Interwaste Holdings Limited

ANNUAL REPORT 2007

Interwaste Holdings Limited

(formerly Mentor Trading and Investment 66 (Pty) Limited)
(Incorporated in the Republic of South Africa)
Registration number 2006/037223/06)
JSE Code: IWE ISIN: ZAE000097903

CONTENTS

Interwaste Holdings Limited

Inter-Waste (Pty) Limited was founded in 1989 by Alan and Bronwyn Willcocks. Through the provision of excellent service and innovative waste management solutions it has become one of the largest waste management companies in South Africa. Inter-Waste (Pty) Limited has been a member of the Institute of Waste Management of South Africa since 1993. It is also the first waste management company in South Africa to achieve ISO 14001 international accreditation in respect of all aspects of its operations.

Enviro-Fill was co-founded by Leon Grobbelaar and Sipho Dube in 1997 as a specialist landfill and waste management company. It now operates in excess of 30 waste management facilities, landfilling approximately 2,5 million tons of waste a year.

In 2005, Inter-Waste (Pty) Limited established Earth2Earth, which is the largest organic compost producer in South Africa.

Interwaste Holdings was incorporated as a private company on 29 November 2006. The company was converted to a public company on 9 May 2007. Interwaste Holdings acquired the entire issued share capital of Inter-Waste (Pty) Limited and Enviro-Fill (Pty) Limited with effect from 1 January 2007.

Interwaste Holdings listed on the Alternative Exchange of the JSE Limited on 14 June 2007.

VISION

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

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

MISSION

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

GOALS

Our goals are to:

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

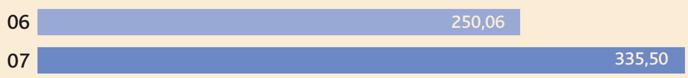
FINANCIAL OVERVIEW

GROUP SALIENT FEATURES

	Audited December 2007 12 months R'000	*Pro forma* Unaudited December 2006 12 months R'000
Revenue	**335 545**	250 062
Cost of sales	**(174 841)**	(107 831)
Gross profit	**160 704**	142 231
Other income	**7 296**	151
Operating expenses	**(106 978)**	(75 422)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**61 022**	66 960
Depreciation	**(19 048)**	(16 056)
Profit before interest and taxation	**41 974**	50 904
Income from equity accounted investments	**–**	158
Dividend received	**1 268**	–
Net interest paid	**(11 429)**	(6 249)
Profit before taxation	**31 813**	44 813
Taxation	**(8 435)**	(14 907)
Profit after taxation	**23 378**	29 906
Outside shareholders' interest	**(948)**	(814)
Profit attributable to ordinary shareholders	**22 430**	29 092
Headline earnings attributable to ordinary shareholders	**20 019**	29 092

REVENUE INCREASED BY 34% TO R335,5 MILLION

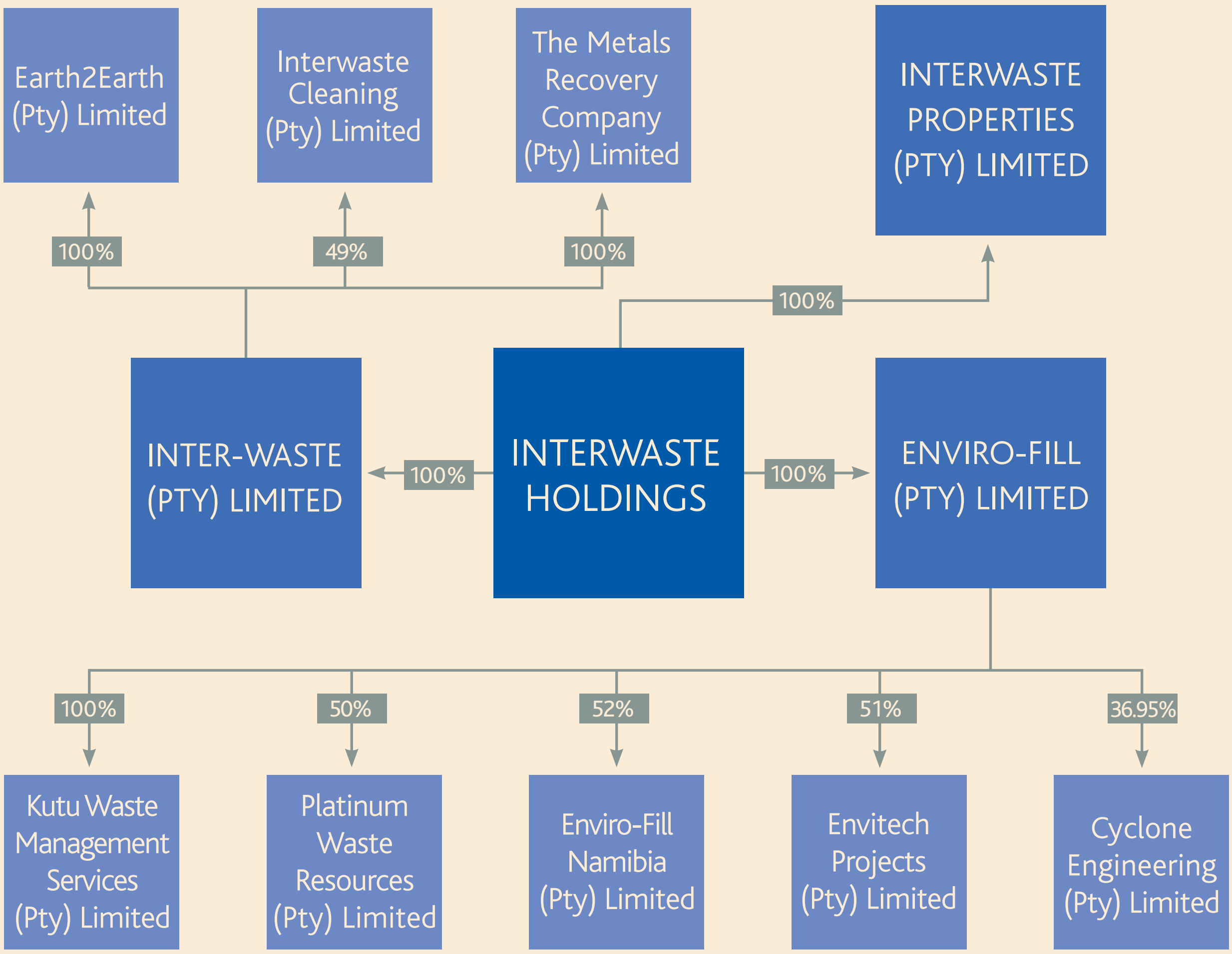
REVENUE (R'000)



GROSS PROFIT INCREASED BY 12,9% TO R160,7 MILLION

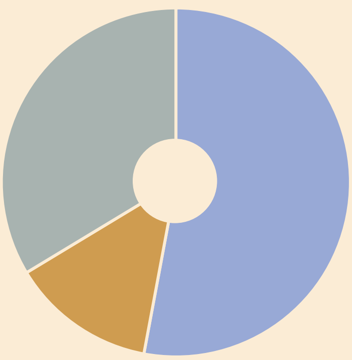
GROSS PROFIT (R'000)

GROUP STRUCTURE



CONTRIBUTION TO GROUP

(Revenue)



%	Division
52,94	Waste Management
13,41	Compost Manufacture
33,65	Landfill Management, Construction and Rehabilitation

BOARD OF DIRECTORS

1 ETHAN DUBE *Non-executive Chairperson* (48)

MSc (Economics and Statistics)

Ethan has over ten years' experience in corporate finance and asset management, working at Southern Asset Managers and Infinity Asset Management and in corporate finance at Standard Chartered Merchant Bank. He is the founder and CEO of investment banking company Vunani Limited.

2 STAN JEWASKIEWITZ *Executive Director* (56)

MSc (Soil Mechanics), DIC (Soil Mechanics), BSc (Civil Engineering), NTD (Civil Engineering)

Stan has over 22 years of extensive experience in environmental engineering and waste management (general and hazardous wastes); including business development, project management, integrated waste management and strategic planning and strategic studies. Stan's project experience includes: rehabilitation of existing landfill sites, the design of new landfill sites for waste disposal and landfill site contract management; contaminated industrial site clean-ups and rehabilitation; waste management contracting including collection, transport and disposal of general and hazardous wastes, including health care wastes; and other activities which include the extraction/collection and management of biogas, in both landfill sites and waste water treatment works. His work experience also includes the compilation of construction quality assurance plans and the management/supervision of construction quality assurance systems. He also has extensive experience in geotechnical engineering including materials and site investigations, lining systems (geosynthetic and natural clay soils), foundation engineering, stability assessments of major embankments and geo-hydrological investigations pertaining to groundwater pollution. Stan served as the Chief Executive Officer and Managing Director: Technical Services of Enviroserv Holdings Limited from 1996 to 1998. Stan is currently Managing Director of Envitech Solutions (Pty) Limited, which provides environmental engineering services, and of Envitech Projects (Pty) Limited, which specialises in waste to energy projects. Stan's position on the Interwaste Holdings Limited Board changed from non-executive to executive director with effect from 8 April 2008.

3 ALAN WILLCOCKS *Chief Executive Officer* (40)

Alan co-founded the business with Bronwyn in 1989. Over the past 19 years Alan has acquired an in-depth knowledge of the waste management industry and has strong negotiation skills. His other strengths include providing innovative waste management solutions to customers during tendering processes for which complex technical skills are required. He is respected and well known in the waste management industry and always pursues solutions on how to enhance overall service and logistics levels to customers. Alan is currently Chief Executive Officer of Interwaste Holdings Limited, Managing Director of Inter-Waste (Pty) Limited, a Managing Director of Earth2Earth (Pty) Limited, and a director of Inter-Waste Cleaning (Pty) Limited, The Metals Recovery Company (Pty) Limited and Interwaste Properties (Pty) Limited.

4 NEELS VENTER *Financial Director* (47)

Neels obtained his BCom (Acc) degree from Potchefstroom University in 1981 and served articles at Hoek & Wiehahn.

He obtained an Honours degree in Accounting at the Potchefstroom University in 1983. After completing his military training he started working as a Planning Accountant at Circuit Breaker Industries Limited, a subsidiary of Barlow Rand Group, where he was later promoted to Management Accountant.

In 1990 he joined Fraser Alexander in their plant division as Financial Controller. After Fraser Alexander acquired Waste-Tech he was transferred to Waste-Tech as National Financial Manager. Neels was promoted to Financial Director of Enviroserv Waste Management (Pty) Limited after the merger between Waste-Tech and Enviroserv Holdings Limited. Neels joined Enviro-Fill in November 1998 as Financial Director. On 1 January 2007 Enviro-Fill joined forces with Inter-Waste to form the now listed entity Interwaste Holdings Limited. Neels resigned as director of Interwaste Holdings on 20 May 2008.

5 BRONWYN WILLCOCKS *Executive Director* (36)

Bronwyn matriculated from Randpark High School in 1988. She joined First National Bank in January 1989 and left to join Alan as a full-time employee of Inter-Waste (Pty) Limited in 1991. Over the years Bronwyn has gained extensive experience in waste management and related issues. She has been instrumental in the implementation of IT systems and standard policies and procedures. She has also facilitated the full ISO 14001 accreditation and through her financial disciplines Inter-Waste was able to manage its sustained growth. Bronwyn is a member of the Institute of Directors. She is a director of Interwaste Holdings Limited, Inter-Waste (Pty) Limited, Earth2Earth (Pty) Limited, and a director of Inter-Waste Cleaning (Pty) Limited and The Metals Recovery Company (Pty) Limited.

6 LEON GROBBELAAR *Executive Director* (47)

Leon obtained a National Diploma in soil conservation in 1983 and passed a National Higher Diploma in Irrigation with distinction. He started his working career with the Department of Agriculture in 1984. In 1988 he joined the Kwandebele Agricultural Company as Developing Officer for empowered farmers. After leaving Kwandebele 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 furthered his formal education by obtaining a Diploma in Road Transportation through the Rand Afrikaans University. In 1997 Leon co-founded Enviro-Fill and today holds the position of Managing Director of the Enviro-Fill Group of Companies.

7 GAVIN TIPPER *Independent non-executive Director* (42)

BCom and BAcc degrees and a Masters in Business Administration

Gavin is a chartered accountant with BComm and BAcc degrees and a Masters in Business Administration. He has been involved in the financial services industry for over 19 years. Prior to joining the Coronation Group in 2001, he was a technical partner at KPMG. Gavin has held directorships in a number of listed South African companies.

Gavin was appointed to the Interwaste Holdings Board on 8 April 2008. He is chairman of the Audit Commitee.

Ethan Dube
Chairman

CHAIRMAN'S REVIEW

This is the first annual report for Interwaste Holdings Limited since its listing on the Alternative Exchange of the JSE Limited on 14 June 2007.

At the outset, I wish to thank the employees of Interwaste Holdings and its subsidiaries who have worked extremely hard during 2007, not only in achieving the successful listing of the company, but also in providing the Group's customers with the excellent levels of service to which they have become accustomed over the years.

