

<i>Figures in Rand</i>	Note	Group 2013	Group 2012	Company 2013	Company 2012
Cash flows from operating activities					
Cash generated from / (utilised by) operations	23.1	93 325 826	74 915 513	(9 613 328)	(9 436 270)
Finance costs paid	21	(11 334 647)	(11 334 412)	(25 037)	(137 125)
Finance income received	21	1 135 105	411 651	9 903 694	8 618 349
Tax (paid) / refunded	23.2	(3 471 254)	2 310 679	(50 000)	(4 371)
Net cash inflow / (outflow) from operating activities		79 655 030	66 303 431	215 329	(959 417)
Cash flows from investing activities					
Purchase of property, plant and equipment		(148 037 596)	(61 968 990)	–	–
Proceeds on disposal and scrapping of property, plant and equipment		20 158 964	9 096 476	–	–
Loans advanced to related parties		–	(20 326)	–	–
Acquisition of subsidiaries	23.3	(17 357 748)	–	–	–
Net cash outflow from investing activities		(145 236 380)	(52 892 840)	–	–
Cash flows from financing activities					
Cancellation of share trust		–	–	–	(3 150 000)
Proceeds on issue of share capital		49 998 688	–	49 998 688	–
Loans repaid by / (advanced to) group companies		(20 251)	–	(50 206 537)	4 112 099
Loans (repaid by) / received from related parties		(5 140 523)	1 573 213	–	–
Interest-bearing borrowings raised / (repaid)		73 186 873	(8 422 762)	–	–
Dividends paid to non-controlling interests		(1 170 000)	(366 001)	–	–
Acquisition of non-controlling interest		(402 572)	–	–	–
Net cash inflow / (outflow) from financing activities		116 452 215	(7 215 550)	(207 849)	962 099
Total cash movement for the year		50 870 865	6 195 041	7 480	2 682
Effect of exchange rate fluctuations on cash held		43 046	–	–	–
Cash and cash equivalent acquired	23.3	(207 813)	–	–	–
Cash and cash equivalents at beginning of year		(21 424 638)	(27 619 679)	4 762	2 080
Total cash and cash equivalents at end of year	12	29 281 460	(21 424 638)	12 242	4 762

1. BASIS OF PRESENTATION

Reporting entity

Interwaste Holdings Limited is a company domiciled in South Africa.

The address of the company's registered office is 2 Brammer Street, Industries East, Germiston South. The consolidated financial statements of the group as at and for the year ended 31 December 2013, comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities"). The group's activities range across a broad spectrum of sectors (see the segment report and the report of the directors).

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

Statement of compliance

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

The financial statements were approved by the directors on 26 May 2014.

Basis of measurement

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

Functional and presentation currency

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

Changes in accounting policies

Except for the changes below, the group has consistently applied the accounting policies set out in note 1 to all periods presented in these financial statements.

The group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- IFRS 10 Consolidated Financial Statements (2011)
- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

The nature and effects of the changes are explained below.

Subsidiaries

As a result of the adoption of IFRS 10 (2011), the group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the group reassessed the control conclusion for its investees at 1 January 2013. No changes to the control conclusions were made as a result of the change in accounting policy.

Disclosure of Interests in Other Entities

As a result of IFRS 12, the group has expanded its disclosure about its interests in subsidiaries.

Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the group has included additional disclosures in this regard.

In accordance with the transitional provisions of IFRS 13, the group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no material impact on the measurements of the group's assets and liabilities.

Presentation of items of other comprehensive income ("OCI")

As a result of the amendments to IAS 1, the group has modified the presentation of items of OCI in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss from those that would never be. No material consequences were noted as a result of the change in accounting policy.

1.1 SIGNIFICANT JUDGEMENTS

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

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

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

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

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

Impairment of assets

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

Inventories

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

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

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

Trade receivables

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

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

Property, plant and equipment

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

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters

is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

Share based payments

Management used the Hull and White (2004) model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 14.

1.2 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

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

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

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

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

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

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

Borrowing costs

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

Depreciation

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

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

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

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

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

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

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

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

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

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

Subsequent expenditure

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

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

1.3 INTANGIBLE ASSETS

An intangible asset is an identified, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the group has control over the asset; it is probable that

economic benefits will flow to the group and the cost of the asset can be measured reliably.

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

1.4 INVESTMENT IN SUBSIDIARIES

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

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

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

Loss of control

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

1.5 INVESTMENT IN JOINT VENTURES

Investments in joint ventures (equity accounted investees)

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

Investments in joint ventures are accounted for under the equity method, and are recognised initially at cost. The cost of the investment includes transaction costs.

The group 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 joint control commences until the date that joint control ceases.

When the group's share of losses exceeds its interest in joint ventures, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further

losses is discontinued except to the extent that the company has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

1.6 GOODWILL

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

An impairment loss in respect of goodwill is not reversed.

Acquisitions of non-controlling interests

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

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

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

1.7 IMPAIRMENT

Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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, for example, default or delinquency by a debtor, indications that the debtor will enter bankruptcy.

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

All impairment losses are recognised in profit or loss.

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

1.8 LEASES

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

Finance leases – lessee

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

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

Operating leases – lessee

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

1.9 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale 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 29.

Sale of goods

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

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

Services

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

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

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

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

Holding company

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

1.10 FINANCE INCOME AND FINANCE COSTS

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

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

1.11 INCOME TAX

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

- the parent, 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, 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they

relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax expenses

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

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

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

Dividend withholding tax

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

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

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

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

1.12 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- 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 other comprehensive income.

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

Foreign operations

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

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

1.13 PROVISIONS

Provisions are recognised when:

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

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

Onerous contracts

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

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost

of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Site rehabilitation

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

1.14 EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

Share-based payments

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

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

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.15 FINANCIAL INSTRUMENTS

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

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

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

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

Non-derivative financial instruments

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

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

Fair value determination

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

Loans to/(from) group companies and related parties

These include loans to fellow subsidiaries, 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.

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Trade and other receivables

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

Share capital

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

Offset

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

1.16 CASH AND CASH EQUIVALENTS

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

1.17 INVENTORIES

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

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

1.18 EARNINGS PER SHARE

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

1.19 SEGMENT REPORTING

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

Segment revenue

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

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

Segment results

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

Segment assets and liabilities

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

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of Interwaste Holdings Limited for the year ended 31 December 2013, the following Standards and Interpretations were in issue but not yet effective:

Standard / Interpretation		Effective date
IAS 32	Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2014*
IFRS 10, IFRS 12 and IAS 27 amendment	Investment entities	Annual periods beginning on or after 1 January 2014*
IFRIC 21	Levies	Annual periods beginning on or after 1 January 2014*
Amendment to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	Annual periods beginning on or after 1 January 2014*
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Annual periods beginning on or after 1 January 2015*
IFRS 9	Financial Instruments	To be decided*

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

IAS 32, IFRS 10, 12 and IAS 27 amendment, IAS 19, AIS 39 and IFRIC 21 are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted. The group will adopt the amendments for the year ending 31 December 2014.

IFRS 9 Financial Instruments

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

The effective date of IFRS 9 was 1 January 2015. The effective date has been postponed and a new date is yet to be specified. The company will adopt the standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding.

The group will assess the impact once the standard has been finalised and the effective date is known.

3. PROPERTY, PLANT AND EQUIPMENT

<i>Figures in Rand</i>	2013	2012
GROUP		
Cost:		
Balance at beginning of year	458 556 830	406 066 901
Additions through business combinations	21 642 192	–
Additions	148 037 596	61 968 990
– to maintain existing operations	42 942 556	33 694 335
– to expand operations	105 095 040	28 274 655
Site rehabilitation cost	4 362 497	(306 289)
Disposals and scrapping	(63 245 770)	(9 136 640)
Effect of movements in exchange rates	2 395 006	(36 132)
Balance at end of year	571 748 351	458 556 830
Comprising:		
Land, buildings and improvements	136 497 418	92 951 162
Vehicles	121 985 346	98 459 345
Plant and equipment	263 368 704	245 465 342
Computers, furniture and office equipment	23 394 620	20 401 253
Assets under construction	26 502 263	1 279 728
Balance at end of year	571 748 351	458 556 830
Accumulated depreciation and impairments		
Balance at beginning of year	(168 379 400)	(128 347 424)
Additions through business combinations	(4 121 383)	–
Current year charge	(41 677 573)	(42 520 854)
Disposals and scrapping	38 099 532	2 461 082
Effect of movements in exchange rates	(332 024)	27 796
Balance at end of year	(176 410 848)	(168 379 400)
Comprising:		
Land, buildings and improvements	(13 671 503)	(10 539 949)
Vehicles	(42 795 831)	(46 014 439)
Plant and equipment	(102 795 164)	(97 583 714)
Computers, furniture and office equipment	(17 148 350)	(14 241 298)
Balance at end of year	(176 410 848)	(168 379 400)
Carrying value		
Land, buildings and improvements	122 825 915	82 411 213
Vehicles	79 189 515	52 444 906
Plant and equipment	160 573 540	147 881 628
Computers, furniture and office equipment	6 246 270	6 159 955
Assets under construction	26 502 263	1 279 728
Balance at end of year	395 337 503	290 177 430
Business segmentation		
Waste management	293 466 872	182 405 344
Compost manufacturing and sales	19 591 860	16 513 952
Landfill management, construction and rehabilitation	82 278 771	79 128 831
Metals recovery	–	12 129 303
Total operations	395 337 503	290 177 430

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<i>Figures in Rand</i>	Land, buildings and improvements	Vehicles	Plant and equipment	Computers, furniture and office equip- ment	Assets under construction	Total
GROUP						
Cost						
Balance at 1 January 2013	92 951 162	98 459 345	245 465 342	20 401 253	1 279 728	458 556 830
Additions through business combinations	5 968 121	5 654 743	9 796 991	222 337	–	21 642 192
Additions	36 916 077	41 857 927	40 067 802	2 973 255	26 222 535	148 037 596
– to enhance existing operations	11 117 520	10 389 070	18 995 902	2 440 064	–	42 942 556
– to expand operations	25 798 557	31 468 857	21 071 900	533 191	26 222 535	105 095 040
Reclassification	–	1 020 927	(1 001 427)	(19 500)	–	–
Transfer from assets under construction	–	–	1 000 000	–	(1 000 000)	–
Site rehabilitation cost	4 362 497	–	–	–	–	4 362 497
Disposals and scrapping	(5 470 859)	(25 121 954)	(32 449 719)	(203 238)	–	(63 245 770)
Effect of movements in exchange rates	1 770 420	114 358	489 715	20 513	–	2 395 006
Balance at 31 December 2013	136 497 418	121 985 346	263 368 704	23 394 620	26 502 263	571 748 351
Accumulated depreciation and impairments						
Balance at 1 January 2013	(10 539 949)	(46 014 439)	(97 583 714)	(14 241 298)	–	(168 379 400)
Additions through business combinations	(725 256)	(2 071 949)	(1 139 501)	(184 677)	–	(4 121 383)
Current year charge	(5 904 255)	(9 832 006)	(23 011 265)	(2 930 047)	–	(41 677 573)
Reclassification	–	(763 725)	755 925	7 800	–	–
Disposals and scrapping	3 718 566	15 891 872	18 285 922	203 172	–	38 099 532
Effect of movements in exchange rates	(220 609)	(5 584)	(102 531)	(3 300)	–	(332 024)
Balance at 31 December 2013	(13 671 503)	(42 795 831)	(102 795 164)	(17 148 350)	–	(176 410 848)
Carrying value at 31 December 2013	122 825 915	79 189 515	160 573 540	6 246 270	26 502 263	395 337 503
Carrying value at 31 December 2012	82 411 213	52 444 906	147 881 628	6 159 955	1 279 728	290 177 430

Impairment

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

Security

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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<i>Figures in Rand</i>	2013	2012
GROUP		
Year-end balance for assets under instalment sale agreements / mortgage bonds:		
Carrying value of capitalised assets	156 648 779	133 908 122
Cost	180 236 589	160 716 954
Accumulated depreciation	(23 587 810)	(26 808 832)
Classification of carrying value of assets committed as security for debt	156 648 779	133 908 122
Land, buildings and improvements	42 474 297	45 624 074
Vehicles	49 026 026	22 312 364
Plant and equipment	64 621 521	58 589 888
Computers, furniture and office equipment	526 935	7 381 796
Current year additions to assets under instalment sale agreements / mortgage bonds	71 494 590	22 811 443
Cost of capital assets	75 397 529	24 234 848
Accumulated depreciation	(3 902 939)	(1 423 405)
Details of properties used as security for mortgage bonds included in the year-end balance above:		
Erf 1319, Portion 2, South Germiston, Ext. 7	5 000 000	5 449 160
Farm Weltevreden 227, Delmas	20 085 984	–
Erf 1926, Evander Ext Township, Mpumalanga	1 600 000	–
Erf 12595, George Road, Western Cape	4 242 479	–
	30 928 463	5 449 160
<i>Figures in Rand</i>	2013	2012
COMPANY		
Cost		
Balance at beginning of year	–	59 666
Disposals and scrapping	–	(59 666)
Balance at end of year	–	–
Comprising		
Computers, furniture and office equipment	–	–
Accumulated depreciation and impairments		
Balance at beginning of year	–	(59 666)
Current year charge	–	–
Disposals and scrapping	–	59 666
Balance at end of year	–	–
Comprising		
Computers, furniture and office equipment	–	–
Carrying value		
Computers, furniture and office equipment	–	–

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4. GOODWILL

Figures in Rand	Cost	Accumulated Impairments	Carrying value	
GROUP				
2013 Goodwill	61 744 799	(2 363 007)	59 381 792	
2012 Goodwill	49 364 224	(2 363 007)	47 001 217	
Figures in Rand	Opening Balance	Acquisitions through business combinations	Impairment	Total
Reconciliation of goodwill – 2013 Goodwill	47 001 217	12 380 575	–	59 381 792
Reconciliation of goodwill – 2012 Goodwill	47 001 217	–	–	47 001 217
Figures in Rand		2013	2012	
Impairment reviews of goodwill				
Cash generating units:				
Waste management		35 148 213	35 148 213	
Landfill management		11 853 004	11 853 004	
Green's Scrap Recycling Proprietary Limited		4 113 032	–	
Envirowaste SA Proprietary Limited		8 267 543	–	
TOTAL		59 381 792	47 001 217	

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

The value in use calculations use cash flow projections based on 2014 budgeted figures, extrapolated at 5% per annum for a further five years. This five year cumulative cash flow was discounted using a weighted average cost of capital of 14.66% (2012: 14.14%).

The discount rate was estimated as the company's weighted average cost of capital (WACC) which was based on a cost of debt at 8.50% (2012: 8.50%) and a required rate of return on equity at 20.36% (2012: 20.59%) estimated from the risk free rate based on the R207 bond rate of 8.26% (2012: R186 bond of 7.29%), and adjusted for market and small stock premiums.

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

Sensitivity analyses

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

WACC Landfill management CGU value –		13.66%	14.66%	15.66%
Growth rate	4%	225 837 032	203 216 790	184 890 406
	5%	232 990 046	209 462 801	190 407 083
	6%	240 329 825	215 870 232	196 064 881
WACC Waste management CGU value –		13.66%	14.66%	15.66%
Growth rate	4%	328 092 520	281 971 734	244 605 769
	5%	342 961 271	294 962 825	256 086 838
	6%	358 232 687	308 302 235	267 872 695
WACC Green's Scrap Recycling SA –		13.66%	14.66%	15.66%
Growth rate	4%	7 371 810	5 347 055	3 701 389
	5%	8 324 498	6 184 471	4 451 171
	6%	9 317 881	7 063 525	5 232 283
WACC Envirowaste –		13.66%	14.66%	15.66%
Growth rate	4%	30 937 873	25 988 245	21 978 175
	5%	32 056 621	26 953 050	22 819 450
	6%	33 181 907	27 923 034	23 664 835

5. INVESTMENT IN JOINT VENTURE

<i>Figures in Rand</i>	2013	2012
GROUP		
Green's Scrap Recycling Proprietary Limited:		
Carrying amount	–	504 834
Number of shares	–	60
Percentage holding	–	50%
<i>The carrying amount consists of:</i>		
Cost of shares	358 753	358 753
Share of post acquisition equity accounted profits of joint venture	–	1 561 966
Impairment	–	(1 415 885)
Less: transfer to investment in subsidiary	(358 753)	–
TOTAL	–	504 834

In prior years, the investment was compared to the net asset value of the joint venture to determine if there is an indicator of impairment and where necessary an impairment loss was recognised. The financial position of the joint venture and expected future results were considered in determining the impairment adjustment.

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

On 1 January 2013, the group acquired the remaining 50% interest in the joint venture. The entity is now a subsidiary and has been accounted for as such. Refer to note 6.