In the past, the success of the Group's two main subsidiaries, Inter-Waste (Pty) Limited and Enviro-Fill (Pty) Limited, has been based on providing their customers with innovative, cost effective and integrated waste management solutions. This approach, together with a culture of hard work and a determination to be the best in the industry, has become the basis upon which the Group conducts its business. This hard work is evident from the revenue generated for 2007 of R335,5 million, up 34% and in excess of forecasts. This growth has been the result of exceptional growth in the Earth2Earth division where revenue increased by 93%, an increase of revenue in the Inter-Waste division of 11% and in the Enviro-Fill division of 69%. Gross profit was up to R160,7 million.

In line with its stated aim of expanding its footprint and the basket of services offered to its customers, the Group established two new transport depots as well as establishing a metals recycling company during 2007. The Group also made substantial investments in capital equipment. This, together with increased landfill and transport costs, ultimately resulted in higher than expected operating costs. This had a negative impact on profit margins. The decline in operating margins resulted in the company not meeting its forecasts at headline earnings level.

Because the company did not meet its forecasts the original vendors agreed to the cancellation of 90 000 000 shares, subject to certain claw-back provisions in the event of forecasts for 2008 being achieved. Had this cancellation been in place during 2007 the Group's earnings and headline earnings per share would have been 10,6 and 9,5 cents respectively. The cancellation was not linked to any warranties, and it is a demonstration of the vendors' confidence in the Group.

With capital structures now in place, significant focus will be placed on asset utilisation and cost control with emphasis on timely recovery of escalating costs from customers, in line with contracts. Enhanced operating efficiencies across the Group will translate into greater earnings in the year ahead.

In order to grow, the Group will continue to seek opportunities for the acquisition of companies that offer synergies with its existing spheres of business. To that end, it has identified a number of potential acquisitions that will further enhance the Group's ability to provide a "one stop shop" waste management service to its customers. However, our primary objective is adding value and maximising returns for the Group's shareholders and any potential acquisition will need to be at the right price and for the right reason.

Interwaste Holdings recognises that its employees are its most valuable resource and a great deal of effort goes into attracting and retaining efficient, competent staff that share the Group's vision, appetite for innovation and desire for service excellence. Provision is also made for the training and advancement of staff already employed within the Group.

The Group is committed to black economic empowerment with 26% of the issued share capital currently in the hands of previously disadvantaged persons. The Group employs a significant number of persons from previously disadvantaged backgrounds and also seeks to ensure that BEE is taken into account in respect of all new appointments within the Group.

No doubt the year ahead will present challenges to the Group, with the general downturn in the economy, rising interest rates and fuel prices. However, we believe that a solid foundation is now in place which will allow the Group to increase its earnings and provide improved shareholder value. We look ahead to a year of innovation and opportunities.

Ethan

Ethan Dube
Chairman

Alan Willcocks
Chief Executive Officer

CEO'S REVIEW

The year ended 31 December 2007, which included the listing of Interwaste Holdings Limited on the Alternative Exchange of the JSE Limited on 14 June 2007, was an eventful, challenging and rewarding one for the Group.

The listing has allowed the Group to aggressively pursue its stated aim of growing the business both organically and through strategic acquisitions. The Group made substantial investments in the form of both capital equipment and two new depots as well as a metals recovery business. The roll-out of its internal transport fleet in the Earth2Earth division is now complete, and the Group is well positioned to take advantage of opportunities in the industry including those created by its expanded national and regional footprint, increased environmental responsibility awareness, environmental legislation (both in effect and yet to be implemented) and improved efficiencies. The result is a solid platform for future growth.

FOCUS OF INTERWASTE HOLDINGS

Through its three main divisions (Inter-Waste, Enviro-Fill and Earth2Earth), Interwaste Holdings operates in the spheres of:

- Holistic waste management;
- Landfill management, construction and rehabilitation; and
- Waste beneficiation.

INTER-WASTE (PTY) LIMITED

Inter-Waste (Pty) Limited is a waste management company with operations in the Western Cape, Gauteng, Mpumalanga, KwaZulu-Natal and the North West Province. Interwaste utilises a modern, specialised waste management fleet to transport an estimated 2 000 tons of waste daily.
The company is a leading authority on integrated and professional waste management in South Africa and was

the first waste management company in Southern Africa to achieve ISO 14001 international accreditation in respect of all aspects of its operational disciplines.

A new addition to the Inter-Waste (Pty) Limited portfolio of companies is a waste metals recovery business established during August 2007 and named The Metals Recovery Company (Pty) Limited. This company will facilitate the Group's penetration into the metals recycling arena, which management believes has massive growth potential, and aligns itself with the Group's vision of being a holistic service provider.

ENVIRO-FILL (PTY) LIMITED

Enviro-Fill is a specialist landfill and waste facilities management company that operates in excess of 30 waste management facilities, landfilling approximately 2,5 million tons of waste a year through innovative processes. Enviro-Fill has offices in South Africa, Namibia and Swaziland. Enviro-Fill is the only South African landfill management company with ISO 14001 accreditation.

EARTH2EARTH (PTY) LIMITED

Earth2Earth is a market leader in the manufacture, from waste, of superior organic growing mediums.

FINANCIAL REVIEW

The year ended 31 December 2007 was the first year in which consolidated annual financial statements were prepared for the Group and its subsidiaries. The Group experienced excellent growth and revenue was up 34% to R335,5 million; far in excess of projections. The Inter-Waste division, which specialises in waste management, increased revenue by 11% to R177,6 million and the Enviro-Fill division, which specialises in landfill management, construction and rehabilitation, grew revenue by 69% to R112,9 million. Strong revenue growth was also experienced in the organics manufacturing Earth2Earth division which increased revenue by 93% to R45 million. Gross profit increased to R160,7 million.

The Group mainly utilised the funding raised from the private placement to grow its specialised fleet of trucks and trailers, lifting and other specialised equipment, bins and containers and composting equipment and not to reduce debt. While this was an important investment in the business, it negatively affected other operational charges and net interest paid relative to the 2007 forecast. The full benefit in terms of better service delivery to customers, efficiencies and returns from the assets will become evident in 2008.

Gross profit margins decreased 9% from 56,9% to 47,9% mainly as a result of substantially higher landfill and transport costs which were not recovered from customers timeously.

EBITDA decreased by 8,8% to R61 million and EBITDA margins decreased to 18,2% as a result of costs incurred ahead of breakeven revenues in establishing two new transport depots in Durban and Kempton Park. The Kempton Park site performed well and was making a positive monthly contribution by year end. Management expect the Durban depot to start contributing to the Group during the 2008 financial year. Further costs were incurred to establish the metals recovery business which will enhance the Group's recycling portfolio and it is expected that this business will contribute to the Group's profits in 2008.

The prospectus contained a forecast of attributable earnings of R34,7 million. This was not achieved. As a consequence, 90 000 000 of the shares issued on the effective date of the Group's restructuring have been offered for cancellation in pursuance of agreements entered into between Inter-Waste (Pty) Limited vendors, Enviro-Fill (Pty) Limited vendors and Ex-Waste (Pty) Limited ("Ex-Waste"). As a result of the aforesaid share cancellation, the issued ordinary share capital of the company will be reduced to 253 979 551 shares. Had the cancellation of shares, or such appropriate mechanism, been in place for the full 2007 year the company's earnings and headline earnings per share would have been 10,6 cents and 9,5 cents respectively, down by 10% and 19,5% respectively, when compared to the forecast. The aforementioned vendors will be entitled to a pro-rata claw-back of the ordinary shares cancelled in the event that the company's headline earnings for the year ending 31 December 2008 exceed R32,8 million and up to R43,3 million, the latter being the forecast headline earnings for the year ending 31 December 2008 as presented in the profit forecast. The aforementioned claw-back is subject to JSE and shareholder approval, failing which a resolutive condition in the aforesaid agreements will result in the agreements for the cancellation of the shares being deemed to be of no force and effect.

The share cancellation is not linked to any warranties, and is an indication of the faith of management and the vendors in the ability of the Group to meet forecasts for 2008 and increase shareholder value.

REVIEW OF OPERATIONS

ENVIRO-FILL (PTY) LIMITED

The year was an exceptional one for Enviro-Fill (Pty) Limited.

The landfill management, construction and rehabilitation business performed exceptionally well and was awarded the Ethekweni Municipality landfill gas extraction tender.

Enviro-Fill increased its annual turnover through the supply and installation of gas fields, gas wells, flares and gas engines on landfills for the municipality of Ekhuruleni and for Durban Solid

CEO'S REVIEW (continued)

Waste to enable carbon trading for the account of the individual municipalities (Durban was the first municipality to generate electricity from waste).

The division continued to explore additional opportunities in South Africa, Namibia and Swaziland.

INTER-WASTE (PTY) LIMITED

Inter-Waste (Pty) Limited performed solidly during the year ended 31 December 2007. During the year under review it was successful in securing additional tenders worth over R47 million.

The Metals Recovery Company (Pty) Limited, established by Inter-Waste (Pty) Limited in August 2007, is expected to be an excellent contributor to the Group in 2008. This business recycles ferrous materials for both the local and export markets. Management see huge potential in this market which holds so many synergies with the Group's existing basket of services.

EARTH2EARTH (PTY) LIMITED

Earth2Earth (Pty) Limited was founded as a waste resource business whereby organic waste products are recycled into organic growing mediums.

2007 saw good sales volumes countrywide for Earth2Earth (Pty) Limited with sales growth year on year of just under 100 percent. Earth2Earth (Pty) Limited has now secured its position as market leader and is by far the leading supplier of organic growing mediums in South Africa. This very positive position in terms of sales volumes bodes extremely well for the future sustainability of Earth2Earth (Pty) Limited. The focus for 2008 will be on increasing sales margins and improving efficiencies, which will result in bottom line shareholder value.

PROSPECTS

THE INTER-WASTE (PTY) LIMITED DIVISION

The Group will continue to seek acquisition opportunities where synergies can be extracted. Significant focus will be placed on optimising the current operations to increase operating cash flows.

Trading conditions will remain challenging for 2008 with the increase in fuel and landfill charges as well as general operating costs. Price increases have been negotiated with the Group's customer base to recover these escalation costs and management will continue to ensure that this is done throughout the year as and when same become apparent. The investment in two new depots is also starting to contribute positively to the bottom line, and the Group will continue to focus on asset utilisation and providing innovative waste management solutions to its customers.

The recent record of decision from the Gauteng Department of Agriculture, Conservation, Environment and Land Affairs comprising the approval of a permit to operate a hazardous waste treatment facility in Germiston will lead the way to hazardous waste treatment, processing and storage at the Inter-Waste Germiston Transport Depot resulting in increased service offerings to the Group's customer base. Capital expenditure has been approved to enable this facility to come on line in the second half of 2008. Management firmly believe that critical mass in this facility can be quickly obtained, as many hazardous waste generators prefer the cost effective treatment of waste in this type of facility over traditional methods of co-disposal of liquids at landfill sites. This is a strategic step, in line with the Group's integrated waste management approach (waste prevention, waste minimisation, resource recovery, treatment and then disposal).

The division has also been successful with the award of three large tenders in the first few months of 2008 and is awaiting the adjudication on several others. A major clean-up job was also concluded in the first few weeks of 2008 in the Durban harbour area and another large clean-up was completed for a customer in Gauteng. The division's sales team have also been successful with cross selling services in the Group to our existing customer base. This, along with the division's focus on the corporate sector and the long awaited approval of the new Waste Bill, will only add positively to the division's growth in 2008.

Management remain very confident in the investment made in The Metals Recovery Company (Pty) Limited and firmly believe that the Group will see this asset deliver positively in the year ahead. Already, ferrous off-take contracts have been concluded in Gauteng, Kwa-Zulu Natal and the Western Cape. It is estimated that the Group will see revenues in this division exceeding R50 million in 2008, and it is expected the profit after tax will be in line with the Group's expectations.

The Earth2Earth division will continue to further exploit the export potential in this business in 2008, as management believe this is key to future growth. 2008 will see the consolidation of manufacturing facilities which will result in a decrease in production costs with a view to increasing the quality of earnings.

In conclusion, management is positive regarding the earnings potential of the Inter-Waste division in 2008 and will focus strongly on the quality of earnings as opposed to the quantity. The division is experiencing pressure from competitors in the sector, some of whom continue to offer low price alternatives with questionable disposal methodologies. However, it is envisaged that increased pressure from the regulatory authorities in all aspects of the industry will create a top down approach in terms of environmental compliance and in so doing will minimise the effects of this type of competition in the industry.

ENVIRO-FILL (PTY) LIMITED DIVISION

Enviro-Fill is experiencing an increasing number of calls for tenders and is pursuing every one of them. Although it is expected to be a challenging year for Enviro-Fill's core landfill management business, this division is still confident that it will perform in line with expectations.

Enviro-Fill recently acquired a 36,95% shareholding in a mine residue handling company, Cyclone Engineering Projects (Pty) Limited, to become one of four players in the local industry to manage mine residue using the process of cycloning. The company has secured two long-term contracts with one of the large mining houses and is actively exploring other opportunities.