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

<i>Figures in Rand</i>	2013	2012
Non-current assets	–	14 430 237
Current assets	–	2 930 938
TOTAL ASSETS	–	17 361 175
Total equity	–	1 009 669
Non-current liabilities	–	1 689 467
Current liabilities	–	14 662 039
TOTAL EQUITY AND LIABILITIES	–	17 361 175

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

Revenue	–	27 660 318
Cost of sales	–	(11 573 328)
Gross profit	–	16 086 990
Other income	–	609 233
Operating expenditure	–	(16 540 780)
Results from operating activities	–	155 443
Finance cost	–	(592 279)
Loss before taxation	–	(436 836)
Taxation credit / (expense)	–	101 125
Loss for the year	–	(335 711)
Other comprehensive income, net of tax	–	–
Total comprehensive income for the year	–	(335 711)

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6. INVESTMENT IN SUBSIDIARIES

<i>Figures in Rand</i>	Issued Share Capital	% Holding 2013	Shares at Cost 2013	Share of Net Profit / (loss)
COMPANY				
DIRECT - 2013				
Inter-Waste Proprietary Limited	900	100	75 375 128	23 393 693
Envirowaste SA (formerly Enviro-Fill) Proprietary Limited	100	100	11 929 932	1 576 784
Interwaste Properties Proprietary Limited	100	100	100	–
			87 305 160	24 970 477
Impairment of Envirowaste SA (formerly Enviro-fill) Proprietary Limited			(11 602 427)	–
Inter-Waste Proprietary Limited Group share based payment allocation			1 210 484	–
Reversal of impairment in the current period on Envirowaste SA (formerly Enviro-Fill) Proprietary Limited			1 576 784	–
			78 490 001	24 970 477
INDIRECT - 2013				
Earth2Earth Proprietary Limited	100	100	611 290	–
Interwaste Cleaning Proprietary Limited	100	49	49	635 772
The Metal Recovery Company Proprietary Limited	100	100	3 057	–
Kutu Waste Management Services Proprietary Limited	100	100	1 506 125	–
Platinum Waste Resources Proprietary Limited	100	74	433 392	1 040 481
Moz Environmental Limitada*	100	100	4 285	2 942 394
Green's Scrap Recycling Proprietary Limited	100	100	358 753	(1 113 610)
Extent Road Property Proprietary Limited	100	100	100	329 167
Interwaste Swaziland (Proprietary) Limited*	100	100	100	5 799
Limpopo Platinum Waste Proprietary Limited	100	70	70	344 047
<i>Figures in Rand</i>	Issued Share Capital	% Holding 2012	Shares at Cost 2012	Share of net profit / (loss)
DIRECT - 2012				
Interwaste Proprietary Limited	900	100	75 375 128	14 884 757
Enviro-Fill Proprietary Limited	100	100	11 929 932	–
Interwaste Properties Proprietary Limited	100	100	100	–
			87 305 160	14 884 757
Impairment of Enviro-fill Proprietary Limited			(11 602 427)	–
			75 702 733	14 884 757
INDIRECT - 2012				
Earth2Earth Proprietary Limited	100	100	611 290	447 277
Interwaste Cleaning Proprietary Limited	100	49	49	45 142
The Metal Recovery Company Proprietary Limited	100	100	3 057	–
Kutu Waste Management Services Proprietary Limited	100	100	1 506 125	–
Platinum Waste Resources Proprietary Limited	100	65	30 963	1 250 855
Moz Environmental Limitada*	100	100	4 285	833 454

* Incorporated in Mozambique

* Incorporated in Swaziland

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Subsidiaries including consolidated structured entities

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

<i>Figures in Rand</i>	Platinum Waste Resources Proprietary Limited 2013	Limpopo Platinum Waste Proprietary Limited 2013	Interwaste Cleaning Proprietary Limited 2013	Platinum Waste Resources Proprietary Limited 2012	Interwaste Cleaning Proprietary Limited 2012
NON-CONTROLLING INTERESTS IN SUBSIDIARIES:					
NCI percentage	26%	30%	51%	35%	51%
Non-current assets	784 951	–	224 501	953 714	289 275
Current assets	5 120 938	1 715 295	5 047 958	8 550 324	2 796 715
Non-current liabilities	(96 909)	(1 052 288)	–	(145 068)	–
Current liabilities	(1 655 487)	(171 413)	(3 494 818)	(2 111 533)	(2 605 841)
Net assets	4 153 493	491 594	1 777 641	7 247 437	480 149
Carrying amount of NCI	1 079 908	147 478	906 597	2 536 603	244 876
Revenue	24 708 675	1 578 496	35 231 136	22 388 333	17 103 249
Profit	1 406 057	491 495	1 297 492	1 924 392	92 126
Total comprehensive income	1 406 057	491 495	1 297 492	1 924 392	92 126
Profit allocated to NCI	365 575	147 448	661 721	673 537	46 984
Cash flows from operating activities	(4 306 462)	(1 047 387)	2 318 250	3 328 481	(386 174)
Cash flows from investing activities	10 239	–	(1 616 351)	(162 715)	(207 040)
Cash flows from financing activities	–	–	–	–	–
– before dividends to NCI	3 158 898	1 052 387	(882 358)	82 142	486 648
– cash dividends to NCI	(1 170 000)	–	–	(366 001)	–
Net (decrease)/increase in cash and cash equivalents	(2 307 325)	5 000	(180 459)	2 881 907	(106 566)

No significant judgements or estimates were made in assessing whether the group controls the investees.

7. DEFERRED (TAX LIABILITY) / ASSET

<i>Figures in Rand</i>	2013	2012
GROUP		
Reconciliation of deferred tax (liabilities) / assets		
At beginning of the year	(19 724 790)	(15 068 006)
Exchange rate difference on foreign subsidiary	40 243	–
Arising on business combination	(133 361)	–
Current year temporary differences recognised in statement of comprehensive income	(8 879 949)	(4 656 784)
	(28 697 857)	(19 724 790)
Deferred tax (liabilities) / assets comprises:		
– capital allowances	(34 426 296)	(34 882 747)
– non-deductible provisions / accruals	70 000	869 818
– doubtful debt allowance	1 555 997	1 226 066
– leave pay accrual	1 713 794	713 044
– prepayments	(73 749)	(206 454)
– STC credit	80 303	80 303
– available tax losses	3 455 777	12 475 180
– unrealised foreign exchange differences	(1 073 683)	–
Balance at end of year	(28 697 857)	(19 724 790)
Disclosed as follows:		
Deferred tax assets	401 292	966 433
Deferred tax liabilities	(29 099 149)	(20 691 223)
Balance at end of year	(28 697 857)	(19 724 790)
<i>Figures in Rand</i>	2013	2012
COMPANY		
Reconciliation of deferred tax asset		
At beginning of the year	620 301	360 590
Current year temporary differences	(59 481)	259 711
	560 820	620 301
Deferred tax asset comprises:		
– leave pay accrual	209 928	553 850
– available tax losses	350 892	66 451
Balance at end of year	560 820	620 301

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.

The group has not recognised a deferred tax asset for an estimated tax loss of R403 296 in a subsidiary company. No deferred tax asset has been recognised in the subsidiary as future profitability has made recovery uncertain at 31 December 2013.

8. LOANS TO GROUP COMPANIES

<i>Figures in Rand</i>	2013	2012
COMPANY		
Subsidiaries		
Inter-Waste Proprietary Limited	161 095 113	109 719 385
The loan is unsecured, bears interest at 1% below the prime bank lending rate per annum, and has no fixed terms of repayment. The loan arose during the 2007 financial year to fund operational activities. The loan is unsecured as it is to a wholly owned subsidiary of the company.		
Interwaste Cleaning Proprietary Limited	–	819 573
Enviro-Fill Proprietary Limited	–	349 618
The loans were unsecured, bore no interest and had no fixed terms of repayment. The loans were unsecured as they were to wholly owned subsidiaries of the company.		
	161 095 113	110 888 576

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

9. INVENTORIES

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Raw materials	1 617 850	2 599 523	–	–
Work in progress	4 006 458	8 611 143	–	–
Finished goods	1 954 821	1 268 700	–	–
Consumables	2 841 085	1 978 801	–	–
Fuel	3 091 882	1 356 198	–	–
	13 512 096	15 814 365	–	–

Inventories are reflected after a write down to net realisable value of R1,9 million (2012 – R3,1 million) against raw materials and work in progress. No inventory has been pledged as security for liabilities owing by the group.

10. LOANS TO RELATED PARTIES

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Loan to joint venture:				
Green's Scrap Recycling Proprietary Limited	–	6 036 756	–	–
The loan was unsecured, bore interest at the prime rate and had no fixed repayment terms.				
Other loans				
Remade Holdings Proprietary Limited	–	343 636	–	–
Extent Road Property Proprietary Limited	–	1 008 747	–	–
The loans were unsecured, bore interest at the prime rate and had no contractual repayment terms.				
Current assets	–	7 389 139	–	–

11. TRADE AND OTHER RECEIVABLES

Figures in Rand	Group 2013	Group 2012	Company 2013	Company 2012
Trade receivables	109 618 686	92 902 315	–	–
Other receivables	4 147 039	1 430 320	–	365
Financial assets	113 765 725	94 332 635	–	365
Prepayments	251 596	740 956	–	–
	114 017 321	95 073 591	–	365

Trade and other receivables were ceded as security for banking facilities provided to the group. Refer to note 12.

As of 31 December 2013, group trade and other receivables are stated after an impairment allowance of R7 159 520 (2012: R5 908 558)

12. CASH AND CASH EQUIVALENTS

Figures in Rand	Group 2013	Group 2012	Company 2013	Company 2012
Cash and cash equivalents consist of:				
Cash on hand	637 552	278 149	–	–
Bank balances	28 648 999	8 581 295	12 242	4 762
Bank overdraft	(5 091)	(30 284 082)	–	–
	29 281 460	(21 424 638)	12 242	4 762
Current assets	29 286 551	8 859 444	12 242	4 762
Current liabilities	(5 091)	(30 284 082)	–	–
	29 281 460	(21 424 638)	12 242	4 762

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

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

- Primary lending facility of R25 536 000
- Credit card facility of R300 000
- Fleet card facility of R350 000
- Commercial Property Finance of R4 371 000
- Vehicle and Commercial Asset Finance of up to R85 000 000
- Financial Guarantee in favour of various customers of R300 000
- Term loan of R32 000 000.

The ABSA facilities have been secured by the following:

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

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

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

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

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

- Vehicle Asset Finance Facility of R14 000 000
- Credit card facility of R250 000

Standard Bank holds limited surety/cession of loan for Platinum Waste Resources Proprietary Limited (PWR's) account regarding the loan made to the entity in which the following guarantees settlement should the entity default on repayments:

- Inter-Waste Proprietary Limited
- TM Tau
- JR Mekgwe

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

13. SHARE CAPITAL

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Authorised				
500 000 000 ordinary shares of R0,0001 each	50 000	50 000	50 000	50 000
Issued				
395 977 877 (2012: 329 311 210) of R0,0001 each				
Ordinary shares	39 598	32 931	39 598	32 931
Share premium	225 450 343	175 458 322	225 450 343	175 458 322
	225 489 941	175 491 253	225 489 941	175 491 253

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

The company issued 41 380 201 additional shares through a general issue and a further 25 286 466 additional shares through a specific issue during the year.

104 022 123 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

14. SHARE-BASED PAYMENTS**14.1 OLD SHARE OPTION SCHEME**

The share-based payment expense included in the profit or loss for the year amounts to R214 991 (2012 – R192 657). The expense includes amounts relating to share options issued to a director. The options will vest after 3 years, and will be required to be exercised within 5 years of the date of grant, failing which they will lapse. Disclosures relating to these share options are as follows:

Vesting date for share options

1 June 2013	800 000
1 June 2014	800 000
1 June 2015	1 600 000
	3 200 000

<i>Figures in Rand</i>	Number of Share Options 2013	Number of Share Options 2012	Weighted Exercise Price 2013	Weighted Exercise Price 2012
At 1 January	3 200 000	1 600 000	0,54	0,57
New allocations made	–	1 600 000	–	0,50
Forfeited allocations	–	–	–	–
Outstanding at 31 December	3 200 000	3 200 000	0,54	0,54

14. SHARE-BASED PAYMENTS (CONTINUED)**14.2 NEW SHARE OPTION SCHEME**

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

Information on options granted – New scheme

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

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

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

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

	2013 %	2012 %
The following key assumptions were used in valuing the various options:		
Expected volatility	28 – 44	47,74
Risk-free interest rate	6,62 – 7,85	7,03

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

The share-based payments expense in respect of the scheme included in the profit or loss for the year amounts to R1 016 289 for the group.

Information on options granted

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

<i>Figures in Rand</i>	Number of Share Options 2013	Number of Share Options 2012	Weighted Exercise Price 2013	Weighted Exercise Price 2012
At 1 January	11 400 000	–	0,51	–
Allocations made				
– June 2012	–	10 400 000	–	0,50
– November 2012	–	1 000 000	–	0,66
– June 2013	4 135 000	–	0,75	–
Outstanding at 31 December	15 535 000	11 400 000	0,57	0,51
Vesting date for share options				
15 June 2014	1 140 000			
15 June 2015	3 833 500			
15 June 2016	4 660 500			
15 June 2017	4 660 500			
15 June 2018	1 240 500			
	15 535 000			

	2013	2012
Total share-based payment expense recognised	1 231 280	709 103

15. INTEREST-BEARING BORROWINGS

<i>Figures in Rand</i>	2013	2012
GROUP		
Secured		
Instalment sale agreements	132 503 776	83 096 303
Instalment sale obligations capitalised at rates ranging between prime and 1 % below the prime interest rate per annum and are repayable over a period of three to five years. The liabilities are secured by instalment sale agreements over property, plant and equipment as per note 3.		
ABSA		
Term loan	31 466 667	–
The term loan bears interest at a rate equal to the Internal Bank Rate (Average for 2013 is 5.22%) and is repayable over a period of five years. The security for this liability is detailed in Note 12.		
Mortgage bond		
– Germiston	–	4 759 845
– George	1 777 667	–
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.		
	165 748 110	87 856 148
Less: Portion payable within one year included in current liabilities	(55 171 480)	(35 009 605)
Portion included in non-current liabilities	110 576 630	52 846 543
Additional disclosure for interest-bearing borrowings:		
Minimum lease payments due:		
– within one year	66 980 454	40 641 380
– in second to fifth year inclusive	123 655 480	57 694 399
Total	190 635 934	98 335 779
Less: future finance charges	(24 887 824)	(10 479 631)
Present value of minimum future payments	165 748 110	87 856 148
Present value of minimum future payments due		
– within one year	55 171 480	35 009 605
– in second to fifth year inclusive	110 576 630	52 846 543
Present value of minimum future payments	165 748 110	87 856 148

16. PROVISIONS

16.1 PROVISION FOR SITE REHABILITATION

<i>Figures in Rand</i>	2013	2012
GROUP		
Balance 1 January	8 844 087	5 394 371
Increase in provision	7 992 791	3 449 716
Balance 31 December	16 836 878	8 844 087

Site rehabilitation provision

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

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

16.1 PROVISION FOR SITE REHABILITATION (CONTINUED)

Experienced waste management engineers are used in the determination of the estimated site rehabilitation costs. The engineers have provided the company with estimates of the total current costs of rehabilitation for the two landfills the company operates, namely cell 1 and cell 2. The 2013 costs of rehabilitation which have been provided by the engineers are R19 million and R9,5 million for cell 1 and cell 2 respectively. These costs have been based on 2013 market prices for materials and labour that would be required to rehabilitate the landfills based on applicable laws and regulations. For the purposes of computing the provision to be recognised at year-end, these current costs were adjusted for by an average forecast inflation of 6 percent per annum over a period of 5 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 6 percent over a period of 5 years to get the present value of the obligation. At year-end, R7,2 million and R9,6 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.

16.2 PROVISIONS FOR ONEROUS LEASE

<i>Figures in Rand</i>	2013	2012
GROUP		
Balance 1 January	1 293 483	491 562
Provision (utilised)/raised	(761 175)	801 921
Balance 31 December	532 308	1 293 483

Onerous lease provision

The provision relates to the group's contractual obligation for leased property in Boksburg and Randburg which are no longer occupied.

17. LOAN FROM RELATED PARTY

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Wilco Family Trust	–	5 140 523	–	–

The loan was unsecured, bore interest at the prime bank lending rate plus 2% and had no fixed repayment terms.

18. TRADE AND OTHER PAYABLES

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Trade payables	37 999 005	39 902 734	26 046	24 836
Other payables	33 946 988	22 618 275	3 904 183	3 827 933
Accrued expense	1 476 510	480 374	–	–
	73 422 503	63 001 383	3 930 229	3 852 769

19. REVENUE

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Sale of goods	84 457 150	69 033 297	–	–
Rendering of services	603 785 107	489 558 008	–	–
	688 242 257	558 591 305	–	–

20. RESULTS FROM OPERATING ACTIVITIES

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

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Lease charges	60 569 030	49 872 281	–	–
– premises	15 617 191	9 656 369	–	–
– vehicles	44 951 839	40 215 912	–	–
Legal fees	1 232 103	1 222 977	–	–
Audit fees – current year	1 908 600	1 652 087	–	–
Bad debts	4 074 201	3 422 025	–	–
Depreciation	41 677 573	42 520 854	–	–
– depreciation on property, plant and equipment	28 915 520	30 935 006	–	–
– depreciation on motor vehicles	9 832 006	9 143 650	–	–
– depreciation – other	2 930 047	2 442 198	–	–
Employee costs	216 229 411	173 181 107	39 179 016	29 227 590
Normal	200 373 813	159 759 068	23 323 418	15 805 551
Directors emoluments	7 556 012	6 694 352	7 556 012	6 694 352
Prescribed officers	8 299 586	6 727 687	8 299 586	6 727 687
Share-based payment expense	1 231 280	709 103	20 796	709 103
Loss/(profit) on disposal & scrapping of property, plant & equipment	4 987 274	(2 420 918)	–	–
Gain on bargain purchase	(173 848)	–	–	–
Reversal of impairment of loan to Share Incentive Trust	–	–	–	(3 850 000)
Consulting fees	3 430 405	6 920 637	675 000	945 000
Management fee paid to subsidiaries	–	–	–	500 000
Management fee paid by subsidiaries	–	–	(30 727 598)	(21 981 398)
Foreign currency exchange (gains)/loss	(3 691 936)	429 196	–	–
Provident fund contributions	2 062 008	2 019 013	–	–
Reversal of impairment against investment in Envirowaste SA Proprietary Limited	–	–	(1 576 784)	–

21. NET FINANCE (COSTS) / INCOME

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Finance income				
Bank accounts	1 118 538	51 913	–	–
Loans to group companies	–	–	9 891 051	8 618 349
Other interest	16 567	7 431	12 643	–
Loans to related parties	–	352 307	–	–
	1 135 105	411 651	9 903 694	8 618 349
Finance costs				
Interest-bearing borrowings	(8 785 968)	(7 035 640)	–	–
Loans from related companies	(256 537)	(576 230)	–	–
Bank overdraft	(2 120 481)	(2 913 911)	(110)	–
Other interest	(171 661)	(808 631)	(24 927)	(137 125)
	(11 334 647)	(11 334 412)	(25 037)	(137 125)
Net finance (cost) / income	(10 199 542)	(10 922 761)	9 878 657	8 481 224