Waste management was one of the areas recently identified by Government where a lack of expertise exists. With the entry of new managers into local government sectors, a need exists to provide education and training in the proper handling and disposal of waste. Enviro-Fill, after years of development, recently received its accreditation for the National Qualification Framework ("NQF") levels 1 to 4, making it the first and only landfill management company in southern Africa to receive such accreditation. This provides Enviro-Fill with the opportunity to share its expertise with other government sectors to ensure a cleaner and healthier environment for the future. Enviro-Fill is identifying training institutions to partner in order to maximise exposure and training opportunities.

Enviro-Fill has also acquired a 51% stake in Envitech Projects (Pty) Limited, a company specialising in waste to energy projects throughout Southern Africa, and is actively exploring numerous promising opportunities in this regard.

CEO'S REVIEW (continued)

Through its international subsidiaries Enviro-Fill continues to provide landfill management services in Namibia and Swaziland whilst continuing to explore certain additional opportunities in the provision of waste management systems and landfill site management.

APPRECIATION

I would like to take this opportunity to thank the Group's directors and staff for their hard work and support throughout the year. Their tireless endeavours have not only seen the listing of Interwaste Holdings Limited, but have also grown the business by 34 percent and provided the basis from which the Group will continue to grow in the future. Their contribution in this regard cannot be over emphasised. It is only through the employment and retention of such competent, effective personnel that the Group is in a position to pursue its growth objectives and to retain its competitive edge.

CONCLUSION

Although the Group achieved fantastic progress in revenue generation and market penetration, it fell short in terms of financial deliverables. The Group's focus in 2008 will be on turning all its operations into a profit situation. We are confident that a solid platform for growth has been put in place and that we will be in a position to meet expectations in the coming financial year.

Finally, I wish to extend my thanks to all the Group's customers, stakeholders and suppliers for their support over the years, and continued support into the future.

Alan Willcocks
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Interwaste Holdings Limited is listed on the Alternative Exchange ("ALT^{X}") of the JSE Limited ("JSE"). The Board of Directors ("the Board") is subject to, supports and adheres to the principles of transparency, integrity and accountability contained in the Code of Corporate Practices and Conduct recommended by the 2002 King Report on Corporate Governance for South Africa ("King Code"), as well as the Listings Requirements of the JSE.

STATEMENT OF COMPLIANCE

The Listings Requirements of the JSE Limited require that listed companies report on the extent to which they comply with the principles incorporated in the King Code.

Based on the information set out in this Corporate Governance Statement, the Board has committed itself to apply the principles of the King Code on an ongoing basis. The Board recognises that, although all the required policies and procedures have been approved by the Board, there can always be improvement and will therefore review progress annually.

The directors are taking the necessary steps to ensure that the Company is fully compliant with The Corporate Laws Amendment Act 24 of 2006 ("CLAA") which came into effect on 14 December 2007. Changes have been made to the composition of the Audit Committee to bring it in line with the provisions of the CLAA.

THE BOARD

As recommended by the King Code, the roles of the Chairman and the Chief Executive Officer are separate. As at the date of this report, the Board comprises five executive directors and two non-executive directors of whom one is an independent non-executive director.

Gavin Tipper was appointed to the Board as an independent non-executive director with effect from 8 April 2008 and Stan Jewaskiewitz, previously a non-executive director, was appointed as an executive director on 8 April 2008.

The independent director receives no benefits from the company for his service as a director, other than his director fees.

In terms of the company's articles of association, one third of the directors are subject, by rotation, to retirement and re-election at the annual general meeting in terms of the company's articles of association. Messrs Ethan Dube and Alan Willcocks, being eligible, have offered themselves for re-election. Further all new director appointments are required to retire at the following annual general meeting. Shareholders will be asked to confirm the appointment of Gavin Tipper at the forthcoming annual general meeting.

The biographical details for each of the directors are set out on pages 4 and 5 of the Annual Report.

THE CHAIRMAN

As the Chairman, Ethan Dube, a non-executive director, ensures the smooth functioning of the Board in the interests of good governance and provides overall leadership to the Board without limiting the principle of collective responsibility for Board decisions. He ensures that the Board remains efficient, focused and operates as a unit. He is further responsible for representing the Board to the shareholders and indirectly to the general public for performance.

THE CHIEF EXECUTIVE OFFICER ("CEO")

As the CEO, Alan Willcocks ensures that the day-to-day business affairs of the company are appropriately monitored and managed. While ensuring that the company has an effective management team, he develops and recommends to the Board annual business plans and budgets that support the company's long-term strategy and strives to achieve the company's financial and operating goals and objectives. Alan is responsible for representing the Board to shareholders, maintains relations and deals with the questions raised by shareholders.

RESPONSIBILITIES OF THE BOARD

To ensure that the company has a policy evidencing a clear division of responsibilities at Board level, the Board approved a Board Charter which sets out matters reserved for the Board, the responsibilities of the Board as a whole as well as the responsibilities of each director.

Among other obligations, the Board provides strategic direction to the company, agrees to the appointment of the CEO and ensures that a succession plan is in place. It strives to exercise leadership, integrity and judgement, based on fairness,

CORPORATE GOVERNANCE REPORT (continued)

accountability, responsibility and transparency. It determines the company's purpose, values and stakeholders relevant to its business and develops strategies combining all three elements. The Board ensures that procedures are in place to monitor and evaluate the implementation of its strategies, policies, senior management performance criteria and business plans. The Board ensures that the company complies with all relevant laws, regulations and codes of best business practice, and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly.

BOARD MEETINGS AND ATTENDANCE

The Board will be meeting regularly, at least every quarter and as and when circumstances or decisions require. The Board met twice from the date of the company's listing on 14 June 2007 to the year ended 31 December 2007. The Company Secretary acts as Secretary to the Board and attends all meetings.

Details of the attendance at the meetings is provided in the table on page 15 of this annual report.

APPOINTMENTS TO THE BOARD

The Board has approved a policy to ensure that all appointments are formal, transparent and a matter for the Board as a whole. The Company Secretary ensures that a detailed fit and proper test is conducted before any candidates are considered by the Board for appointment.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board appointed Allen de Villiers as the Company Secretary with effect from 1 February 2008.

The Company Secretary informs and provides the Board with updates to legislation, regulation and best practice at every Board meeting. The Company Secretary further advises the Board on the appropriate procedures for the management of meetings and the implementation of governance procedures. As Company Secretary, Allen is further responsible for providing the Board collectively, and each director individually, with guidance on the discharge of their responsibilities in terms of the legislation and regulatory requirements applicable to South Africa.

BOARD COMMITTEES

While the Board remains accountable and responsible for the performance and affairs of the company, it delegates to management and Board committees certain functions to assist it to properly discharge its duties. The Board currently only has one Board committee namely the Audit Committee.

AUDIT COMMITTEE

During the financial year ended 31 December 2007, the Audit Committee comprised Stan Jewaskiewitz (Chairman) and Ethan Dube. Subsequent thereto, Stan Jewaskiewitz resigned from the committee as Chairman and member and Gavin Tipper was appointed in his stead, effective 8 April 2008.

The Audit Committee met twice from the date of the company's listing on 14 June 2007 to the year ended 31 December 2007. As required in terms of the JSE Listings Requirements, the company's Designated Advisor is a member thereof and is required to attend all meetings. The Financial Director, Neels Venter, is invited to the Audit Committee meetings.

The Chairman of the Audit Committee reports at each scheduled meeting of the Board and minutes of the Audit Committee meeting are provided to the Board. The Chairman of the Audit Committee will attend the annual general meetings to answer questions raised by shareholders.

The Company Secretary acts as Secretary to the Audit Committee and attends all meetings.

Details of the attendance at the meetings is provided in the table on page 15 of this annual report.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The scope of this committee includes risk management as well as compliance with the Listings Requirements of the JSE. The terms of reference of the Audit Committee was amended to ensure compliance with the CLAA.

Among others, the main responsibilities of the Audit Committee are to:

- Review and recommend to the Board for approval the company's annual reports, interims and provisional reports;
- Receive the external auditor's report;

CORPORATE GOVERNANCE REPORT (continued)

- Review and make recommendations to the Board relating to the preparation of the financial statements of the Group;
- Evaluate and approve the external auditor's plans, findings, reports and audit fees;
- Consider with the Internal Audit department and the external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues;
- Review any legal matters which could significantly impact the financial statements;
- Ensure that non-audit services will not be obtained from the external auditors where the provisions of such services could impair audit independence; and
- Ensure compliance with applicable legislation and requirements of regulatory authorities.

The Board approved detailed terms of reference for the Audit Committee and further approved the principles set out by the Audit Committee for recommending the use of the external auditors for non-audit services.

ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS

Director	Two Board meetings held during the year Attendance	Two Audit Committee meetings held during the year Attendance	Category
Ethan Dube	2	2	Non-executive
Leon Grobbelaar	1	N/A	Executive
Stan Jewaskiewitz [1]	2	2	Executive
Gavin Tipper [2]	0	0	Independent non-executive
Neels Venter	2	2 (By invitation)	Executive
Bronwyn Willcocks	2	2 (By invitation)	Executive
Alan Willcocks	2	N/A	Executive

Notes:

1. *Stan Jewaskiewitz, previously a non-executive director, was appointed as an executive director on 8 April 2008.*
2. *Gavin Tipper was appointed as an independent non-executive director and Chairman of the Audit Committee on 8 April 2008.*

INTERESTS IN CONTRACTS

The interests in contracts by directors is disclosed in note 27 to the annual financial statements. Directors are required to disclose their interests in contracts at every Board meeting. Directors will be required to inform the Board timeously of conflicts or potential conflicts of interests they may have in relation to particular items of business and recuse themselves from discussions or decisions on matters in which they have a conflicting interest.

RELATIONS WITH SHAREHOLDERS

The company's website provides the latest and historical financial and other information, including the financial reports.

The Board encourages shareholders to attend its annual general meeting, notice of which is contained in this annual report, where shareholders will have the opportunity to put questions to the Board, including the Chairman of the Audit Committee.

The company will maintain dialogue with its key financial audiences, especially institutional shareholders and analysts, by presentations at the time of publishing interim or final results.

DIRECTORS' SHARE DEALINGS

Directors may not deal in the company's shares without first advising and obtaining clearance from the CEO and the Financial Director. The CEO and Financial Director may not deal in the company's shares without first advising and obtaining

CORPORATE GOVERNANCE REPORT (continued)

clearance from the Board. No director or senior manager may trade in Interwaste Holdings shares during closed periods as defined in the JSE Listings Requirements. The Company Secretary informs the directors of the closed periods. The directors of the company keep the Company Secretary advised of all their dealings in securities.

GOING CONCERN

The annual financial statements contained in this annual report have been prepared on the going concern basis.

The directors report that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the annual financial statements.

EMPLOYMENT EQUITY

An affirmative action programme forms part of the Group's business plan. Interwaste Holdings offers equal opportunities to all employees. It seeks to provide a work environment in which individuals of ability and commitment are able to develop their careers regardless of their background, race, religion or gender.

Interwaste Holdings fully supports the government's initiative to achieve greater equity in the workplace and management of all Group companies and is fully committed to complying with the Employment Equity Act of 1998 (as amended). Co-ordinating committees ensure that Group companies achieve their employment equity objectives and that policies are properly implemented.

CONTENTS

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF INTERWASTE HOLDINGS LIMITED AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of Interwaste Holdings Limited and its subsidiaries, which comprise the directors' report, the balance sheet as at 31 December 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 21 to 58.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act.

RSM Betty & Dickson (Johannesburg)

RSM Betty & Dickson (Johannesburg)
Per: **John Jones** (*Partner*)

Randburg
14 April 2008

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the period ended 31 December 2007

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 31 December 2008 and, in the light of this review and the current financial position, they are satisfied that the company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 18.

The financial statements set out on pages 21 to 58, which have been prepared on the going concern basis, were approved by the Board of Directors and were signed on its behalf by:

Alan Willcocks
Director

14 April 2008

Neels Venter
Director

14 April 2008

CERTIFICATE BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 1973, as amended, that for the year ended 31 December 2007, 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

AUDIT COMMITTEE REPORT

The Corporate Laws Amendment Act 24 of 2006 ("CLAA") came into effect on 14 December 2007. The composition of the Audit Committee was therefore changed by the Board of Directors in order to bring it in line with the provisions of the CLAA. Prior to the commencement of the CLAA the Committee comprised Messrs SM Jewaskiewitz and EG Dube. Subsequent thereto, SM Jewaskiewitz resigned as Chairman of the Audit Committee and GR Tipper was appointed in his stead.

During the financial year ended, in addition to the duties set out in the Audit Committee's Terms of Reference (a summary is provided on pages 14 and 15 of the Corporate Governance Report), the Audit Committee carried out its functions as follows:

- Nominated the appointment of RSM Betty & Dickson (Johannesburg) as the registered independent auditor after satisfying itself through enquiry that RSM Betty & Dickson (Johannesburg) is independent as defined in terms of the CLAA;
- Determined the fees to be paid to RSM Betty & Dickson (Johannesburg) and their terms of engagement;
- Ensured that the appointment of RSM Betty & Dickson (Johannesburg) complied with the CLAA and any other legislation relating to the appointment of auditors; and
- Approved a Non-Audit Services Policy which determines the nature and extent of any non-audit services which RSM Betty & Dickson (Johannesburg) may provide to the company.