22. TAXATION (EXPENSE) / CREDIT

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Major components of the tax (expense)/credit				
Current taxation	(2 856 910)	(985 591)	–	–
– current year	(2 856 910)	(1 209 486)	–	–
– prior year over accrual	–	223 895	–	–
Deferred taxation				
– current year temporary differences	(8 879 949)	(4 656 784)	(59 481)	259 711
	(11 736 859)	(5 642 375)	(59 481)	259 711
Reconciliation of tax expense	%	%	%	%
Reconciliation between statutory tax rate and average effective tax rate.				
Statutory tax rate	28,00	28,00	28,00	28,00
Reversal of impairment	–	–	(25,32)	(38,70)
Capital gains tax	–	(1,04)	–	–
Disallowed charges	4,24	1,10	0,73	1,38
Exempt income	(2,79)	(0,33)	–	–
Unrecognised temporary differences	(0,30)	–	–	–
Prior year adjustment	–	(1,06)	–	–
Effective tax rate	29,15	26,67	3,41	(9,32)

23. CASH FLOW NOTES

23.1 CASH GENERATED FROM / (UTILISED BY) OPERATIONS

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Profit before taxation	40 252 567	21 151 904	1 743 492	2 785 336
Adjustments for:				
Depreciation and amortisation	41 677 573	42 520 854	–	–
Finance costs	11 334 647	11 334 412	25 037	137 125
Finance income	(1 135 105)	(411 651)	(9 903 694)	(8 618 349)
Loss/(profit) on disposal of property, plant and equipment	4 987 274	(2 420 918)	–	–
Landfill rehabilitation provision	7 992 791	3 449 716	–	–
Share-based payment expense	1 231 280	709 103	20 796	709 103
Reversal of impairment against investment	–	–	(1 576 784)	–
Loss from joint venture	–	167 856	–	–
Foreign currency translation reserve	58 233	(11 973)	–	–
Gain on bargain purchase	(173 848)	–	–	–
Reversal of impairment of loan to Share Incentive Trust	–	–	–	(3 850 000)
(Decrease)/increase in provision for onerous lease	(761 175)	801 921	–	–
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(16 609 577)	(12 116 177)	365	(365)
Increase/(decrease) in trade and other payables	8 181 775	8 134 171	77 460	(599 120)
Decrease in inventories	2 755 113	1 291 670	–	–
Change in estimate – site rehabilitation cost	(4 362 497)	306 289	–	–
Exchange rate – deferred tax	(40 243)	–	–	–
Exchange rate – property, plant and equipment	(2 062 982)	8 336	–	–
	93 325 826	74 915 513	(9 613 328)	(9 436 270)

23.2 TAX (PAID) / REFUNDED

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Balance (payable)/receivable at beginning of the year	(1 112 292)	2 183 978	–	(4 371)
On acquisition of business	–	–	–	–
Tax recognised in the statement of comprehensive income	(2 856 910)	(985 591)	–	–
Balance payable/(receivable) at end of the year	497 948	1 112 292	(50 000)	–
Taxation (paid) / received	(3 471 254)	2 310 679	(50 000)	(4 371)

23. CASH FLOW NOTES (CONTINUED)

23.3 ACQUISITION OF SUBSIDIARIES

23.3.1 GREEN'S SCRAP RECYCLING PROPRIETARY LIMITED

On 1 January 2013 the group acquired the remaining 50% of the issued share capital of Green's Scrap Recycling Proprietary Limited and the shareholders' loan account for an amount of R2 846 313 payable in cash. The company was previously shown as an investment in a joint venture.

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

Figures in Rand	Fair values on acquisition
Property, plant and equipment	8 463 724
Goodwill	5 005 305
Deferred tax liability	(133 361)
Inventory	452 844
Trade receivables	2 324 928
Cash	153 166
Interest-bearing borrowings	(2 727 207)
Loans from related parties	(7 479 045)
Bank overdraft	(494 702)
Trade payables	(2 214 504)
Net identifiable assets and liabilities	3 351 148
Purchase consideration	(2 846 313)
Previously recognised equity	(504 835)
(Goodwill)/gain on bargain purchase	–
Purchase consideration	(2 846 313)
Cash and bank overdraft received	(341 536)
Net cash outflow	(3 187 849)

23.3.2 EXTENT ROAD PROPERTIES PROPRIETARY LIMITED

On 1 January 2013 the group acquired the total issued share capital and shareholders' loan account of Extent Road Properties Proprietary Limited for an amount of R1 036 079, payable in cash.

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

Figures in Rand	Fair values on acquisition
Property, plant and equipment	4 057 083
Trade receivables	9 225
Cash	133 723
Interest bearing borrowings	(1 977 882)
Loans from related parties	(987 381)
Trade payables	(24 841)
Net identifiable assets and liabilities	1 209 927
Purchase consideration	(1 036 079)
Gain on bargain purchase	173 848
Purchase consideration	(1 036 079)
Cash received	(133 723)
Net cash outflow	(902 356)

23.3 ACQUISITION OF SUBSIDIARIES (CONTINUED)**23.3.3 ENVIROWASTE PROPRIETARY LIMITED**

The company acquired the business operations of Envirowaste Proprietary Limited effective 1 March 2013 for an amount of R13,2 million payable in cash.

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

<i>Figures in Rand</i>	Fair values on acquisition
Property, plant and equipment	5 000 000
Purchase consideration	(13 267 543)
Goodwill arising on purchase	8 267 543

24. COMMITMENTS**24.1 PREMISES OPERATING LEASES – AS LESSEE**

<i>Figures in Rand</i>	2013	2012
GROUP		
Minimum lease payments due		
– within one year	2 948 324	4 979 289
– in second to fifth year inclusive	615 919	2 369 053
	3 564 243	7 348 342

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.

24.2 LANDFILL OPERATING LEASES – AS LESSEE

<i>Figures in Rand</i>	2013	2012
GROUP		
Minimum lease payments due		
– within one year	2 522 536	2 619 751
– in second to fifth year inclusive	11 665 704	11 275 127
– in more than five years	–	2 867 594
	14 188 240	16 762 472

The lease commitment relates to land used for landfill waste disposal. The duration of the lease is the earlier of 31 December 2025 or the group dumping 6,3 million tonnes of waste on the property. Lease payments are based on volumes dumped at a rate that increases annually with inflation. At current dumping rates, it is expected that there is 15 years remaining on the lease.

24.3 MOTOR VEHICLES OPERATING LEASES – AS LESSEE

<i>Figures in Rand</i>	2013	2012
GROUP		
Minimum lease payments due		
– within one year	47 012 268	35 885 843
– in second to fifth year inclusive	55 992 100	33 440 132
	103 004 368	69 325 975

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

24.4 CAPITAL COMMITMENTS

<i>Figures in Rand</i>	2013	2012
GROUP		
– authorised and contracted	5 932 428	–
– authorised but not contracted	–	–
	5 932 428	–

25. RELATED PARTIES

Identity of related party relationships

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

Subsidiaries of the group

Inter-Waste Proprietary Limited
Interwaste Cleaning Proprietary Limited
Envirowaste SA (formerly Enviro-Fill) Proprietary Limited
Limpopo Platinum Waste Proprietary Limited
Green's Scrap Recycling Proprietary Limited
Platinum Waste Resources Proprietary Limited
Extent Road Property Proprietary Limited
Interwaste Swaziland Proprietary Limited
Moz Environmental Limitada
Interwaste Properties Proprietary Limited
Kutu Waste Management Services Proprietary Limited
The Metals Recovery Company Proprietary Limited
Earth 2 Earth Proprietary Limited

Trust relating to a director

Wilco Family Trust

Directors

WAH Willcocks
BL Willcocks
AP Broodryk
LC Grobbelaar
GR Tipper
A Kawa
PF Majono
L Mahlangu

Significant shareholders

The Wilco Family Trust
Refer also to schedule of shareholder analysis.

Related party balances

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

Investment in Joint Venture	Note 5
Investments in Subsidiaries	Note 6
Loans to Group Companies	Note 8
Loans to Related Parties	Note 10
Loan from Related Party	Note 17

Related party transactions	2013	2012
GROUP		
Extent Road Property Proprietary Limited – interest received	–	84 666
Green's Scrap Recycling – interest received	–	267 641
N2 Property Trust – property rentals paid	(3 084 781)	(3 392 626)
Wilco Family Trust – Interest paid	(270 444)	(573 213)
Dividends paid to non-controlling interests	(1 170 000)	(366 001)
COMPANY		
Inter-Waste Proprietary Limited – Interest received	9 891 051	8 618 349
Inter-Waste Proprietary Limited – Management fee received	30 727 598	21 981 398
Inter-Waste Proprietary Limited – Management fee paid	–	(500 000)

Emoluments paid to prescribed officers have been disclosed in note 31. Share options awarded to directors and executive management have been disclosed in note 14. The share option expense related to relevant share options awarded to each director, has been disclosed in note 31.