RSM Betty & Dickson (Johannesburg) do not provide non-audit services to the company and therefore it was not necessary for the Audit Committee to pre-approve any proposed contracts for such services by the auditors.

The Audit Committee has satisfied itself through enquiry that RSM Betty & Dickson (Johannesburg) and Mr John Jones, the designated auditor, are independent of the company.

The Audit Committee recommended the financial statement for the year ended 31 December 2007 for approval to the Board. The Board has subsequently approved the financial statements which will open for discussion at the forthcoming annual general meeting.

Stan Jewaskiewitz
Audit Committee Chairman

14 April 2008

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the 12 months ended 31 December 2007.

1. INCORPORATION

The company was incorporated on 29 November 2006 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The company is a holding company of operating subsidiaries engaged in the disposal of waste, the managing of waste management facilities and in the conversion of waste to compost and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net profit of the Group was R23 378 102, after taxation of R8 435 455.

3. GOING CONCERN

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

4. POST BALANCE SHEET EVENTS

An agreement has been entered into with the original Inter-Waste (Proprietary) Limited, Enviro-Fill (Proprietary) Limited and Ex-Waste (Proprietary) Limited vendors, being the Wilco Family Trust, GL Share Trust, Kusasa Trust, Tibiyo Ta Mbuyze Trust, Frilma Family trust and Ex-Waste (Proprietary) Limited to the effect that 90 000 000 Interwaste Holdings Limited ("Interwaste") ordinary shares issued to the vendors will be cancelled as a result of which the issued ordinary share capital and share premium of Interwaste Holdings Limited will be reduced by 90 000 000 ordinary shares. The cancellation of the shares will be subject to shareholders' approval and the Johannesburg Stock Exchange Limited Listings Requirements, failing which the terms of the agreement shall be deemed to be of no force and effect and the vendors shall then be entitled to the full number of the Interwaste Holdings Limited shares issued and allotted to them.

In the event that the company's headline earnings for the year ending 31 December 2008 exceed R32.8 million then the vendors will be entitled to a pro-rata claw-back of the ordinary shares previously cancelled, in pursuance of which the relevant number of Interwaste Holding Limited ordinary shares will be re-issued. The pro-rata claw-back will be based on headline earnings achieved in excess of R32,8 million and up to R43,3 million.

Had the cancellation of shares been in place for the year ended 31 December 2007, the company's earnings and headline earnings per share for the year ended 31 December 2007 would have been 10,6 cents and 9,5 cents respectively and the diluted earnings and headline earnings per share would have been 10,4 cents and 9,3 cents respectively.

The waste management business was recently awarded three tenders to the value of approximately R7 million over a two year period from Portnet, Metro Rail Johannesburg and the City of Cape Town Electricity Department. These tenders will not require any additional capital expenditure.

The Group received a record of decision from the Gauteng Department of Agriculture, Conservation, Environment and Land Affairs comprising the approval of a permit to operate a hazardous waste treatment/processing/storage facility at Inter-Waste's Germiston Transport Depot. This is a strategic step and allows the Group to process hazardous waste streams at the site in large quantities, a service which the Group could previously not offer. The hazardous waste treatment facility will offer an alternative to hazardous landfill for many large industrial customers.

Other than the above the directors are not aware of any matter or circumstance arising since the end of the financial year relevant to an assessment of the financial statements as at 31 December 2007.

5. AUTHORISED AND ISSUED SHARE CAPITAL

ALTERATIONS TO AUTHORISED SHARE CAPITAL

Interwaste Holdings was incorporated with an authorised ordinary share capital of R1 000, divided into 1 000 ordinary shares having a par value of R1,00 each.

The company passed special resolutions on 9 May 2007 to:

(1) Sub-divide its authorised share capital of 1 000 ordinary shares at R1,00 each into 10 000 000 ordinary shares of 0,01 cent each;

(2) Increase its authorised share capital from R1 000 to R50 000 by the creation of 490 000 000 ordinary shares of 0,01 cent each.

DIRECTORS' REPORT

(continued)

ISSUE OF SHARES

(1) Issued 254 579 551 ordinary shares of 0,01 cent each on 14 June 2007 at the par value thereof plus an aggregate premium of R97 001 675 to existing shareholders.

(2) Issued 2 400 000 ordinary shares of 0,01 cent each on 14 June 2007 at the par value thereof plus an aggregate premium of R2 399 760 in settlement of the fund raising fees payable by Interwaste Holdings to the Designated Advisor.

(3) Issued 80 000 000 ordinary shares of 0,01 cent each on 14 June 2007 at the par value thereof plus an aggregate premium of R79 992 000 in terms of the private placement.

(4) Issued 7 000 000 ordinary shares of 0,01 cent each on 22 June 2007 at the par value thereof plus an aggregate premium of R6 999 300 to the Interwaste Share Incentive Trust

As a result of the above issues and conversions, share premium of R184 268 757 was raised after accounting for share issue expenses.

6. BORROWING LIMITATIONS

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

7. SHARE INCENTIVE TRUST

Refer to note 31 for detail about share-based payments during the current year.

8. NON-CURRENT ASSETS

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

9. DIVIDENDS

No dividends were declared or paid to shareholders during the year ended 31 December 2007.

10. ACCOUNTING POLICIES

The audited statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretation adopted by the International Accounting Standards Board ("IASB"), the Listings Requirements of the JSE Limited and the Companies Act, 61 of 1973 as amended, and are consistent with those applied to the 30 June 2007 interim results.

11. DIRECTORS

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

WAH Willcocks
BL Willcocks
EG Dube (non-executive Chairperson)
LC Grobbelaar
CR Venter (Resigned 20 May 2008)
SM Jewaskiewitz
G Tipper (independent director)
I John (Appointed 20 May 2008)

Mr SM Jewaskiewitz resigned as a non-executive director and became an executive director on the Board with effect from 8 April 2008. Mr G Tipper was appointed to the Board as an independent director on 8 April 2008.

In terms of the company's articles of association Messrs EG Dube and WAH Willcocks retire by rotation at the annual general meeting. Further all new director appointments shall retire at the following annual general meeting. Shareholders will be asked to confirm the appointment of Mr G Tipper.

All directors are eligible for re-election.

12. SECRETARY AND REGISTERED ADDRESS

The secretary of the company, appointed by the Board on 1 February 2008, is Allen Stuart de Villiers BA LLB Dip Tax Practice.

The company's registered address is:

Corner of Avocet and Bromhof Roads, Bromhof, 2154

DIRECTORS' REPORT
(continued)

13. DIRECTORS' INTERESTS

At 31 December 2007 the directors and their associates (as defined in terms of the JSE Listings Requirements) had the following direct and indirect beneficial interests in the share capital of the company:

		Number of shares	
	2007 Direct	2007 Indirect	%
Executive directors			
LC Grobbelaar	–	12 016 918	3,50
SM Jewaskiewitz [1]	–	20 000	0,006
CR Venter	–	12 766 917	3,71
BL Willcocks	–	79 050 606	22,98
WAH Willcocks	–	79 050 606	22,98
	–	182 905 047	
Non-executive directors			
EG Dube	–	47 500 000	13,81
G Tipper [2]	–	–	
	–	47 500 000	

Notes:
(1) SM Jewaskiewitz changed from a non-executive director to an executive director with effect from 8 April 2008.
(2) Mr G Tipper appointed to the Board as a non-executive director with effect from 8 April 2008.

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

14. MAJOR SHAREHOLDERS

Details of the interests of shareholders who are directly or indirectly beneficially interested in 5% or more of the company's share capital, are included on page 60 of the annual report.

15. INTEREST IN SUBSIDIARIES

Name of subsidiary	Net income/(loss)after tax
Inter-Waste (Proprietary) Limited	R9 857 411
Enviro-Fill (Proprietary) Limited	R10 992 604
Interwaste Properties (Proprietary) Limited	(R21 371)

16. SPECIAL RESOLUTIONS

At a general meeting of the shareholders on 09 May 2007 it was resolved that the share capital of the company be increased from R1 000 divided into 1 000 ordinary shares of 100 cents each to R50 000 divided into 500 000 000 ordinary shares of 1 cent each by creation of 490 000 000 new ordinary shares of 1 cent each ranking *pari passu* in all respects with existing ordinary shares in the capital of the company.

No special resolutions were passed by any subsidiary company since the date of the previous directors' report.

17. AUDITORS

RSM Betty & Dickson (Johannesburg) will continue in office in accordance with section 270(2) of the Companies Act. Mr John Jones will be appointed as the individual registered auditor who will undertake the audit of the company for the ensuing year.

Signed on behalf of the Board

EG Dube
Chairman

WAH Willcocks
Chief Executive Officer

Corner of Avocet and Bromhof Roads,
Bromhof, Gauteng,
South Africa

14 April 2008

BALANCE SHEET

as at 31 December 2007

Figures in Rand	Notes	Group 2007	Company 2007	Company 2006
ASSETS				
Non-current assets				
Property, plant and equipment	3	195 566 173	–	–
Investments in subsidiaries	40	–	102 773 575	–
Goodwill	4	48 331 995	–	–
Intangible assets	5	179 200	–	–
		244 077 368	102 773 575	–
Current assets				
Inventories	6	24 562 240	–	–
Loans receivable	7	120 000	–	–
Loans to shareholders	8	1 200 099	1 200 099	100
Trade and other receivables	9	90 576 131	705 193	–
Deposits	10	2 311 200	–	–
Operating lease asset	11	419 454	–	–
Loans to group companies	40	–	56 523 210	–
Cash and cash equivalents	12	36 082 126	27 213 401	–
		155 271 250	85 641 903	100
Total assets		399 348 618	188 415 478	100
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of parent				
Share capital	13	177 303 155	184 303 155	100
Reserves		666 429	666 429	–
Retained income		21 030 290	2 722 344	–
Minority interest		2 337 489	–	–
Total equity		201 337 363	187 691 928	100
LIABILITIES				
Non-current liabilities				
Other financial liabilities	14	67 746 811	–	–
Operating lease liability	11	229 526	–	–
Deferred tax	15	17 135 838	–	–
		85 112 175	–	–
Current liabilities				
Loans from shareholders	8	71 950	–	–
Other financial liabilities	14	45 955 299	–	–
Current tax payable		4 267 486	594 099	–
Trade and other payables	16	49 730 959	129 451	–
Dividend payable		157 500	–	–
Bank overdraft	12	12 715 886	–	–
		112 899 080	723 550	–
Total liabilities		198 011 255	723 550	–
Total equity and liabilities		399 348 618	188 415 478	100

INCOME STATEMENT

for the period ended 31 December 2007

Figures in Rand	Notes	Group 2007	Company 2007	Company 2006
Revenue	17	335 545 560	–	–
Cost of sales	18	(174 841 022)	–	–
Gross profit		160 704 538	–	–
Other income		7 296 110	–	–
Operating expenses		(126 026 188)	(825 233)	–
Operating profit/(loss)	19	41 974 460	(825 233)	–
Investment revenue	20	2 744 553	4 167 106	–
Finance costs	21	(12 905 456)	(25 430)	–
Profit before taxation		31 813 557	3 316 443	–
Taxation	22	(8 435 455)	(594 099)	–
Profit for the period		23 378 102	2 722 344	–
Attributable to:				
Equity holders of the parent		22 430 290	–	–
Minority Interest		947 812	–	–
Earnings per share (cents)	35	7,44	–	–
Fully diluted earnings per share (cents)	35	7,35	–	–

No 2006 Group comparatives are available because acquisition and restructuring took place on 1 January 2007.

STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2007

Figures in Rand	Share capital	Share premium	Total share capital	Share-based payment reserve	Retained income	Total attributable to equity holders of the group/company	Minority interest	Total equity
Group								
Balance at 01 January 2007	**100**	**–**	**100**	**–**	**–**	**100**	**–**	**100**
Changes in equity								
At acquisition of subsidiary	–	–	–	–	–	–	1 389 677	1 389 677
Net income (expenses) recognised directly in equity	–	–	–	–	–	–	1 389 677	1 389 677
Profit for the year	–	–	–	–	22 430 290	22 430 290	947 812	23 378 102
Total recognised income and expenses for the period	–	–	–	–	22 430 290	22 430 290	2 337 489	24 767 779
Issue of shares	34 298	184 268 757	184 303 055	–	–	184 303 055	–	184 303 055
Treasury shares	(700)	(6 999 300)	(7 000 000)	–	–	(7 000 000)	–	(7 000 000)
Employees' share option scheme:								
Share option expenses	–	–	–	666 429	–	666 429	–	666 429
Dividends	–	–	–	–	(1 400 000)	(1 400 000)	–	(1 400 000)
Total changes	33 598	177 269 457	177 303 055	666 429	21 030 290	198 999 774	2 337 489	201 337 263
Balance at 31 December 2007	**33 698**	**177 269 457**	**177 303 155**	**666 429**	**21 030 290**	**198 999 874**	**2 337 489**	**201 337 363**
Company								
Balance at 29 November 2006	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Changes in equity								
Issue of shares	100	–	100	–	–	100	–	100
Total changes	100	–	100	–	–	100	–	100
Balance at 01 January 2007	**100**	**–**	**100**	**–**	**–**	**100**	**–**	**100**
Changes in equity								
Profit for the year	–	–	–	–	2 722 344	2 722 344	–	2 722 344
Issue of shares	34 298	184 268 757	184 303 055		–	184 303 055	–	184 303 055
Employees' share option scheme:								
Share option expenses	–	–	–	666 429	–	666 429	–	666 429
Total changes	34 298	184 268 757	184 303 055	666 429	2 722 344	187 691 828	–	187 691 828
Balance at 31 December 2007	**34 398**	**184 268 757**	**184 303 155**	**666 429**	**2 722 344**	**187 691 928**	**–**	**187 691 928**

CASH FLOW STATEMENT

for the period ended 31 December 2007

Figures in Rand	Notes	Group 2007	Company 2007	Company 2006
Cash flows from operating activities				
Cash receipts from customers		299 149 609		
Cash paid to suppliers and employees		(272 068 967)		
Cash generated from operations	23	27 080 642	(734 546)	–
Interest income		1 476 726	2 899 279	–
Dividends received		1 267 827	1 267 827	–
Finance costs		(12 905 456)	(25 430)	–
Tax paid	24	(16 353 349)	–	–
Net cash from operating activities		566 390	3 407 130	–
Cash flows from investing activities				
Loans advanced to group companies		–	(56 523 210)	–
Purchase of property, plant and equipment	3	(98 380 083)	–	–
Sale of property, plant and equipment		13 461 294	–	–
Purchase of other intangible assets	5	(179 200)	–	–
Acquisition of subsidiaries	25	(1 541 643)	(102 773 575)	–
Loans advanced		(120 000)	–	–
Net cash applied to investing activities		(86 759 632)	(159 296 785)	–
Cash flows from financing activities				
Proceeds on share issue		82 400 000	184 303 055	–
Advances to shareholders		–	(1 199 999)	–
Proceeds from other financial liabilities		36 683 097	–	–
Advances to shareholders		(1 882 377)	–	–
Dividends paid	26	(3 117 500)	–	–
Share issue expenses		(4 523 738)	–	–
Net cash from financing activities		109 559 482	183 103 056	–
Total cash movement for the period		23 366 240	27 213 401	–
Cash at the beginning of the period		–	–	–
Total cash at the end of the period	12	23 366 240	27 213 401	–

ACCOUNTING POLICIES

for the period ended 31 December 2007

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

The preparation of financial statements in conformity with IFRS requires use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.1.

1.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, the reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Inventory

Management makes use of assumptions and methods to quantify the compost on hand based on each compost windrow length, width and sloping heights and by the use of trigonometry rules.

Allowance for doubtful debts

Past experience indicates a reduced prospect of collecting debtors over the age of three months. Debtors' balances older than three months are regularly assessed by management and provided for at their discretion.

Provisions

Company

Provisions were raised and management determined an estimate based on the information available.

Allowance for slow moving, damaged and obsolete stock.

Any stock that is physically identified as slow moving, damaged or obsolete is written off when discovered.

Options granted

Management used the Hull and White (2004) model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 31.

Impairment testing

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

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 further in note 1.2

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Taxation (continued)

The company 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 company to make significant 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 company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be applied.

Leases

Management has applied its judgement to classify all lease agreements that the company is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership to the company. Furthermore, as the operating lease in respect of premises is only for a relatively short period of time, management has made a judgement that it would not be meaningful to classify the lease into separate components for the land and for the buildings for the current lease, and the agreement will be classified in its entirety as an operating lease.

Group financial statements

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

Consolidation of special purpose entities

Management has applied its judgement in assessing whether the commercial and economic relationship with related entities is tantamount to control. If control exists, the relationship of control has been recognised in terms of IAS 27 and SIC12.

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Day to day expenses incurred on property, plant and equipment are expensed directly in profit or loss for the period. Major maintenance that meets the recognition criteria is capitalised.

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.

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

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

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

ACCOUNTING POLICIES

for the period ended 31 December 2007 (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Item	Average useful life
Bins and containers	15 years (straight line)
Furniture and office equipment	3 to 6 years (straight line)
IT equipment and software	3 years (straight line)
Leasehold improvements	Term of the lease (straight line)
Mobile offices	6 years (straight line)
Motor vehicles	4 to 5 years (straight line)
Tools and workshop equipment	5 years (straight line)
Treatment plant and weighbridges	
• Weighbridges	4 to 10 years (straight line)
• Treatment plant	10 000 hours (per hour)
Trucks, trailers and machinery	4 to 8 years (straight line)
Machinery	4 to 20 years (straight line)
Composting equipment	4 to 20 years (straight line)
Land	50 years (straight line)

The residual value and the useful life of each asset are reviewed at each financial period-end.

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 shall be 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.

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

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

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

1.3 GOODWILL

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

Subsequently goodwill is carried at cost less any accumulated impairment.

The excess of the company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 INTANGIBLE ASSETS

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

ACCOUNTING POLICIES

for the period ended 31 December 2007 (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.4 INTANGIBLE ASSETS (continued)

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

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

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

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

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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

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

1.5 INVESTMENTS IN SUBSIDIARIES

Company financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

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

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

Group financial statements

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

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

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

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

1.6 FINANCIAL INSTRUMENTS

Initial recognition

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

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

ACCOUNTING POLICIES

for the period ended 31 December 2007 (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.6 FINANCIAL INSTRUMENTS (continued)

Subsequent measurement

After initial recognition financial assets are measured as follows:

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

After initial recognition financial liabilities are measured as follows:

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

Gains and losses

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

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

Derecognition of financial instruments

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

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Impairment of financial assets

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

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

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

Shareholders' loan

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

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.6 FINANCIAL INSTRUMENTS (continued)

Loans to (from) group companies

These include loans to and from fellow subsidiaries and subsidiaries.

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

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are carried at amortised cost less any impairments. Impairment is determined on a specific basis, whereby each asset is individually evaluated for impairment indicators. Write-downs of these assets are expensed in profit or loss.

Trade and other payables

Trade and other payables are classified as financial liabilities.

Cash and cash equivalents

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

Borrowings

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

Available-for-sale financial assets

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

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

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

Loans and receivables

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

1.7 TAX

Current tax assets and liabilities

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

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

ACCOUNTING POLICIES

for the period ended 31 December 2007 (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.7 TAX (continued)

Deferred tax assets and liabilities

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

A deferred tax liability is recognised for all taxable temporary differences, unless specifically exempt.

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 an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

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

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

Tax expenses

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

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

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

1.8 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.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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

1.9 INVENTORIES

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

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

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

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.9 INVENTORIES (continued)

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

1.10 IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

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

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- Tests goodwill acquired in a business combination for impairment annually.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

ACCOUNTING POLICIES
for the period ended 31 December 2007 (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.11 SHARE CAPITAL AND EQUITY

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

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

Shares in the company held by the Share Incentive Trust are classified as treasury shares. The cost of these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation.

1.12 SHARE-BASED PAYMENTS

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

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

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

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

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

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

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

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

1.13 EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.13 EMPLOYEE BENEFITS (continued)

Defined contribution plans

Group

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

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

1.14 REVENUE

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

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company 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 company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

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

Contract revenue comprises:

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

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

Gross revenue comprises the invoice value of services rendered and sales of compost and excludes advertising levies and VAT.

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

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

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

1.15 COST OF SALES

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

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.15 COST OF SALES (continued)

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

Contract costs comprise:

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

1.16 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At each balance sheet date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement item are translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in the translation reserve and recognised in profit or loss on disposal of the net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.18 PROVISIONS AND CONTINGENCIES

Company

Provisions are recognised when:

- The company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. CHANGES IN ACCOUNTING POLICY AND ADOPTION OF NEW PRONOUNCEMENTS

The financial statements have been prepared in accordance with IFRS on a basis consistent with the prior period except for the adoption of the following improved, revised or new standards and interpretations:

IFRS 7 (AC 144)	Financial Instruments: Disclosures **
IAS 1 (AC 101)	Amendment to IAS 1 Capital Disclosures **
IFRIC 8	Scope of IFRS 2 **
IFRIC 9	Reassessment of Embedded Derivatives **
IFRIC 10	Interim Financial Reporting and Impairment **
IFRIC 11	IFRS 2 Group and Treasury Share Transactions **
AC 503	Accounting for Black Empowerment Transactions

** Improved*
*** Revised*
**** New*

IFRS 7 (AC 144) FINANCIAL INSTRUMENTS: DISCLOSURES

The impact of the adoption of IFRS 7 has been to expand the disclosures provided in these financial statements regarding the company's financial instruments.

The aggregate effect of the changes in accounting policy on the financial statements for the year ended 31 December 2007 is nil.

The entity has not applied the following improved, revised or new standards, interpretations and amendments that have been issued but are not yet effective:

Standard, interpretation or amendment		**Effective date***
IAS 1 (AC101)	(Amended) Presentation of Financial Statements **	01 January 2009
IAS 23	(Amended) Borrowing Costs **	01 January 2009
IFRS 8 (IAS 14)	Operating Segments **	01 January 2009
IFRIC 12	Service Concession Arrangements **	01 January 2008
IFRIC 13	Customer Loyalty Programmes **	01 July 2008
IFRIC 14 (IAS 19)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction **	01 January 2008
IFRS 2	(Amended) Share-Based Payments	01 January 2009
IFRS 3	(Revised) Business Combinations	01 July 2009
IAS 27	(Revised) Consolidated and Separate Financial Statements	01 July 2009
IAS 28	(Revised) Investments in Associates	01 July 2009
IAS 31	(Revised) Interests in Joint Ventures	01 July 2009
IAS 32	(Amended) Financial Instruments	01 January 2009

** Effective for year-ends commencing on or after this date*
*** Available for early adoption for 31 December 2007 year-ends*

The entity will adopt the above standards, interpretations and amendments on their effective dates. Management expect that the adoption of the standards listed above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Cost	2007 Accumulated depreciation	Carrying value

3. PROPERTY, PLANT AND EQUIPMENT

Bins and containers	30 987 161	(7 829 760)	23 157 401
Composting equipment	6 438 173	(436 288)	6 001 885
Furniture, fixtures and office equipment	1 986 704	(1 405 633)	581 071
IT equipment	8 096 556	(5 119 276)	2 977 280
Land and buildings	3 372 836	–	3 372 836
Leasehold property	2 015 723	(472 207)	1 543 516
Lifting and other equipment	59 347 512	(11 905 250)	47 442 262
Mobile offices	1 390 307	(406 103)	984 204
Motor vehicles	19 781 371	(1 766 148)	18 015 223
Treatment plant and weighbridges	11 183 730	(2 729 953)	8 453 777
Tools and workshop equipment	715 086	(326 261)	388 825
Trucks and trailers	109 417 560	(26 769 667)	82 647 893
Total	254 732 719	(59 166 546)	195 566 173

Reconciliation of property, plant and equipment – 2007

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Bins and containers	–	4 476 325	20 010 060	(11 261)	(1 317 723)	23 157 401
Composting equipment	–	4 207 463	2 140 636	(46 408)	(299 806)	6 001 885
Furniture, fixtures and office equipment	–	329 211	545 523	(62 592)	(231 071)	581 071
IT equipment	–	1 839 566	2 632 318	–	(1 494 604)	2 977 280
Land	–	382 356	2 990 480	–	–	3 372 836
Leasehold property	–	832 268	1 000 542	–	(289 294)	1 543 516
Lifting and other equipment	–	24 543 618	28 595 759	(1 482 788)	(4 214 327)	47 442 262
Mobile offices	–	191 998	855 911	–	(63 705)	984 204
Motor vehicles	–	14 593 773	4 607 785	(256 934)	(929 401)	18 015 223
Tools and workshop equipment	–	143 006	335 304	–	(89 485)	388 825
Treatment, plant and weighbridges	–	2 539 420	7 570 587	(1 345 157)	(311 073)	8 453 777
Trucks and trailers	–	44 301 079	55 014 352	(6 859 617)	(9 807 921)	82 647 893
	–	98 380 083	126 299 257	(10 064 757)	(19 048 410)	195 566 173

Pledged as security

Carrying value of assets pledged as security (Refer to note 14):

Trucks and trailers	82 647 893
Motor vehicles	18 015 223
Lifting and other equipment	47 442 262
Land and buildings	3 372 836

Details of properties

Land and buildings comprise stand 121, Pomona Estates Agricultural Holdings, Kempton Park held under title deed T93963/2005.

– Purchase price: 26 July 2005	2 200 000
– Additions since purchase – 2006	448 294
– Additions since purchase – 2006	342 186
– Additions since purchase – 2007	382 356
	3 372 836

The land and buildings was valued on 19 March 2008 at a market value of R3 700 000 by Walkway.

These assumptions underlying the valuation of land and buildings were based on current market conditions.

There is no material difference between the fair value of property, plant and equipment and its book value.

Figures in Rand	Cost	2007 Accumulated amortisation	Carrying value

4. GOODWILL

Goodwill	49 263 188	(931 193)	48 331 995

Reconciliation of goodwill – 2007

	Opening balance	Additions through business combinations	Total
Goodwill	–	48 331 995	48 331 995

The goodwill was acquired during the purchase of the subsidiaries Inter-Waste (Proprietary) Limited and Enviro-Fill (Proprietary) Limited on 1 January 2007.

Impairment reviews of goodwill

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

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

The recoverable amounts of goodwill identified above have been determined on the basis of value in use calculations. The value in use calculations use cash flow projections based on 2007 financial year figures, extrapolated at 22% per annum for a further five years. This five year cumulative cash flow was discounted using a weighted average cost of capital of 16,83%.

Key assumptions used in value in use calculations include estimated future Interwaste and Enviro-Fill group revenue streams. Such assumptions are based on historical results adjusted for anticipated future growth. These assumptions are a reflection of management's past experience in the market in which these units operate.

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

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

	Cost/valuation	2007 Accumulated amortisation	Carrying value

5. INTANGIBLE ASSETS

Permit for operation of treatment plant	179 200	–	179 200

Reconciliation of intangible assets – 2007

	Opening balance	Additions	Total
Permit for operation of treatment plant	–	179 200	179 200

Other information

No amortisation of the permit has been provided for as at 31 December 2007 the treatment plant and permit were not brought into use.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	2007

6. INVENTORIES

Consumables	1 247 009
Finished goods	2 722 930
Fuel	812 021
Raw materials – compost and bark	16 700 755
Work in progress	3 079 525
	24 562 240

The compost was quantified by an independent valuator, Turner & Townsend Construction and Management Consultants. Turner & Townsend are not connected to the company and have recent experience in valuation techniques.

The assumptions and methods are based each waste stockpile's length, width and sloping heights and by the use of trigonometry rules.

7. LOANS RECEIVABLE

Zeranza (Proprietary) Limited	120 000

The loan is unsecured, interest free loan and has no fixed terms of repayment.

There is no material difference between the fair value of the loan receivable and its book value.

8. LOANS TO/(FROM) SHAREHOLDERS

	Group 2007	Company 2007	Company 2006
The Wilco Family Trust	889 227	889 227	100
The loan is unsecured, interest free and has no fixed terms of repayment.			
Frilma Family Trust	71 798	71 798	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
Hamutenya & Kaulinge Investments	(35 975)	–	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
National Property Academy CC	(35 975)	–	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
Tibiyo Ta Mbuyze Trust	71 798	71 798	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
Kusasa Trust	71 798	71 798	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
GL Share Trust	71 798	71 798	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
Michael Nicholls	23 680	23 680	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
	1 128 149	1 200 099	100

There is no material difference between the fair value of the loans to/(from) shareholders and their book values.

	Group 2007	Company 2007	Company 2006
Current assets	1 200 099	1 200 099	100
Current liabilities	(71 950)	–	–
	1 128 149	1 200 099	100

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Group 2007	Company 2007	Company 2006
9. TRADE AND OTHER RECEIVABLES			
Accrued income	277 072	–	–
Deposits	195 099	–	–
Other receivable	3 731 338	–	–
Prepayments	5 527 563	–	–
Sundry debtors	455 742	–	–
Trade receivables	75 941 890	455 742	–
VAT	4 447 427	249 451	–
	90 576 131	705 193	–

Fair value of trade and other receivables

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

Trade and other receivables impaired

The amount of the provision was R708 840 as of 31 December 2007.

The ageing of these receivables is as follows:

Over four months	708 840	–	–

Reconciliation of provision for impairment of trade and other receivables

Amounts acquired as part of business combination	577 466	–	–
Provision for impairment	304 070	–	–
Amounts written off as uncollectible	(172 696)	–	–
	708 840	–	–

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

10. DEPOSITS

The deposit of R2 311 200 relates to a deposit paid for the property 18 Vickers Road, City Deep, Gauteng. There is no material difference between the fair value of the deposit and its book value.

11. OPERATING LEASE ASSET/(LIABILITY)

Opening balance	–	–	–
Movement during the year	189 928	–	–
	189 928	–	–
Current assets	419 454	–	–
Non-current liabilities	(229 526)	–	–
	189 928	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Group 2007	Company 2007	Company 2006
12. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of:			
Cash on hand	188 469	–	–
Bank balances	9 515 348	835 092	–
Short-term deposits	8 110 482	8 110 482	–
Prudential Dividend Investment Fund	18 267 827	18 267 827	–
Bank overdraft	(12 715 886)	–	–
	23 366 240	27 213 401	–
Current assets	36 082 126	27 213 401	–
Current liabilities	(12 715 886)	–	–
	23 366 240	27 213 401	–

The overdraft facilities are secured by:

Limited suretyship by Earth2Earth (Proprietary) Limited for an amount of R1 120 000, including cession of loan account.

Limited suretyship by Earth2Earth (Proprietary) Limited for an amount of R3 842 000, excluding cession of loan account.

Unlimited suretyship by Earth2Earth (Proprietary) Limited for an amount of R11 600 000, excluding cession of loan account.

Unlimited suretyship by Earth2Earth (Proprietary) Limited for an amount of R939 360 excluding cession of loan account.

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

13. SHARE CAPITAL

	Group 2007	Company 2007	Company 2006
Authorised			
500 000 000 ordinary shares of R0,0001 each	50 000	50 000	1 000
Reconciliation of number of shares issued:			
Balance brought forward	100	100	–
Issue of shares – ordinary shares	343 979 451	343 979 451	100
	343 979 551	343 979 551	100

156 020 449 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.

	Group 2007	Company 2007	Company 2006
Issued			
343 979 551 ordinary shares of R0,0001 each	34 398	34 398	100
Share premium	177 269 457	184 268 757	–
Treasury shares	(700)	–	–
	177 303 155	184 303 155	100

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Group 2007	Company 2007	Company 2006
14. OTHER FINANCIAL LIABILITIES			
Held at amortised cost			
Instalment sale agreements	111 388 182	–	–
The instalment sale agreements are payable over two to three years at an interest rates of 9,5% to 12% per annum. Secured by trucks and trailers, motor vehicles and lifting and other equipment. (Refer note 3)			
Ex-Waste (Proprietary) Limited	2 115 913	–	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
EJ Braak Environmental (Proprietary) Limited	80 664	–	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
African Scrap Metal Processing CC	27 775	–	–
The loan is unsecured, interest free and has no fixed terms of repayment.			
Absa Bank Limited	89 576	–	–
The loan bears interest at prime bank lending rates and is repayable over a period of 20 years. Secured by land and buildings with a book value of R3 372 836. (Refer note 3)			
	113 702 110	–	–
Non-current liabilities			
At amortised cost	67 746 811	–	–
Current liabilities			
At amortised cost	45 955 299	–	–
	113 702 110	–	–

There is no material difference between the fair value of other financial liabilities and their book value.

15. DEFERRED TAX

Figures in Rand	Group 2007	Company 2007	Company 2006
Deferred tax asset/(liability)			
Accelerated capital allowances	(21 769 388)	–	–
Deferred lease	(55 079)	–	–
Other originating temporary differences	496 538	–	–
STC credit	35 000	–	–
Tax losses available for set off against future taxable income	4 157 091	–	–
	(17 135 838)	–	–
Reconciliation of deferred tax asset/(liability)			
At acquisition of subsidiaries	(17 413 898)	–	–
Accelerated capital allowances	(1 603 715)	–	–
Deferred lease	(55 079)	–	–
Increase in tax losses available for set off against future taxable income	1 626 092	–	–
Other originating temporary differences	275 762	–	–
STC credit	35 000	–	–
	(17 135 838)	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Group 2007	Company 2007	Company 2006

16. TRADE AND OTHER PAYABLES

Accrued expenses	4 885 276	–	–
Deposits received	1 260	–	–
Other payables	5 403 920	–	–
Trade payables	37 718 757	61 751	–
Accrued audit fees	–	67 700	–
VAT	1 721 746	–	–
	49 730 959	129 451	–

The book value of trade and other payables is considered to be in line with their fair value at balance sheet date.

17. REVENUE

Sale of goods	222 447 686	–	–
Rendering of services	113 097 874	–	–
	335 545 560	–	–

18. COST OF SALES

Sale of goods			
Cost of goods sold	25 220 624	–	–
Rendering of services			
Cost of services	149 620 398	–	–
	174 841 022	–	–

19. OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

Interest from subsidiaries	–	1 828 135	–
Operating lease charges			
Premises			
• Contractual amounts	4 362 669	–	–
Motor vehicles			
• Contractual amounts	339 713	–	–
Equipment			
• Contractual amounts	203 916	–	–
Lease rentals			
• Contractual amounts	335 863	–	–
	5 242 161	1 828 135	–
Profit on sale of property, plant and equipment	3 396 537	–	–
Depreciation on property, plant and equipment	19 048 410	–	–
Employee costs	62 346 977	–	–
Positive goodwill on business combination	(250 575)	–	–

Figures in Rand	Group 2007	Company 2007	Company 2006

20. INVESTMENT REVENUE

	Group 2007	Company 2007	Company 2006
Dividend revenue			
Unit trusts – Local	1 267 827	1 267 827	–
Interest revenue			
Subsidiaries	–	1 828 135	–
Bank	1 476 726	1 071 144	–
	2 744 553	4 167 106	–

21. FINANCE COSTS

	Group 2007	Company 2007	Company 2006
Group			
Non-current borrowings	11 976 262	–	–
Bank	893 454	676	–
Late payment of tax	10 986	–	–
Other interest paid	24 754	24 754	–
	12 905 456	25 430	–

22. TAXATION

Major components of the tax expense/(income)

	Group 2007	Company 2007	Company 2006
Current			
Local income tax – current period	8 679 484	594 099	–
STC	31 500	–	–
Donations tax	2 545	–	–
	8 713 529	594 099	–
Deferred			
Temporary difference on tangible assets	1 603 715	–	–
Tax losses available for set off against future taxable income	(1 626 106)	–	–
Deferred lease	55 079	–	–
STC credit	(35 000)	–	–
Other deferred tax	(275 762)	–	–
	(278 074)	–	–
	8 435 455	594 099	–

Reconciliation of the tax expense	%	%	%
Reconciliation between applicable tax rate and average effective tax rate.			
Applicable tax rate	29,00	29,00	29,00
Capital gains tax	0,35	–	–
Disallowable charges	(1,74)	–	–
Exempt income	(1,70)	(11,09)	–
Temporary difference	0,59	–	–
	26,50	17,91	29,00

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Group 2007	Company 2007	Company 2006
23. CASH GENERATED FROM OPERATIONS			
Profit before taxation	31 813 557	3 316 443	–
Adjustments for:			
Depreciation and amortisation	19 048 410	–	–
Profit on sale of assets	(3 396 537)	–	–
Dividends received	(1 267 827)	(1 267 827)	–
Interest received	(1 476 726)	(2 899 279)	–
Finance costs	12 905 456	25 430	–
Positive goodwill	(250 575)	–	–
Share-based payment expense	666 429	666 429	–
Deferred lease asset	189 928	–	–
Changes in working capital:			
Inventories	(13 213 266)	–	–
Trade and other receivables	(35 580 905)	(705 193)	–
Deposits	(2 311 200)	–	–
Trade and other payables	19 953 898	129 451	–
	27 080 642	(734 546)	–
24. TAX (PAID)/REFUNDED			
Current tax for the period recognised in income statement	(8 713 529)	–	–
Adjustment in respect of businesses acquired during the period	(11 907 306)	–	–
Balance at end of the period	4 267 486	–	–
	(16 353 349)	–	–

Figures in Rand	2007

25. ACQUISITION OF BUSINESSES

Fair value of assets acquired – Inter-Waste (Proprietary) Limited	
Property, plant and equipment	93 291 817
Investments	5 339 763
Inventories	10 666 716
Trade and other receivables	40 357 132
Trade and other payables	(19 735 026)
Tax liability	(11 766 713)
Other financial liabilities	(60 473 384)
Cash	(1 930 005)
Deferred tax liability	(13 048 164)
Loans from shareholders	(682 377)
Outside shareholders	(944 975)
Total net assets acquired	41 074 784
Goodwill on acquisition	34 376 274
Purchase consideration	75 451 058
Consideration paid	
Equity	(75 451 058)
Net cash outflow on acquisition	
Cash acquired	(1 930 005)
Fair value of assets acquired – Enviro-Fill (Proprietary) Limited	
Property, plant and equipment	33 007 440
Deferred tax liability	(4 448 523)
Inventories	682 258
Trade and other receivables	14 638 094
Trade and other payables	(9 441 796)
Tax liability	(140 593)
Loans from shareholders	(71 950)
Cash	388 362
Other financial liabilities	(16 545 629)
Dividend payable	(1 875 000)
Outside shareholders	(1 389 677)
Total net assets acquired	14 802 986
Less: Existing share of net assets before acquisition	11 853 003
Purchase consideration	26 655 989
Consideration paid	
Equity	(26 655 989)
Net cash outflow on acquisition	
Cash acquired	388 362
Cash acquired – Total	(1 541 643)

On 1 January 2007 the company acquired 100% of Inter-Waste (Proprietary) Limited and Enviro-Fill (Proprietary) Limited.