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Credit risk

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

Trade and other receivables

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

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

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

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Loans to group companies	–	–	161 095 113	110 888 576
Loans to related parties	–	7 389 139	–	–
Cash and cash equivalents	29 286 551	8 859 444	12 242	4 762
Trade and other receivables	114 017 321	95 073 591	–	365
	143 303 872	111 322 174	161 107 355	110 893 703

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

Domestic	104 572 771	90 798 880	–	–
Foreign – Mozambique	4 764 027	2 103 435	–	–
Foreign – Swaziland	281 888	–	–	–
	109 618 686	92 902 315	–	–

The aging of trade receivables at reporting date was:

<i>Figures in Rand</i>	2013 Gross	2013 Impairment	2012 Gross	2012 Impairment
GROUP				
Not past due	56 571 248	–	46 107 027	–
Past due 30 days	34 100 238	–	31 492 102	(17 554)
Past due 60 – 120 days	26 106 720	(7 159 520)	21 211 744	(5 891 004)
	116 778 206	(7 159 520)	98 810 873	(5 908 558)

The Company has no trade receivables at year end.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

<i>Figures in Rand</i>	Group 2013	Group 2012	Company 2013	Company 2012
Movement in impairment allowance				
Balance at 1 January 2013	(5 908 558)	(2 486 761)	–	–
Bad debts written off in current year	3 842 083	11 388	–	–
Impairment allowance created	(5 093 045)	(3 433 185)	–	–
Balance at 31 December 2013	(7 159 520)	(5 908 558)	–	–

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

Liquidity risk

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

The following are the contractual maturities of financial liabilities:

<i>Figures in Rand</i>	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	Between 2 And 5 Years	No Fixed Maturity
GROUP					
At 31 December 2013					
Non derivative liabilities					
Interest-bearing borrowings	165 748 110	190 635 934	66 980 454	123 655 480	–
Bank overdraft	5 091	5 091	5 091	–	–
Trade and other payables	73 422 503	73 422 503	73 422 503	–	–
	239 175 704	264 063 528	140 408 048	123 655 480	–
At 31 December 2012					
Non derivative liabilities					
Interest-bearing borrowings	87 856 148	98 335 779	40 641 380	57 694 399	–
Loan from related party	5 140 523	5 140 523	5 140 523	–	–
Bank overdraft	30 284 082	30 284 082	30 284 082	–	–
Trade and other payables	63 001 383	63 001 383	63 001 383	–	–
	186 282 136	196 761 767	139 067 368	57 694 399	–
<i>Figures in Rand</i>	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	Between 2 And 5 Years	No Fixed Maturity
COMPANY					
At 31 December 2013					
Non derivative liabilities					
Trade and other payables	3 930 229	3 930 229	3 930 229	–	–
At 31 December 2012					
Non derivative liabilities					
Trade and other payables	3 852 769	3 852 769	3 852 769	–	–

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

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

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

<i>Figures in Rand</i>	ZAR 2013	Interest rate %	ZAR 2012	Interest rate %
GROUP				
Variable rate instruments				
Cash and cash equivalents	29 286 551	0,40	8 859 444	0,40
Interest-bearing borrowings	(165 748 110)	8,5	(87 856 148)	8,5
Loan from related party	–	–	(5 140 523)	10,5
Bank overdraft	(5 091)	8,5	(30 284 082)	8,5

<i>Figures in Rand</i>	ZAR 2013	Interest rate %	ZAR 2012	Interest rate %
COMPANY				
Variable rate instruments				
Loans to group companies	161 095 113	7,5 – 8,5	110 888 576	7,5 – 8,5
Cash and cash equivalents	12 242	–	4 762	–

Sensitivity analyses

A change of 100 basis points in interest rates at the reporting date would have increased or decreased group and company profit or loss and equity with R1 199 946 (2012 – R1 285 031) and R1 162 195 (2012 – R997 791) respectively.

Currency risk

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

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

<i>Figures in Rand</i>	ZAR 2013	MT 2013	ZAR 2012	MT 2012
GROUP				
Trade and other receivables	109 196 846	4 820 475	92 970 156	2 103 435
Cash and cash equivalents	23 181 403	6 105 148	8 640 885	218 559
Trade and other payables	(71 134 849)	(2 287 654)	(62 570 193)	(431 190)
Bank overdraft	(5 091)	–	(30 284 082)	–
Interest-bearing borrowings	(165 748 110)	–	(87 856 148)	–
Statement of financial position exposure	(104 509 801)	8 637 969	(79 099 382)	1 890 804

The following significant exchange rates applied during the year:

<i>Figures in Rand</i>	Average rate 2013	Average rate 2012	Reporting date spot rate 2013	Reporting date spot rate 2012
South African Rand				
MT 1	0.32	0.29	0.35	0.28

Sensitivity analyses

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

<i>Figures in Rand</i>	Group 2013	Group 2012
31 December		
MT	503 147	24 170

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

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value analyses

<i>Figures in Rand</i>	Carrying Value 2013	Fair Value 2013	Carrying Value 2012	Fair Value 2012
GROUP				
Assets				
Loans to related parties	–	–	7 389 139	7 389 139
Trade and other receivables	114 017 321	114 017 321	95 073 591	95 073 591
Cash and cash equivalents	29 286 551	29 286 551	8 859 444	8 859 444
Liabilities				
Loan from related party	–	–	5 140 523	5 140 523
Interest-bearing borrowings	165 748 110	165 748 110	87 856 148	87 856 148
Trade and other payables	73 422 503	73 422 503	63 001 383	63 001 383
Bank overdraft	5 091	5 091	30 284 082	30 284 082
<i>Figures in Rand</i>	Carrying Value 2013	Fair Value 2013	Carrying Value 2012	Fair Value 2012
COMPANY				
Assets				
Loans to group companies	161 095 113	161 095 113	110 888 576	110 888 576
Trade and other receivables	–	–	365	365
Cash and cash equivalents	12 242	12 242	4 762	4 762
Liabilities				
Trade and other payables	3 930 229	3 930 229	3 852 769	3 852 769

FAIR VALUES VERSUS CARRYING AMOUNTS

Estimation of fair values

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

Interest-bearing borrowings

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

Trade and other receivables / payables

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

Amounts owing to group companies

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

Non-derivative financial assets and liabilities

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

Fair value hierarchy

At 31 December 2013 and 2012, the group did not have financial instruments or other assets carried at fair value, by valuation method, requiring fair value hierarchy classification.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)**Capital management**

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

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

<i>Figures in Rand</i>	2013	2012
GROUP		
Total liabilities	286 569 121	218 223 221
Less: positive cash balances	(29 286 551)	(8 859 444)
	257 282 570	209 363 777
Total equity	325 794 568	247 563 232
Debt to capital ratio at 31 December	0,79	0,85

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 other than facilities and guarantees disclosed in Note 12.

27. EARNINGS AND DILUTED EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on a profit of R27 340 964 (2012: profit of R14 788 990) and a weighted average number of shares in issue of 359 183 791 (2012: 329 311 210).

The calculation of diluted earnings per ordinary share is based on a profit of R27 340 964 (2012: profit of R14 788 990) and a weighted average number of shares in issue of 361 699 763 (2012: 329 377 872).

Weighted average number of shares

<i>Figures in Rand</i>	2013	2012
GROUP		
Number of shares in issue	395 977 877	329 311 210
Weighted average number of shares	359 183 791	329 311 210
Dilutive portion of share options	2 515 972	66 662
Diluted weighted average number of shares	361 699 763	329 377 872

28. HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS PER SHARE

The calculation of the headline earnings per ordinary share of 8.56 cents (2012: earnings of 3.89 cents) is based on a profit of R30 757 954 (2012: profit of R12 812 831) and a weighted average number of shares in issue of 359 183 791 (2012: 329 311 210).

The calculation of the diluted headline earnings per ordinary share of 8.50 cents (2012: earnings of 3.89 cents) is based on profit of R30 757 954 (2012: profit of R12 812 831) and a weighted average number of shares in issue of 361 699 763 (2012: 329 377 872).

Reconciliation of headline earnings:

<i>Figures in Rand</i>	2013	2012
GROUP		
Attributable profit per the statement of comprehensive income	27 340 964	14 788 990
Adjustment for:		
– loss/(profit) on disposal of property, plant and equipment	4 987 274	(2 420 918)
– taxation on loss on disposal of property, plant and equipment	(1 396 436)	457 396
– gain from bargain purchase	(173 848)	–
– share of profit on disposal of property, plant and equipment in joint venture	–	(17 551)
– taxation on share of profit on disposal of property, plant and equipment in joint venture	–	4 914
	30 757 954	12 812 831
Headline earnings per share (cents)	8.56	3.89
Diluted headline earnings (cents)	8.50	3.89
The net asset value per share is 81.74 cents (2012: 74.3 cents). The tangible net asset value per share is 66.7 cents (2012: 60.1 cents).		