The goodwill represents the future income earning capacity of the individual businesses.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	2007

26. DIVIDENDS PAID

Adjustment in respect of businesses acquired during the period	(1 875 000)
Dividends	(1 400 000)
Balance at end of the period	157 500
	(3 117 500)

27. RELATED PARTIES

Group

Relationships

Shareholder	The Wilco Family Trust
Shareholder	Frilma Family Trust
Shareholder	Tibiyo Ta Mbuyze Trust
Shareholder	Kusasa Trust
Shareholder	GL Share Trust
Shareholder	Michael Nicholls
Shareholder of Enviro-Fill Namibia (Proprietary) Limited	National Property Academy CC
Shareholder of Enviro-Fill Namibia (Proprietary) Limited	Hamutenya & Kaulinge Investments
Michael Nicholls shareholder	Ex-Waste (Proprietary) Limited
Director	EG Dube
Director	WAH Willcocks
Director	LC Grobbelaar
Director	BL Willcocks
Director	CR Venter
Director	SM Jewaskiewitz

Related party balances

Loan accounts – Owing (to)/by related parties	
The Wilco Family Trust	889 227
Frilma Family Trust	71 798
Tibiyo Ta Mbuyze Trust	71 798
Kusasa Trust	71 798
GL Share Trust	71 798
Michael Nicholls	23 680
National Property Academy CC	(31 975)
Hamutenya & Kaulinge Investments	(31 975)
Ex-Waste (Proprietary) Limited	(2 115 913)

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	2007	2006

27. RELATED PARTIES (continued)

Company

Relationships

Subsidiary	Inter-Waste (Proprietary) Limited
Subsidiary	Enviro-Fill (Proprietary) Limited
Subsidiary	Interwaste Share Incentive Trust
Sub-subsidiary	Earth2Earth (Proprietary) Limited
Sub-subsidiary	Interwaste Properties (Proprietary) Limited
Sub-subsidiary	The Metals Recovery Company (Proprietary) Limited
Sub-subsidiary	Interwaste Cleaning (Proprietary) Limited
Sub-subsidiary	Kutu Waste Management Systems (Proprietary) Limited
Sub-subsidiary	Platinum Waste Resources (Proprietary) Limited
Sub-subsidiary	Enviro-Fill Namibia (Proprietary) Limited
Director	EG Dube
Director	WAH Willcocks
Director	LC Grobbelaar
Director	BL Willcocks
Director	CR Venter
Director	SM Jewaskiewitz
Shareholder	Michael Bennet Nicholls
Shareholder	GL Share Trust
Shareholder	Kusasa Trust
Shareholder	Tibiyo Ta Mbuyze Trust
Shareholder	Frilma Family Trust
Shareholder	Wilco Family Trust

Related party balances

	2007	2006
Loan accounts – Owing (to)/by related parties		
Inter-Waste (Proprietary) Limited	**35 653 794**	–
Enviro-Fill (Proprietary) Limited	**11 536 945**	–
Interwaste Share Incentive Scheme	**7 000 000**	–
Interwaste Properties (Proprietary) Limited	**2 332 471**	–
Michael Bennet Nicholls	**23 679**	–
GL Share Trust	**71 798**	–
Kusasa Trust	**71 798**	–
Tibiyo Ta Mbuyze Trust	**71 798**	–
Frilma Family Trust	**71 798**	–
Wilco Family Trust	**889 226**	100

Related party transactions

	2007	2006
Interest paid to (received from) related parties		
Inter-Waste (Proprietary) Limited	**(1 387 392)**	–
Enviro-Fill (Proprietary) Limited	**(419 372)**	–
Interwaste Properties (Proprietary) Limited	**(21 371)**	–

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	Group 2007	Company 2007	Company 2006

28. AUDITORS' REMUNERATION

	Group 2007	Company 2007	Company 2006
Fees	678 529	245 994	–
Consulting	202 631	115 591	–
	881 160	361 585	–

29. DIRECTORS' EMOLUMENTS

Group

Executive

2007	Basic	Enter-tainment	Motor allowance	Bonus	Total
Alan Willcocks	1 466 928	3 500	100 000	–	1 570 428
Bronwyn Willcocks	977 952	3 500	–	–	981 452
Leon Grobbelaar	681 000	–	168 700	80 000	929 700
Neels Venter	696 000	–	160 000	80 000	936 000
Less: Paid by subsidiaries	(3 821 880)	(7 000)	(428 700)	(160 000)	(4 417 580)
	–	–	–	–	–

Company

No emoluments were paid to the directors during the year.

30. COMPARATIVE FIGURES

No Group comparative figures have been presented as this is the first period of operation. The company comparative period is less than a year therefore comparative amounts are not comparable to current balances.

31. SHARE INCENTIVE SCHEME

Information on options granted during the year

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

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

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

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

	2007 %
Expected volatility	47
Risk-free interest rate	8,58-9,15
Expected dividend yield	0
Expected employee exit rate	12

The expected life of the options is based on historical data and expected future trends and is not necessarily indicative of exercise patterns that may occur. The expected volatility in 2007 of 47% reflects the assumption that the historical volatilities of 47% are indicative of future trends.

The fair value of the share options that were granted over the year to 31 December 2007 is R666 429.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

31. SHARE INCENTIVE SCHEME (continued)

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

	2007	
	Number of share options	Weighted average exercise price (R)
At 1 January 2007	–	–
New allocations made	7 000 000	1,00
Redeemed allocations	–	–
Forfeited allocations	(675 000)	1,00
Outstanding at 31 December 2007	6 325 000	1,00
Average subscription price per share	1,00	1,00

The options outstanding at 31 December 2007 become unconditional on the following dates:

	2007	
	Subscription price (R)	Number of shares
13 June 2008	1,00	1 265 000
13 June 2009	1,00	1 581 250
13 June 2010	1,00	1 581 250
13 June 2011	1,00	1 897 500
		6 325 000

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

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

The Board of Directors has approved strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short- and long-term objectives and action to be taken in order to manage the financial risks that the company faces.

The major guidelines of this policy are the following:

- Minimise interest rate, currency and market risk for all kinds of transactions.
- All financial risk management activities are carried out and monitored at central level.
- All financial risk management activities are carried out on a prudent and consistent basis and following the best market practices.

The main market risks to which the company is exposed are interest rates and credit risk. There is also exposure to liquidity risk.

Figures in Rand	Group 2007	Company 2007	Company 2006
The following table summarises the carrying amount of financial assets and liabilities recorded at 31 December 2007 by IAS 39 category:			
Financial assets			
Loans and receivables: Trade and other receivables	90 576 131	705 193	–
Loans and receivables: Loans to group companies	–	56 523 210	–
Cash and cash equivalents	36 082 126	27 213 401	–
Loans and receivables: Shareholder loans	1 200 099	1 200 099	100
Loans and receivable	120 000	–	–
Deposits	2 311 200	–	–
	130 289 556	85 641 903	100
Financial liabilities			
Measured at amortised cost: Borrowings and instalment sale agreements	113 702 110	–	–
Other financial liabilities: Shareholder loans	71 950	–	–
Other financial liabilities: Trade and other payables	49 730 959	129 452	–
Cash and cash equivalents: Bank overdraft	12 715 886	–	–
	176 220 905	129 452	–

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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

The table below shows the credit limit and balance of the five major trade receivables at the balance sheet date. No ratings of customers have been performed by the bank.

Figures in Rand Debtor	Rating	Credit limit	Balance	31 December 2007
Debtor A	not done	None	R9 464 071	
Debtor B	not done	None	R2 569 188	
Debtor C	not done	None	R 2 108 644	
Debtor D	not done	None	R 2 074 804	
Debtor E	not done	None	R1 340 529	
Less than 30 days				**35 413 276**
31 – 60 days				**18 851 313**
61 – 90 days				**7 504 321**
91 – 180 days				**7 219 853**
Over 180 days				**6 953 127**
				75 941 890

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Forecasted liquidity reserve as of 31 December 2007 is as follows:

	Group 2008	Group 2009-2012	Company 2008	Company 2009-2012
Opening balance	23 224 840	58 935 150	27 213 401	21 080 603
Operating proceeds	503 620 791	2 526 359 147	1 072 800	48 549 000
Operating outflows	(406 123 448)	(2 094 201 849)	(7 205 598)	(33 409 000)
Cash outflows for capital expenditure	(61 787 033)	(264 403 708)	–	–
Closing balance	58 935 150	226 688 740	21 080 603	36 220 603

The carrying amount of the financial liabilities is considered to be in line with the fair value at balance sheet date.

At present the company does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the company expects the operating activity to generate sufficient cash inflows. In addition, the company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

At the balance sheet date the company had no undrawn borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	2007

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

Interest rate risk

Group

The company's exposure to interest rate risk mainly concerns financial liabilities. Liabilities are fixed rate, floating rate and non-interest bearing. At present the company does not hold loans and receivables that are long-term in nature. The following table analyses the breakdown of liabilities by type of interest rate:

Floating rate	113 702 110

Sensitivity analysis

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R568 511.

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R1 137 022.

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

Company

The company has no exposure to interest rate risk. The following table analyses the breakdown of assets by type of interest rate

	2007	2006
Floating rate	49 523 210	–
Non-interest bearing	7 000 000	–
	56 523 210	–

Sensitivity analysis

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R247 616.

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R495 232.

Foreign currency risk

Since the company operates internationally, it is exposed to foreign currency risk as part of its normal industrial and commercial business. In particular, the company is exposed to USD currency risk due to sales made to the relevant countries. The company does not hedge foreign exchange fluctuations.

Financial assets as at 31 December 2007 are analysed by currency as follows:

	Trade and other receivables
USD	50 640

Sensitivity analysis

A hypothetical 10% increase/decrease in the exchange rate of the Rand against the USD would increase/decrease profits after tax by R35 547.

Figures in Rand	Group 2007	Company 2007

33. CONTINGENCIES

Tax consequences of undistributed reserves

STC on remaining reserves	1 911 845	247 486

The company has signed an unlimited cross deed of suretyship for Inter-Waste (Proprietary) Limited, Enviro-Fill (Proprietary) Limited, Earth2Earth (Proprietary) Limited and The Metals Recovery Company (Proprietary) Limited.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	2007

34. COMMITMENTS

Operating leases – as lessee (expense)

Minimum lease payments due

– within one year	2 438 933
– in second to fifth year inclusive	4 469 080
	6 908 013

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

35. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on earnings of R22 430 290 and a weighted average number of shares in issue of 301 310 508.

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

The calculation of fully diluted earnings per ordinary share is based on earnings of R22 430 290 and a weighted average number of shares in issue of 305 146 125.

36. HEADLINE EARNINGS AND FULLY DILUTED HEADLINE EARNINGS

The headline earnings per ordinary share of 6,64 cents is based on earnings of R20 018 749 and a weighted average number of shares in issue of 301 310 508.

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

The fully diluted headline earnings per ordinary share of 6,56 cents is based on earnings of R20 018 749 and a weighted average number of shares in issue of 305 146 125.

Reconciliation of headline earnings:

Attributable profit per the income statement	22 430 290
Adjusted for:	
– Profit on sale of property, plant and equipment	(2 411 541)
Fully diluted headline earnings	**20 018 749**

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

Figures in Rand	2007

37. SEGMENT REPORT

Gross revenue	
Waste management	177 635 913
Compost manufacturing and sales	44 995 576
Landfill management, construction and rehabilitation	112 914 071
	335 545 560
Operating profit before finance costs and tax	
Waste management	26 478 200
Compost manufacturing and sales	988 343
Landfill management, construction and rehabilitation	17 252 470
	44 719 013
Depreciation	
Waste management	13 858 449
Compost manufacturing and sales	980 634
Landfill management, construction and rehabilitation	4 209 327
	19 048 410
Segment assets	
Waste management	266 419 458
Compost manufacturing and sales	47 518 445
Landfill management, construction and rehabilitation	85 410 715
	399 348 618
Segment liabilities	
Waste management	130 837 910
Compost manufacturing and sales	19 147 723
Landfill management, construction and rehabilitation	48 025 622
	198 011 255
Capital expenditure	
Waste management	68 987 073
Compost manufacturing and sales	15 232 144
Landfill management, construction and rehabilitation	14 160 866
	98 380 083

No geographical segments are reported as the company operates mainly in South Africa and the international operations do not meet the thresholds for reportable segments as per IAS 14.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007 (continued)

	Beneficial Direct	Beneficial Indirect	Total
38. DIRECTORS' INTEREST IN SHARES			
Executive			
Alan Willcocks	–	79 050 606	79 050 606
Bronwyn Willcocks	–	79 050 606	79 050 606
Leon Grobbelaar	–	12 016 918	12 016 918
Neels Venter	–	12 766 917	12 766 917
Ethan Gilbert Dube	–	47 500 000	47 500 000
Stanislaus Marthinus Jewaskiewitz	–	20 000	20 000
	–	230 405 047	230 405 047

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

The company has not been advised of any changes in the above interests of the directors during the period up to the date of this report.

39. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the company to provide retirement benefits to certain of the Group's employees. The Group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pensions Fund Act of 1956 as amended. The Group's contribution to the provident fund for the year, which has been charged to the Income Statement, was R594 806.

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

	Group		Company	
Figures in Rand	**2007**	2006	**2007**	2006
40. INVESTMENT IN SUBSIDIARIES				
Unlisted shares at cost	**–**	–	**102 773 575**	–
Net amount owing by subsidiaries	**–**	–	**56 523 210**	–
	–	–	**159 296 785**	–

A schedule of subsidiaries of the company and loans to Group companies is set out in the Schedule of Investments in Subsidiaries and Shareholder Analysis.

SCHEDULE OF INVESTMENTS IN SUBSIDIARIES AND SHAREHOLDER ANALYSIS

for the period ended 31 December 2007

1. INVESTMENTS IN SUBSIDIARIES

Group Figures in Rand	Share capital	Interest 2007%	Shares cost 2007	Amounts owing by/(to) subsidiaries
Direct				
Inter-Waste (Proprietary) Limited	900	100	75 903 871	35 653 794
Enviro-Fill (Proprietary) Limited	100	100	26 869 604	11 536 945
Interwaste Properties (Proprietary) Limited	100	100	100	2 332 471
Indirect				
Earth2Earth (Proprietary) Limited	100	100	588 137	–
Interwaste Cleaning (Proprietary) Limited	100	49	49	–
The Metal Recovery Company (Proprietary) Limited	100	100	100	–
Kutu Waste Management Systems (Proprietary) Limited	100	100	1 506 125	–
Platinum Waste Resources (Proprietary) Limited	100	52	78 000	–
Enviro-Fill Namibia (Proprietary) Limited	100	50	–	–
Cyclone Engineering Projects (Proprietary) Limited	100	36,95	–	–
Envitech Projects (Proprietary) Limited	100	51	–	–
			104 945 986	49 523 210

Company	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006
Inter-Waste (Proprietary) Limited	100	–	75 903 871	–
Enviro-Fill (Proprietary) Limited	100	–	26 869 604	–
Inter-Waste Properties (Proprietary) Limited	100	–	100	–
			102 733 575	–

	2007	2006
Loans to group companies		
Subsidiaries		
Inter-Waste (Proprietary) Limited	35 653 794	–
The loan is unsecured, bears interest at prime bank lending rate minus 1% per annum and has no fixed terms of repayment.		
Enviro-Fill (Proprietary) Limited	11 536 945	–
The loan is unsecured, bears interest at prime bank lending rate minus 1% per annum and has no fixed terms of repayment.		
Interwaste Share Incentive Trust	7 000 000	–
The loan is unsecured, interest free and has no fixed terms of repayment.		
Interwaste Properties (Proprietary) Limited	2 332 471	–
The loan is unsecured, bears interest at prime bank lending rate minus 1% per annum and has no fixed terms of repayment		
	56 523 210	–

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

SUPPLEMENTARY INFORMATION
for the period ended 31 December 2007

2. SHAREHOLDER ANALYSIS

	Number of shareholders	%	Number of shares	%
Holdings				
1 – 1 000	495	39,25	273 270	0,09
1 001 – 10 000	478	37,91	1 840 247	0,53
10 001 – 100 000	213	16,89	7 402 860	2,15
100 001 – 1 000 000	45	3,57	14 899 895	4,33
> 1 000 000	30	2,38	319 563 279	92,90
	1 261	**100,00**	**343 979 551**	**100,00**

	Number of shareholders	%	Number of shares	%
Analysis of holdings				
Nominees and trusts	112	8,88	197 237 469	57,34
Private companies	41	3,25	75 461 947	21,94
Individuals	1 031	81,76	33 608 475	9,77
Mutual funds	17	1,35	27 263 830	7,93
Share trusts	1	0,08	7 000 000	2,04
Close corporations	18	1,43	1 461 951	0,43
Insurance companies	1	0,08	1 142 593	0,33
Pension funds	18	1,43	527 821	0,15
Other corporations	8	0,63	135 152	0,04
Related holdings	1	0,08	77 878	0,02
Endowment funds	9	0,71	24 929	0,01
Public companies	1	0,08	16 000	–
Investment companies	1	0,08	12 000	–
Medical aid schemes	1	0,08	9 056	–
Banks	1	0,08	450	–
	1 261	**100,00**	**343 979 551**	**100,00**

	Number of shareholders	%	Number of shares	%
Public/non-public shareholders				
Public	1 251	99,21	106 496 626	30,96
Non-public				
Directors	8	0,63	230 405 047	66,98
Share Incentive Trust	1	0,08	7 000 000	2,04
Share allocation account	1	0,08	77 878	0,02
	1 261	**100,00**	**343 979 551**	**100,00**

Beneficial shareholders holding 5% or more

The interest of any shareholder, as far as the company is aware, who is directly or indirectly beneficially interested in 5% or more of Interwaste Holdings' capital as at the date of this report, is set out below:

	Number of shares		
Shareholder	Direct	Indirect	%
Willcocks, BL (Wilco Family Trust No. 2)		79 080 606	22,98
Willcocks, WAH (Wilco Family Trust No. 1)		79 050 606	22,98
Dube, EG (Georgia Avenue Investments 32 (Pty) Limited)		47 500 000	13,81

SHAREHOLDERS' DIARY

Salient dates

Financial year-end	31 December 2008
Annual General Meeting	30 June 2008

Reports

Interim results for half year to June 2008	September 2008
Abridged annual results announcement for 2007	16 April 2008
Annual Financial Statements for 2007	30 May 2008

NOTICE TO SHAREHOLDERS

INTERWASTE HOLDINGS LIMITED

(formerly Mentor Trading and Investment 66 (Pty) Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2006/037223/06)
(JSE code: IWE ISN: ZAE000097903)
("the company")

NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of the company's shareholders will be held in the boardroom of the Company, Corner of Avocet and Bromhof Roads, Bromhof, Gauteng, South Africa on Monday, 30 June 2008 at 14:00 to conduct the following business:

1. To receive and adopt the annual financial statements of the Group for the financial year ended 31 December 2007, including the directors' report and the report of the auditors therein.

2. To re-elect the following directors:

   2.1 EG Dube

   2.2 WAH Willcocks

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

   An abbreviated *curriculum vitae* in respect of each director offering themselves for re-election is set out on pages 4 and 5 of this annual report.

3. To confirm the appointment of G Tipper who was appointed as a non-executive director with effect from 8 April 2008:

   Mr Tipper's abbreviated *curriculum vitae* is set out on page 5 of this annual report.

4. To authorise the directors to re-appoint RSM Betty & Dickson (Johannesburg) as the independent auditors of the company and to appoint Mr John Jones, being a partner of RSM Betty & Dickson (Johannesburg), as the individual registered auditor who will undertake the audit of the company, for the ensuing year.

5. To approve the fees of the non-executive directors for the year ended 31 December 2007 as contained on page 52 of the annual financial statements.

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

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

7. That pursuant to the articles of association of the company and subject to the Act and the Listings Requirements of the JSE, the directors of the company be and are hereby authorised, by way of a general authority to allot and issue ordinary shares for cash on the following basis:

   7.1 that the shares must be of a class already in issue;

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

   7.3 that the shares may not in any one financial year in the aggregate exceed 50% of the company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements of the JSE;

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

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

7.6 that an announcement giving full details; including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue.

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

SPECIAL RESOLUTION

8. That the company hereby approves, as a general approval contemplated in the Companies Act 61 of 1973 ("Act"), the repurchase of shares from time to time, either by the company itself or by its subsidiaries, of the company's issued shares, upon such terms and conditions and in such amounts as the directors of the company may from time to time decide, subject however to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), it being recorded that in terms of the Listings Requirements of the JSE, general repurchases of the company's shares can only be made subject to the following:

8.1 that the company and its subsidiaries are enabled by their articles of association to repurchase such shares;

8.2 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 counter party;

8.3 that the company and its subsidiaries are authorised by its members in terms of a special resolution taken at general meetings, to make such general repurchases, such authorisation being valid only until the next annual general meeting or for 15 months from the date of this special resolution, whichever is the earlier date;

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

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

8.6 that the repurchase of shares will not take place during a prohibited period and will not affect compliance with the shareholders' spread requirements as laid down by the JSE;

8.7 that the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital and a maximum of 10% in aggregate of the company's issued share capital that may be repurchased in terms of the Act, by the subsidiaries of the company, at the time this authority is given; and

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

The reason for this special resolution is to grant the company and its subsidiaries a general authority to repurchase the company's shares by way of open market transactions on the JSE, subject to the Act and the Listings Requirements of the JSE.

The effect of this special resolution would be that the company and its subsidiaries will have been authorised generally to repurchase the company's shares on the open market, subject to the Act and the Listings Requirements of the JSE.

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

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

WORKING CAPITAL STATEMENT

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and the maximum general payments to shareholders, 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 its debts;
- the assets of the company and the Group will be in excess of the liabilities of the company and the Group, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the share capital and reserves of the company and the Group will be adequate for ordinary business purposes; and
- the working capital resources of the company and the Group will be adequate for ordinary business purposes.

NOTICE TO SHAREHOLDERS
(continued)

LITIGATION STATEMENT

Other than disclosed or accounted for in this annual report, the directors of the company, whose names are given on pages 4 and 5 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 4 and 5 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution 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 special resolution contains all information required.

MATERIAL CHANGES

Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the Group since the signature date of this annual report and the posting date thereof.

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

Directors and management (Refer to pages 4 and 5)
Major shareholders of the Company (Refer to page 60)
Directors' interests in the Company's shares (Refer to page 23)
Share capital (Refer to page 44)

VOTING AND ATTENDANCE

CERTIFICATED SHAREHOLDERS

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their name. Should this not be the case and the shares are registered in another name, or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their capacity.

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a shareholder of the company.

For the convenience of registered shareholders of the company, a form of proxy is enclosed herewith, containing detailed instructions in this regard.

UNCERTIFICATED SHAREHOLDERS

Beneficial owners of dematerialised shares who wish to attend the annual general meeting have to request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

PROXIES

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company, before 14:00 on Thursday, 26 June 2008. On a poll, ordinary shareholders will have one vote in respect of each share held.

By order of the Board

Allen Stuart de Villiers BA, LLB
Company Secretary

30 May 2008

DIRECTORATE AND ADMINISTRATION

DIRECTORS	**Executive directors** LC Grobbelaar SM Jewaskiewitz CR Venter – Chief Financial Officer BL Willcocks WAH Willcocks – Chief Executive Officer **Non-executive director** EG Dube **Independent non-executive director** G Tipper
COMPANY SECRETARY	AS de Villiers Corner of Avocet and Bromhof Roads, Bromhof, 2154 Telephone: (011) 792 9330 Facsimile: (011) 792 8998
REGISTERED OFFICE	Corner of Avocet and Bromhof Roads Bromhof, 2154 PO Box 73503, Fairlands, 2030
COMPANY REGISTRATION NUMBER	2006/037223/06
AUDITORS	RSM Betty & Dickson (Johannesburg) Cnr Cross & Charmaine Avenue, President Ridge, Randburg PO Box 1734, Randburg, 2125
TRANSFER SECRETARIES	Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg, South Africa, 2001 PO Box 24, Newtown, 2113
BANKERS	ABSA Bank Limited Pallazzo Towers West, Monte Casino Boulevard Fourways, 2055 PO Box 782991, Sandton, 2146
ATTORNEYS	Fluxmans Inc 11 Biermann Avenue, Rosebank, 2196 Private Bag X41, Saxonwold, 2196
DESIGNATED ADVISOR	Vunani Corporate Finance 39 First Road, Hyde Park, 2196 PO Box 411216, Craighall, 2024

NOTES

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FORM OF PROXY

INTERWASTE HOLDINGS LIMITED

(formerly Mentor Trading and Investment 66 (Pty) Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2006/037223/06)
(JSE code: IWE   ISN: ZAE000097903)
("the company")

FOR USE BY SHAREHOLDERS HOLDING SHARE CERTIFICATES AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 14:00 ON MONDAY, 30 JUNE 2008.

If you are a shareholder entitled to attend and vote at the abovementioned annual general meeting you can appoint a proxy to attend, vote and speak in your stead. A proxy need not be a shareholder of the company.

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 authority 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) ____

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

1. ____ or failing him/her

2. ____ or failing him/her

the chairman of the meeting

as my/our proxy to act for me/us at the annual general meeting, to be held at Interwaste Holdings Limited, Corner of Avocet and Bromhof Roads, Bromhof, Gauteng, South Africa on Monday 30 June 2008 at 14:00 and at any adjournment thereof, as follows:

	Number of Interwaste Shares		
	In favour	Against	Abstain
1. Adoption of annual financial statements			
2. Re-election of directors			
2.1 EG Dube			
2.2 WAH Willcocks			
3. Confirmation of G Tipper's appointment			
4. Re-appointment of independent auditors			
5. Approval of the fees of the non-executive directors			
6. To place the unissued share capital under the control of the directors			
7. To issue shares for cash			
8. Special resolution: Repurchase shares			

Signed at ____________________ on ____________________ 2008

Member ____

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

FORM OF PROXY – INSTRUCTIONS

1. On a poll a shareholder is entitled to one vote for each share held.

2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), to reach the company by no later than 14:00 on Thursday, 26 June 2008.

3. 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 effected. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.

4. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).

5. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.

6. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.

7. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.

8. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the company or waived by the chairman of the annual general meeting.

9. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.

10. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of authority to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.

11. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 14:00 on Thursday, 26 June 2008.

12. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.

13. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

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