29. SEGMENT REPORT

<i>Figures in Rand</i>	2013	2012
GROUP		
Gross revenue		
Waste Management	529 761 403	410 732 885
Waste management	529 761 403	385 892 807
Metals recovery	–	24 840 078
Compost manufacturing and sales	42 855 305	44 193 220
Landfill management, construction and rehabilitation	115 625 549	103 665 200
	688 242 257	558 591 305
Results from operating activities		
Waste Management	23 736 319	21 448 423
Waste management	23 736 319	23 287 121
Metals recovery	–	(1 838 698)
Compost manufacturing and sales	(6 552 894)	(10 202 716)
Landfill management, construction and rehabilitation	33 268 684	20 996 814
	50 452 109	32 242 521

29. SEGMENT REPORT (CONTINUED)

<i>Figures in Rand</i>	Group 2013	Group 2012
Depreciation		
Waste Management	30 559 701	26 731 930
Waste management	30 559 701	23 699 679
Metals recovery	–	3 032 251
Compost manufacturing and sales	2 352 673	2 679 106
Landfill management, construction and rehabilitation	8 765 199	13 109 818
	41 677 573	42 520 854
Net finance costs		
Waste Management	(10 058 461)	(10 146 155)
Waste management	(10 058 461)	(10 068 716)
Metals recovery	–	(77 439)
Compost manufacturing and sales	(113 644)	(252 216)
Landfill management, construction and rehabilitation	(27 437)	(524 390)
	(10 199 542)	(10 992 761)
Taxation		
Waste Management	(3 988 195)	(3 753 430)
Waste management	(3 988 195)	(4 075 198)
Metals recovery	–	321 768
Compost manufacturing and sales	1 943 832	1 785 454
Landfill management, construction and rehabilitation	(9 692 496)	(3 674 399)
	(11 736 859)	(5 642 375)
Segment assets		
Waste Management	466 613 658	317 849 611
Waste management	466 613 658	300 148 893
Metals recovery	–	17 700 718
Compost manufacturing and sales	29 778 002	37 185 574
Landfill management, construction and rehabilitation	115 972 029	110 751 268
	612 363 689	465 786 453
Segment liabilities		
Waste Management	245 470 765	165 471 531
Waste management	245 470 765	159 185 358
Metals recovery	–	6 286 173
Compost manufacturing and sales	6 302 204	11 707 152
Landfill management, construction and rehabilitation	34 796 152	41 044 538
	286 569 121	218 223 221
Capital expenditure		
Waste Management	154 979 563	48 386 911
Waste management	154 979 563	48 257 911
Metals recovery	–	129 000
Compost manufacturing and sales	1 942 180	21 078
Landfill management, construction and rehabilitation	17 120 542	13 561 001
	174 042 285	61 968 990

For management purposes the group is organised into three major operating divisions: waste management, compost manufacturing and landfill management. It represents the basis on which the group reports its primary segment information and manages risk. The metals recovery division was closed down during the past year.

FOR THE YEAR ENDED 31 DECEMBER 2013

30. DIRECTORS' SHAREHOLDING

<i>Figures in Rand</i>	Beneficial Direct 2013	Beneficial Indirect 2013	Total 2013	Beneficial Direct 2012	Beneficial Indirect 2012	Total 2012
Executive						
WAH Willcocks	100 000	79 633 700	79 733 700	78 000	79 594 700	79 672 700
LC Grobbelaar	–	2 940 007	2 940 007	–	3 490 007	3 490 007
AP Broodryk	2 000 000	–	2 000 000	1 500 000	–	1 500 000
Non executive						
Gavin Tipper	12 757 751	–	12 757 751	10 256 751	–	10 256 751
Bronwyn Willcocks	–	79 633 701	79 633 701	–	79 594 701	79 594 701
	14 857 751	162 207 408	177 065 159	11 834 751	162 679 408	174 514 159

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

31. PRESCRIBED OFFICERS' EMOLUMENTS

31.1 DIRECTORS' EMOLUMENTS

<i>Figures in Rand</i>	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Sub total	Share option expense	Total
2013							
Executive							
Alan Willcocks	2 204 418	–	–	183 702	2 388 120	–	2 388 120
Leon Grobbelaar	1 571 866	–	175 037	140 989	1 887 892	95 815	1 983 707
André Broodryk	1 680 000	–	120 000	150 000	1 950 000	317 023	2 267 023
Non-executive – fees							
Gavin Tipper	–	102 000	–	–	102 000	–	102 000
Andisiwe Kawa	–	102 000	–	–	102 000	–	102 000
Funani Mojono	–	91 500	–	–	91 500	–	91 500
Bronwyn Willcocks	–	91 500	–	–	91 500	–	91 500
Landiwe Mahlangu	–	102 000	–	–	102 000	–	102 000
	5 456 284	489 000	295 037	474 691	6 715 012	412 838	7 127 850
Other consulting							
Gavin Tipper	–	841 000	–	–	841 000	–	841 000
	5 456 284	1 330 000	295 037	474 691	7 556 012	412 838	7 968 850

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

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

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

31.2 OTHER PRESCRIBED OFFICERS' EMOLUMENTS

In accordance with the King III recommendation on the disclosure of remuneration paid to prescribed officers (as defined in the Companies Act of 2008), the prescribed officers in the group, other than the executive directors, were remunerated as follows:

<i>Figures in Rand</i>	Salary	Salary	Bonus and gratuity	Motor vehicle allowance	Sub total	Share option expense	Total
2013							
Prescribed officer A	978 804	82 167	–	26 348	1 087 319	44 890	1 132 209
Prescribed officer B	866 514	75 210	–	148 506	1 090 230	–	1 090 230
Prescribed officer C	1 151 803	155 975	153 418	–	1 461 196	102 577	1 563 773
Prescribed officer D	1 148 904	106 742	188 358	–	1 444 004	102 577	1 546 881
Prescribed officer E	991 200	90 100	–	109 037	1 190 337	53 287	1 243 624
Prescribed officer F	1 854 000	154 500	–	18 000	2 026 500	50 545	2 077 045
	6 991 225	664 694	341 776	301 891	8 299 586	353 876	8 653 462
2012							
Prescribed officer A	941 158	76 950	–	–	1 018 108	24 319	1 042 427
Prescribed officer B*	817 466	24 524	70 778	–	912 768	–	912 768
Prescribed officer C	1 081 172	98 098	128 233	–	1 307 503	48 639	1 356 142
Prescribed officer D*	1 076 400	162 933	99 863	–	1 339 196	48 639	1 387 835
Prescribed officer E	880 782	85 000	102 830	–	1 068 612	29 183	1 097 795
Prescribed officer F*	1 050 000	31 500	–	–	1 081 500	5 300	1 086 800
	5 846 978	479 005	401 704	–	6 727 687	156 080	6 883 767

*employees became prescribed officers in the current year.

32. RETIREMENT BENEFITS**Defined contribution plan**

It is the policy of the group to provide retirement benefits to certain of the group's employees. The group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pensions Fund Act of 1956 as amended. The group's contribution to the provident fund for the year, which has been charged to the statement of comprehensive income, was R2 062 008 (2012: R2 019 013).

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

33. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising, since the end of the financial year and up to the date of approving the financial statements, relevant to an assessment of the financial statements at 31 December 2013.

34. DIVIDENDS PAID

No dividends were declared or paid to shareholders during the year 31 December 2013.

Platinum Waste Resources Proprietary Limited, a group subsidiary, paid dividends of R1 170 000 (2012: R315 000) to non-controlling shareholders.

Interwaste Cleaning Proprietary Limited, a group subsidiary, did not pay any dividends in the current year (2012: R51 001) to non-controlling shareholders.

SCHEDULE OF SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>Figures in Rand</i>	No. of shareholders	%	No. of Shares	%
SHAREHOLDER SPREAD				
1 – 1,000 shares	234	19.48	134 517	0.03
1,001 – 10,000 shares	489	40.72	2 593 192	0.65
10,001 – 100,000 shares	353	29.39	13 793 669	3.48
100,001 – 1,000,000 shares	94	7.83	31 082 696	7.85
1,000,001 shares and over	31	2.58	348 373 803	87.99
TOTAL	1 201	100.00	395 977 877	100.00
DISTRIBUTION OF SHAREHOLDERS				
Brokers	3	0.25	2 895 037	0.73
Close Corporations	14	1.17	5 488 219	1.39
Endowment Funds	4	0.33	20 952	0.01
Individuals	1 004	83.60	65 935 579	16.65
Investment Companies	4	0.33	66 225 797	16.72
Mutual Funds	12	1.00	39 514 486	9.98
Nominees and Trusts	67	5.58	178 922 135	45.18
Other Corporations	10	0.83	821 160	0.21
Pension Funds	53	4.41	9 774 549	2.47
Private Companies	28	2.33	26 268 363	6.63
Public companies	2	0.17	111 600	0.03
TOTAL	1 201	100.00	395 977 877	100.00
PUBLIC / NON - PUBLIC SHAREHOLDERS				
Non - Public Shareholders	9	0.75	242 840 173	61.33
Directors and associates of the company	8	0.67	177 413 707	44.80
Strategic Holder (more than 10%)	1	0.08	65 426 466	16.53
Public Shareholders	1 192	99.25	153 137 704	38.67
TOTAL	1 201	100.00	395 977 877	100.00
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE				
Wilco Family Trust			159 267 401	40.22
Coronation Capital Limited – Private Equity			65 426 466	16.53

SALIENT DATES

Financial year-end	31 December 2014
Annual General Meeting	30 June 2014

REPORTS

Interim results for half year to June 2014	September 2014
Abridged annual results announcement for 2014	31 March 2015
Annual Financial Statements for 2014	31 May 2015

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

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom of the Company, 2 Brammer Road, Germiston South, Gauteng, South Africa on Monday, 30 June 2014 at 14h00 to conduct the business as listed below.

(The record date for receipt of the notice of Annual General Meeting is Friday, 23 May 2014. The record date in terms of section 59 of the Companies Act, 2008, ("the Companies Act") for shareholders to be recorded in the Register in order to be able to attend, participate and vote at the annual general meeting is Friday, 20 June 2014).

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

1. To receive and adopt the annual financial statements for the year ended 31 December 2013, together with the reports of the directors, the audit committee and the external auditors.
2. To re-elect Mrs B Willcocks as a non-executive director of the Company. In terms of the Company's Memorandum of Incorporation she retires by rotation but being eligible, offers herself for re-election.*
3. To re-elect Mr P Mojono as a non-executive director of the Company. In terms of the Company's Memorandum of Incorporation he retires by rotation but being eligible, offers himself for re-election.*
4. To re-appoint KPMG as the independent external auditors of the Company and to appoint Mr J Wessels as the registered auditor who will undertake the audit of the Company for the ensuing year.
5. To elect, as separate resolutions, the members of the Audit and Risk Committee. The proposed members of the committee are:
 - 5.1 Mr P Mojono (Chairman);
 - 5.2 Mr L Mahlangu;
 - 5.3 Mr G Tipper; and
 - 5.4 Ms A Kawa.*

The Board has satisfied itself that these directors are suitable for appointment to the Audit and Risk committee as contemplated in the Companies Act. *Brief CVs of the directors appear on page 6 of the integrated report.

6. To endorse, by way of a non-binding, advisory ordinary resolution, the Company's remuneration policy as set out in the Remuneration Report.
7. That pursuant to the Memorandum of Incorporation of the Company, and subject to the Companies Act and the Listings Requirements of the JSE Limited ("Listings Requirements"), the directors of the Company be and are hereby authorised, by way of a general authority to allot and issue ordinary shares for cash as and when suitable opportunities arise, subject to the following conditions:
 - 7.1 that the shares be of a class already in issue or where this is not the case, be limited to such shares or rights that are convertible into a class already in issue;
 - 7.2 that the shares only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements, and not to related parties;
 - 7.3 that the shares to be issued or sold do not exceed 30 percent, i.e 118,793,363 shares, of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements and the Companies Act;
 - 7.4 that the maximum discount at which such shares be issued or sold, is 10 percent of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date of determination of the issue or selling price;
 - 7.5 that such authorisation is valid only until the next annual general meeting or for 15 months from the date of this resolution, whichever is the earlier date;
 - 7.6 that an announcement giving full details of any issue, including the impact on net asset value, net tangible asset value, earnings, and headline earnings per share and, if applicable, diluted earnings and diluted headline earnings per share, be published at the time of any issue or sale representing, on a cumulative basis within a financial year, 5 percent or more of the number of securities in issue prior to the issue.

VOTING

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

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

8. That with effect from 1 July 2014 the fees payable to the non-executive directors of the Company be increased from R10 500 to R12 000 per board, audit committee and general meeting attended.

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

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

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

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

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

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

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

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

VOTING

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

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

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

subject to:

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

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

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

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

LITIGATION STATEMENT

Other than disclosed or accounted for in this integrated report, the directors of the Company, whose names are given on page 6 of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 6 of this integrated report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above ordinary and special resolutions, numbers 8 to 10, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above ordinary and special resolutions contain all information required by law and the Listings Requirements.

MATERIAL CHANGES

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

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

Directors and management (Refer to pages 6 and 10)

Major shareholders of the Company (Refer to page 77)

Directors' interests in the Company's shares (Refer to page 75)

Share capital (Refer to page 58)

VOTING AND ATTENDANCE

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

ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

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

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

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

ELECTRONIC PARTICIPATION

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

PHYSICAL ADDRESS:

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

Postal address:

PO Box 61051, Marshalltown, 2107

FAX NUMBER:

+27 11 688 5238

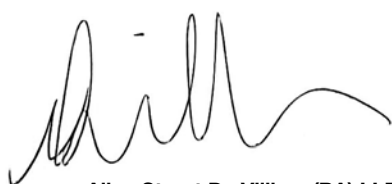
by no later than 14h00 on Monday, 23 June 2014 advising that they wish to participate via electronic communication in the annual general meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain the following information:

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

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

SALIENT DATES

Record date to receive this notice of annual general meeting	Friday, 23 May 2014
Last day to trade to be eligible to vote at the annual general meeting	Thursday, 12 June 2014
Record date for determining those shareholders entitled to vote at the annual general meeting	Friday, 20 June 2014

BY ORDER OF THE BOARD


Allen Stuart De Villiers (BA) LLB

Company Secretary

26 May 2014

DIRECTORS

Executive Directors

WAH Willcocks – Chief Executive Officer

LG Grobbelaar – Chief Operating Officer

AP Broodryk – Financial Director

Independent Non-executive Chairperson

A Kawa

Independent Non-executive Directors

PF Mojono

L Mahlangu

Non-executive Directors

BL Willcocks

GR Tipper

COMPANY SECRETARY

AS de Villiers

2 Brammer Road, Industries East, Germiston South

Telephone: (011) 323 7300

REGISTERED OFFICE

2 Brammer Road, Industries East, Germiston South

PO Box 382, Germiston, 1400

COMPANY REGISTRATION NUMBER

2006 / 037223 / 06

AUDITORS

KPMG Inc.

KPMG Crescent, 85 Empire Road, Parktown, 2193

Private Bag 9, Parkview, 2122

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

70 Marshall Street, Johannesburg, South Africa, 2001

PO Box 24, Newtown, 2113

BANKERS

ABSA Bank Limited

Pallazo Towers West, Monte Casino Boulevard

Fourways, 2055

PO Box 782991, Sandton, 2146

ATTORNEYS

Fluxmans Inc.

11 Bierman Avenue, Roodebank, 2196

Private Bag X41, Saxonwold, 2196

DESIGNATED ADVISOR

Grindrod Bank, 1st Floor, Building 3

Commerce Square, 39 Rivonia Road

PO Box 78011, Sandton, 2196

INTERWASTE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006 / 037223 / 06)

(JSE code: IWE ISN: ZAE000097903)

("the Company")



FOR USE BY CERTIFICATED SHAREHOLDERS AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 14H00 ON MONDAY, 30 JUNE 2014.

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 South, Gauteng, South Africa on Monday, 30 June 2014 at 14h00 and at any adjournment thereof, as follows:

	Number of Interwaste Shares		
	In Favour	Against	Abstain
1. Adoption of financial statements			
2. Re-election of Mrs B Willocks			
3. Re-election of Mr P Mojono			
4. Re-appointment of KPMG as the Company's independent auditors and Mr J Wessels as the registered auditor			
5.1 Appointment of Mr P Mojono to the audit and risk committee			
5.2 Appointment of Mr L Mahlangu to the audit and risk committee			
5.3 Appointment of Mr G Tipper to the audit and risk committee			
5.4 Appointment of Ms A Kawa to the audit and risk committee			
6. Approval of the remuneration philosophy of the Company			
7. General authority to allot and issue shares for cash			
6. Special Resolution - Approval of non-executive director's fees for the ensuing year			
9. Special Resolution - General authority to repurchase shares			
10. Special Resolution - Authorisation to provide financial assistance			

Signed at

on

2014

Member

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

1. On a poll a shareholder is entitled to one vote for each share held.
2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), to reach Computershare by no later than 14h00 on Thursday, 26 June 2014 or they may be handed to the chairperson of the annual general meeting at any time prior to the commencement of voting on the ordinary and special resolutions tabled at the annual general meeting.
3. The form of proxy must be delivered as per paragraph 2 above, before the proxy exercises any rights of the shareholder at the general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting the words "the chairman of the annual general meeting". Any such deletion must be individually initialled by the shareholder, failing which they will not have been validly affected. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.
5. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).
6. Each shareholder is entitled, at any time, to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.
7. Voting instructions for each of the resolutions must be completed by filling in the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.
8. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.
9. The appointment of a proxy is suspended at any time, to the extent that the shareholder concerned chooses to act directly and in person in the exercise of any rights as a shareholder. The appointment is revocable by the shareholder cancelling it in writing, or making a later inconsistent appointment, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument or the date on which the revocation instrument is delivered to the proxy and the Company.
10. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
11. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
12. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of representation to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
13. Shareholders who wish to attend and vote at the meeting must ensure that their letters of representation from their CSDP or broker reach the transfer secretaries not later than 14h00 on Thursday, 26 June 2014.
14. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
15. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that must be delivered by the Company to the shareholder must be delivered to the shareholder or the proxy / proxies (if the shareholder has directed the Company to do so in writing and has paid any reasonable fee charged by the Company for doing so).
16. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.
17. Subject to revocation by the shareholder, the proxy appointment remains valid only until the end of the meeting at which it is intended to be used.

Transfer secretaries' office

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

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

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

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

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

